

There is a natural tendency to the permanent expansion of government

The first law of government is the law of continuous expansion.

In a democracy good causes line up as lobbyists demanding government gets involved. They lobby for government to intervene in areas it does not currently manage. They demand new laws and controls on things they do not like. They demand more money and supply of things they do like from the state.

The official government machine encourages lobbying for more as they like growing their tasks. Ministers often dislike constantly saying No to lobbies and buy them off by offering them cash and laws to help them.

Oppositions usually take up lobby causes and press the government. If the government gives in they claim some credit. If the government resists they claim the government is mean, tough, insensitive or worse.

The media join in, running campaigns on behalf of lobby groups and behaving like Opposition parties.

There are very few lobbies the other way. The causes of a smaller state, less government control of our lives and even of lower taxes have very few lobby groups arguing for them as a counterweight. They are chronically under represented in the media.

Bank holiday task – which quangos would you abolish?

Today I invite my critics who wish to see a slimmed quango state to write in with thought out proposals for abolition or slimming of some government bodies. I will read and post a few longer pieces if they are considered and understand the forces that will seek to defend their chosen quango . It is not an invitation to a longer rant.

It would be interesting to hear thoughts on the Next Steps style Agencies that were designed to make parts of what is government work more business like, giving the day to day tasks of administration and processing to an Agency under a CEO whilst leaving policy with Ministers. The Driver and vehicle Licencing Agency and the Highways Agency are typical examples. These were activities we kept in the public sector.

In government in 1990 I privatised the Property Services Agency , so its building maintenance work for the government estate could be market tested and it could do work outside the public sector. Is this a model for other such activities?

As one time sponsor Minister for the LDDC I initiated the first consideration of how and when it could be wound up, job done, whilst limiting its activities and encouraging mainly private sector investment.

It is very easy for armchair critics to write in and accuse MPs of being idiots in not agreeing to the contributors agenda, or being gutless in not implementing it. The task is how to get buy in and agreement to desirable reform, which often takes time and needs vocal support in a democracy. The forces for a larger state are numerous and well entrenched.

The number of quangos

Some of you have written in reply to my piece on how Ministers can and should monitor and direct government bodies that we have too many of them. You would prefer abolition to better performance review and budget controls.

This is to miss the point of my piece. No government is going to abolish all the government bodies that are under their own CEOs and Boards. Some of these bodies are both necessary and sensibly set up with an appropriate governing structure which Ministers need to help make work well. The piece responds to a need for better control and performance checking of these bodies. This has been highlighted yet again by the obvious failings of the independent public sector model in the Post Office where Ministers failed to intervene when they could have saved the Post Office a lot of trouble and expense as well as saving the livelihoods of wrongly accused people.

I do agree that there are too many of these bodies. It would be good to persuade Ministers to have a review of which ones could be abolished altogether, which ones do work that would be better undertaken directly by government departments, and which ones could do with new directions. Good Ministers keep such questions in mind as a matter of course for the bodies that report to them, and should be on the look out for opportunities to slim the quango estate as legislative time and political will allows.

I remember making the case over several years for the abolition of the South East England Regional Development Agency. Eventually the incoming Coalition government took up the idea and abolished the English Agencies in 2012. In order to succeed you do need to identify the body, show how what it does does not need doing, or demonstrate how what it does is best done by someone else. In the case of the Development Agency I argued

1. Homes for sale and the provision of new factories, warehouses, offices

and other commercial space was best left to the private sector. The public sector involvement should be confined to the local Planning Authorities over land use .

2. The public sector does have a monopoly on the provision of road space and usually supplies less capacity than is needed. The Development Agency was usually deaf to entreaties to resolve the capacity and related safety issues. The Local Highways Authority remained the body with budget and powers to sort out local roads, and the central government and its English Highways Agency had the budget and powers over strategic roads. The Development Agency could slow things down or get in the way of resolving roads issues. I never remember it helping when I was trying to get improvements.
3. The public sector also controls the rail network and has extensive national budgets and regulators, so there was no helpful role for the Regional Agency there either.
4. It was difficult to see what the Agency added to local Colleges, national apprenticeship programmes, and local Six forms to the general tasks of education, training and development.

I mention this success again, because government when it did the right thing and abolished these bodies could not resist setting up mini versions called LEPS. These are less costly and interventionist, but it is difficult to see why they are needed given the big roles in planning and development taken by Councils and central government anyway. My argument against LEPS has so far not succeeded.

How Ministers can and should supervise government bodies

There are three main roles for Ministers to perform when supervising and sponsoring quangos or so called independent government bodies.

The first is to supervise the expenditures of public money. These bodies often rely on substantial grant income which needs to be agreed with Ministers and approved by Parliament as part of the annual national budget. A Minister can reasonably ask for a budget meeting with the quango to discuss their financial needs and to indicate to them likely financial support levels. There may need to be follow up exchanges depending on the negotiations within government with the Treasury about what is affordable. The budget meeting is a good opportunity to review the aims and resources of the body, to press for better value for money and to define precisely for the following year what is expected and what is needed by way of financial support. This is a process which gets reported to Parliament and can be subject to debate if the budget of a quango becomes a matter of public or Opposition concern.

Some of these quangos depend in whole or part on money they raise from charging user fees and licence fees on those who use their service. Usually the fee levels are regulated under legislative powers by Statutory Instrument. Often these bodies want annual fee increases which will need SI amendment and therefore Ministerial and Parliamentary approval. Under weak Ministers there is a tendency to accept any fee increase proposal the body requests, and to hope that the Opposition in Parliament will not bother to query or debate it. As left of centre oppositions rarely object to higher public sector fees and charges it is particularly incumbent on Conservative Ministers to be vigilant in the public and user interest. This is another variant of the budget review and conversation.

The second is to review and report on the annual performance of the body to Parliament. The Minister can ask to see a draft copy of the body's annual report to review, or can require a meeting with the body after it has submitted its annual report to the sponsor department. This is another good occasion to review the aims and achievements of the body, to thank them if they have done well or to ask them to do better if they have not. It is a good idea for a Minister to show interest in the performance targets to be set for the ensuing year and in the performance achieved in the year under review. Again Parliament may if it wishes receive, read and debate the report of a government body.

The third is to require additional special meetings if the government wishes to change the aims and demands on the body, or if the body needs to report unexpected problems and difficulties, or if the Minister has become aware of a body of complaints and criticisms that are or will become public that he or she needs to answer. Such matters should of course be reported to Parliament unless there is some special good reason for confidentiality because for example matters relate to a vulnerable individual or to possible legal proceedings that must not be prejudiced..

Ministers are also entitled to become involved with recruitment to Boards of these bodies and to some of the senior management positions. If there is to be a change of chairman or chief executive this is another good opportunity to review performance and ask questions about aims and targets for the future.

If there is a good series of meetings for the more important quangos Ministers should avoid nasty surprises about the conduct and performance of these bodies, and the leaders of these bodies would stay well informed about the overall government policy context in which they are working and about the likely level of resources they will enjoy to carry out their tasks. The bodies should remember they are governmental and part of a greater whole answerable to Parliament. Ministers should remember they are not the day to day managers, they do not have quasi judicial powers over the regulatory work of these bodies and should not normally intervene in individual cases.

Quangos and independent government bodies

There is no such thing as truly independent government body. In a democracy Parliament and Ministers can always change the guidance, funding or law applying to any independent body. Governments are held to blame by Oppositions and the public when an independent body makes a big error. In a tyranny or single party state then of course all bodies are under the control of the tyrant.

In the last three decades in the UK there has been a fashion to pretend bodies can be truly independent, and a wish to transfer more and more decisions and budgets to independent bodies. I accept the case for independence when we are talking about quasi judicial roles or the technical implementation of complex matters under an approved guiding aim or policy that Parliament and people want. The UK system is good at stressing the limit of elected power when it comes to investigating, prosecuting and punishing people for breaking the law. There is a need for politicians to stay out of criminal law enforcement and out of individual cases where businesses or people have violated regulations set by Parliament and quangos.

The Post Office scandal shows the limits of belief in independence. The Post Office is 100% taxpayer or state owned. It is an independent body with its own Board, Chief Executive, Statutory duties and aims. The idea is to have experts running the service, with Parliament and Ministers largely confined to deciding any financial matters as shareholder owner and setting overall objectives or standards. Ministers however still have to report the results of the Post Office to Parliament, and be willing to answer when the independent Board and management of the Post Office gets itself into difficulty and public controversy. Opposition in Parliament is happier blaming Ministers and demanding answers from them than making CEOs and Board members more famous by naming them as responsible for errors.

Labour, Coalition and Conservative Ministers have all presided over the long period when Postmasters and Postmistresses were being falsely accused and prosecuted by the management and legal advisers of Post Office Ltd. They were all doubtless told that they should not intervene in these operational and legal matters and should leave it all to the independent Board and management. Now all accept that grievous errors were made the cry goes up that the Ministers should not have respected the independence but should have gone in and demanded a change of attitude and approach and if necessary changed the management.

What this tragedy reveals is the truth of the proposition that in a democracy where Ministers can with the backing of Parliament change the management, aims, budgets and legal frameworks of these bodies the state owns, Ministers do need to be sufficiently hands on to know if intervention is needed. I will write another blog about how I used as a Minister to monitor and influence quangos reporting to departments I served in in ways which respected

independence but where important matters were part of government policy and were properly reported to Parliament. Parliament needed to know how the body was doing , what government expected of it, and if change was needed.