

# The budget and review cycle for Quangos

Ministerial supervision of big bodies like the Environment Agency, Network Rail, and some Housing quangos is essential. Ministers are the only protector of the taxpayer and the consumer interest. As the government supplies much of their revenue as subsidy and much of their capital directly or with guarantees of borrowing Ministers can and should take an active interest in the performance of management. The managers of many of these bodies are paid well above the senior salary norm in the public sector. This is presumably because they are expected to perform better. In order to get any value for these much enhanced salaries it is vital the Minister as the taxpayer representative sets demanding targets and only approves high pay if performance is good enough. In the end in many cases the Minister hires and fires the CEOs and Chairmen, so has every reason to take a close interest in what they do.

I suggest the following major events in an annual review cycle with the Chairmen and CEOs of these bodies:

1. Approval of budget sums for the following year – consideration of past performance and bids for extra cash
2. Review of annual figures for year just completed, including full performance review against targets and value for money review of money spent
3. Corporate plan and forecast meeting to discuss what the state will be buying with the money approved for the following year, and target revision for that year
4. Mid year review if needed by either side. Government might want a mid year review if management figures are unsatisfactory, if there are customer and public service issues etc. Quango may want review if it cannot hit target, if it needs more cash etc

The extent to which the Minister needs to be hands on will depend on a number of matters. If the quango has a history of missed targets and poor customer performance the reviews need to be detailed and regular. If the Quango has a good track record at performance the reviews can be more relaxed but there should still be the minimum regular annual cycle. Saying thank you when they have done well is as important as demanding change when they have done badly. There will need to be more contact and special meetings if something the Quango is doing achieves high public salience, or if performance nose dives.

The aim should be to build a good relationship with the Minister as a kind of supportive shareholder. Unlike a shareholder, however, the Minister also has to directly represent the consumer interest. As many of these Quangos and businesses have strong monopoly characteristics the Minister has to keep prices down and standards up, as there is often no effective market to do that for him.

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## Strive Awards in Wokingham

On Friday I had the pleasure of giving out the Strive certificates to all those who have completed the business start up course organised by Wokingham Borough Council and their partners.

People wanting to establish a business of their own gave presentations on what they wish to achieve. 4 experts on a panel gave advice on what might help them to success, and 3 of the business plans attracted prize money to help them on their way.

This is a good annual initiative which reminds people that setting up a business can be a rewarding challenge, and assists them with the many issues you need to sort out when doing so. I wish them all well.

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## The role of junior Ministers

Under Labour junior Ministers spent most of their time it seemed on local and regional media and trade press. They tended to define the Ministers role as communication. If you went to a meeting with one of them about a constituency issue or problem they usually left the substance to officials, whilst thumbing through files of press clippings to highlight items they disliked. To me it looked as if they were only doing part of the job . Before you can communicate as a Minister you need to have satisfied yourself about the policies, and played your part in ensuring good delivery of service. You have a media problem if the department is letting people down through poor policy or poor execution of policy. The fix for that is not to get better at media handling, but to engage with sorting out the underlying problem.

The ONS study of public sector productivity shows it fell most during the middle Labour years when they threw plenty of public money at their departments and programmes. Ministers did not supervise the way the money was spent properly, and did not supervise it to achieve better results. The new Conservative government needs to learn from this disappointing history, and put Ministers of State in charge of supervising budgets, achieving higher quality results, ensuring extra spending is matched by extra output. Taking an interest in what staff can achieve with the money, encouraging them and assisting in putting it in the right places should be an essential task of Ministerial leadership. Cabinet Ministers need to be strategic and to contribute to the wider government policy debate, so this is an ideal task to delegate to experienced Ministers of State.

I held two important Minister of State commands. One was in the business department in the days when that department was the financial and general business regulator for all firms apart from the banks. I needed to take an active part in ensuring quality and in targeting resources on the handful of cases where we needed to take action. The second was as Minister for local government, where I had a huge budget to allocate and supervise. In both departments various quangos reported to the Secretary of State. I took on the detailed tasks of setting and reviewing budgets, setting and reviewing performance targets, mentoring or replacing Directors and CEOs. It was interesting and worthwhile work. There was plenty of what business calls low hanging fruit or easy wins when it came to finding ways to do things cheaper, better, faster.

The new government needs to hone its skills and use its Ministers to raise the game of the bodies they supervise. The Chancellor is right to make higher productivity his main crusade. What better place to start than the public sector which he helps control. We already have the people in place to do the job. The Ministers need directing and energising to perform this role.

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## [There is no cliff edge](#)

I have been asked to write about the so called cliff edge if we leave the EU without a deal. That is easy to do.

There is no cliff edge.

It's another of those silly metaphors that have characterised much EU debate for years, like the instruction that we must get on the train, or be part of the convoy. The EU was never either a train or a convoy. It is a set of ever increasingly complex laws and rules, a single currency, common borders, the four freedoms and the rest as they progress to political union.

If we leave without a deal the planes will still fly from Paris to London on 30 March 2019, the Danish pig farmers, and French dairy industry and the German car industry will still send us their products.

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## [EU asks for clarity on UK financial payments](#)

I don't understand why there is any lack of clarity on this simple subject. The UK owes our regular contributions up to the date of departure. The UK

owes no contributions thereafter or special payments to leave.

If they want us to stay in the EIB we can come to an agreement about our capital in that Bank. If we want to stay in Erasmus and they want us in there will be a continuing payment related to our share of Erasmus spending as a non EU member of it. Our paid up capital in the ECB is small and not a major issue. If they want us to keep our small shareholding we could.