

# Independent bodies and democracy

There is a disjointed contradiction at the heart of UK politics. The major parties claim to believe in the supremacy of Parliament. In Commons exchanges Opposition parties hold the government to blame for everything that happens in the public sector, and for much in the private on grounds they could have regulated it. Ministers rarely deny collective responsibility.

Yet the major parties this century have also created and empowered more and more so called independent bodies, arguing that panels and boards of independent experts should be much better at deciding things and at spending tax money than politicians without specialist knowledge and with public opinion to please or appease. The independent bodies who often get things wrong, make mistakes and annoy people usually escape blame and shelter behind the Minister who was not allowed to interfere with the mistakes when they were making them.

One of the most prominent examples of this confusion is the Bank of England. Most MPs believe Gordon Brown made it independent. Most believe the Bank has one overriding aim, to keep inflation down. This is embodied in one simple and memorable target to keep inflation at 2%. Recently inflation hit 11%, more than five times target and more than five times the Bank's forecast a year or so earlier. Opposition politicians blame the government for the inflation. The government blames the Russian invasion of Ukraine, glossing over inflation already at 5.5% before the tanks rolled. No one seems to blame the Bank that owns the target, sets interest rates, and printed £895 bn of extra money which must have had some impact.

Take the Environment Agency. It is charged with many tasks which include both keeping us free from flooding and ensuring we have enough water. Some years ago it allowed systems to keep the Somerset levels dry to silt up with fewer working pumps. The inevitable flooding took place. Ministers had to intervene to get some order restored. The Agency was expressing a political preference for salt marsh over farms which did not reflect tradition or local residents needs.

The reassuring truth is we are still sufficiently a democracy so when an independent body annoys enough people or makes a big enough mistake politicians do usually intervene. They impose new measures or new men and women on the agency or change the way the whole thing is done. The frustration is the need to often go through a long period when a quango is visibly failing pretending not to notice, or blaming someone else with

Opposition and Ministers united in the view politicians should not interfere.

The reason our traditional constitutional theory gave power to Ministers was twofold. Often it needs a common sense decision taker to sift the professional advice, challenge the experts and decide what to follow. It also does need a specialist at what the public will accept and at what the public wants, which is what good politicians know.

Today the NHS is at the centre of political rows. It is ironic it is so, as both main parties believe in the NHS, both support its values, both give more money to it, both want the waiting lists down. The rows are mainly about results. Sometime ago Parliament set up NHS England with its own CEO, Board and well paid senior executives. All agreed the politicians should stay out of running the NHS. So who is to blame for the current high waiting lists for non urgent assessment and operations, poor labour relations, the shortage of beds and long waits for urgent treatment? The Opposition will blame Ministers and Ministers blame the epidemic, the unusually high seasonal pressures and global trends. Few ask whether the executives could have spent money better, raised staff morale, used considerable powers over grading, promotions and increments to look after staff better. The quangos seem untouchable.

If the UK wants to persist with its model of independent bodies it needs to make their CEOs, Chairmen and Governors more directly accountable. Their tenure and remuneration should vary depending on performance. Their responsibilities need to be more tightly defined. If Ministers have to run these things that is probably best done by taking them back into direct departmental control.

Jerome Powell the Head of the Fed, America's Central Bank, recently argued strongly for narrow limits being placed on how much independent power a body like the Fed should have. He sees the political imperative to keep main policies under democratic control through the Congress. He said the Fed should not be set aims to promote the net zero journey or other social objectives, as these are contentious matters that need political judgement and leadership. The Fed should stick to its economic objectives which are cross party and relate to the direct tools and expertise the body has. He is very conscious that the Fed has to earn the right to have such powers by doing a good job and avoiding straying into more disputed policy areas.

This is all good advice. It is time for the UK to review how much power these bodies wield, and to assess how well they have performed. Ministers who fail to do this stand in danger of taking the blame for the errors they have not themselves committed.

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## [My Telegraph article on Central Banks](#)

Jerome Powell, the leader of the world's most important and powerful Central Bank has made a strong case for limited independence within a democratic framework. Warning against a Central bank widening its remit and scope too far, he spoke out against Central Banks taking on roles to put us on the road to net zero and other social objectives. He argued that "addressing climate change seems likely to require policies that would have significant distributional and other effects on companies, industries, regions, and nations. Decisions about policies to directly address climate change should be made by the elected branches of government and thus reflect the public's will as expressed through elections" . If you give an independent body one or two targets and aims it is possible to monitor success and demand improvements or changes where needed. If you introduce a range of targets the Bank is distracted, making compromises where the aims are in conflict. It also opens itself up to more political criticism. There is no serious body of opinion in the US or UK wanting banking instability or high inflation so setting targets for these does not politicise the Bank. The ways to net zero, the speed of transition and the desirability of its various policies remain much disputed, and are far outside the powers of a Central Bank to deliver. The Bank of England and the European Central Bank should consider this advice carefully.

Jerome Powell wisely recognised a Central bank needs to justify its independent power to raise or lower interest rates. He said " the Fed must continuously earn that independence by... achieving our assigned goals of maximum employment and price stability, and by providing transparency to facilitate .... effective oversight by the public and ....Congress." He did not consider how it came to pass that with this independence the Fed kept rates very low, created trillions of dollars and ended up with inflation five times its 2% target. The Fed was free to buy bonds on a huge scale and did so. The Bank of England adopting a similar policy was not independent over money creation and bond buying. Under the agreement first entered into by the Labour government at the time of the great banking crash, all the money created and bonds bought in the UK required the written consent of the

Chancellor who answered directly to Parliament. Labour, the Coalition and the Conservative governments all provided a complete taxpayer indemnity for the Bank against losses on the bonds. The Fed is just going to take the losses and record the fact on its balance sheet without taxpayer payments. I agree that keeping rate setting out of the hands of politicians makes sense, but also think the elected bodies that appoint the Governors and question them need to do a better job at finding out why inflation got away. The leading Central Banks should take more interest in monitoring and responding to excessive money and credit creation. There needs to be a proper debate about how they can avoid another big inflationary upsurge – or banking crash – in future.

The Fed Chairman went on to say we should “stick to our knitting and not wander off to pursue perceived social benefits that are not tightly linked to our statutory goals and authorities. In a well-functioning democracy, important public policy decisions should be made, in almost all cases, by the elected branches of government. Grants of independence to agencies should be exceedingly rare, explicit, tightly circumscribed, and limited to those issues that clearly warrant protection from short-term political considerations.”

This is very good advice. As the Fed, ECB and Bank of England have just shown it is easy for Central Banks to make major errors in their prime task of counter inflation policy, just as they all have questions to answer about their role in the banking crash in the previous decade. Taking on additional roles impedes focus on the central tasks of low inflation and banking stability which must be their rationale.

It is no surprise that Mr Powell should chose to make this intervention into the political debate as he faces a recently elected Republican led House of Representatives who have very different views on fossil fuels and net zero transition to their Democrat opponents who lost the majority. It shows his customary political sensitivity that he at this moment rules out some of the favourite Democrat themes from the core message of the Fed. The Bank of England also needs to concentrate on the knitting after a bad period over inflation. The Bank needs to balance pressure down on inflation without creating a needless deep and long downturn. That is the part of the Fed remit that makes great sense, to worry about employment as well as inflation within the context of an overriding target to keep inflation down to 2%. It is the job of elected governments to decide energy policy, food policy, transport policy and housing policies that are all involved in current ambitious plans to decarbonise.

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**[Written Answers from the Department](#)**

## for Health and Social Care and

The Department of Health and Social Care has provided the following answer to your written parliamentary question (117392):

**Question:**

To ask the Secretary of State for Health and Social Care, whether he is taking steps to encourage NHS managers to use (a) promotions (b) increments and (c) flexibilities in pay scales to retain and motivate staff. (117392)

Tabled on: 06 January 2023

**Answer:**

**Will Quince:**

Retention within the National Health Service is a complex issue and decisions to leave are taken due to a multitude of factors, of which pay is only one. The NHS Retention Programme seeks to understand why staff leave, resulting in targeted interventions to support staff to stay whilst keeping them well. Locally, employers in the NHS have the option to use measures like pay increments and promotions to attract and retain staff.

The answer was submitted on 12 Jan 2023 at 11:11.

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## Written Answers from the Department of Health and Social Care Regarding Hospital Beds

The Department of Health and Social Care has provided the following answer to your written parliamentary question (117396):

**Question:**

To ask the Secretary of State for Health and Social Care, whether he is taking steps to increase the number of beds in NHS hospitals. (117396)

Tabled on: 06 January 2023

This question was grouped with the following question(s) for answer:

1. To ask the Secretary of State for Health and Social Care, what steps he is taking to increase the availability of NHS hospital beds. (117756)

Tabled on: 06 January 2023

**Answer:**

**Will Quince:**

As part of the NHS England's operational resilience and capacity plan for winter, the National Health Service is increasing bed capacity by the equivalent of 7,000 general and acute hospital beds. This includes a mix of new physical beds and innovative virtual wards.

On 9 January the Government announced £200 million of funding to allow local areas to buy thousands of extra beds in care homes and other settings to help discharge more patients who are fit to leave hospital and free up hospital beds for those who need them. This is an addition of the £500 million Adult Social Care Discharge Fund announced in December which is also supporting hospital bed capacity.

The answer was submitted on 11 Jan 2023 at 14:09.

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## **Written Answers from the Department of Health and Social Care**

The Department of Health and Social Care has provided the following answer to your written parliamentary question (117394):

**Question:**

To ask the Secretary of State for Health and Social Care, what steps he is taking to help recruit more permanent staff to the NHS and reduce dependence on Agency staff. (117394)

Tabled on: 06 January 2023

**Answer:**

**Will Quince:**

This Government is growing the National Health Service workforce. There are now over 42,000 full-time equivalent (FTE) more staff working in NHS provider trusts and commissioning bodies than October 2021, including almost 4,700 more doctors and over 10,500 more nurses. We are working hard to deliver 50,000 nurses by the end of March 2024 and we are well on the way towards achieving this aim with over 36,000 more nurses working in the NHS now compared with September 2019.

The Government has funded 1,500 more medical school places each year for domestic students in England, a 25% increase over three years. This expansion was completed in September 2020 and has delivered five new medical schools in England. There are currently record numbers of medical students in training.

The Department of Health and Social Care has also commissioned NHS England to

develop a long-term workforce plan. The plan will look at the mix and number of staff required across all parts of the country and will set out the actions and reforms that will be needed to reduce supply gaps and improve retention. A temporary workforce market allows the NHS to meet demand fluctuations without the need to increase capacity above that which would be required on a sustained basis. Staff can be drawn from internal staff banks or external agencies.

Measures were introduced in 2015 to control agency spending and include price caps, limiting the amount a trust can pay to an agency for temporary staff, the mandatory use of approved frameworks for procurement, and the requirement for all trusts to stay within the specified Annual Expenditure Ceilings for agency staff. The agency rules outlined were effective in reducing spending on agency staffing by a third between 2015/16 and 2020/21.

The answer was submitted on 12 Jan 2023 at 11:10.