

My Conservative Home article (unedited version)

This century has seen a great growth in the powers and reach of so called independent public sector bodies. The four main parties in Parliament usually cheered on and engineered these moves. There was a general buy in to the proposition that experts were better than political generalists, and that you needed to take the party politics out of large chunks of the public sector.

The new settlement was always flawed and never adhered to. Whilst the Opposition parties were usually hot to expose any Ministerial interference in these bodies, they were also keen to blame the Ministers when there was a bad miscarriage by them. They clung to the idea that experts are always right, as the evidence mounted that there can also be wrong or bad experts that can do damage if unchecked by commonsense and democratic accountability.

We have seen a long list of these bodies let people down, with hapless Ministers then held to account for the failings. The Bank responsible for the single main task of keeping inflation to 2% presided over 11% and blamed external forces and someone else. The nationalised Post Office imprisoned many of its honest and decent staff and plunged into heavy losses which taxpayers had to pay. Its independent supervisor UK Government Investments looked the other way and left Ministers to explain and rectify. The Water Regulator watched as water companies failed to invest in more pipes and capacity, leaving Ministers to explain how we could clean up our rivers whilst keeping water bills to realistic levels. The Environment Agency allowed the Somerset levels to flood, damaging farms, before Ministers stepped in to tell them to man the pumps and keep the ditches and rivers free flowing.

All of these regulators and nationalised industries have a so called sponsor department which is meant to monitor and guide them. The department needs to know how much they will cost taxpayers, negotiate over money, charges and performance going forward and be a critical friend of the body in government. When I did this job as a sponsor Minister I usually held an annual budget meeting with each of the important bodies to go through their need for public funds, their charging policy, their service quality and their general efficiency. I would often hold a meeting before the publication of the annual report to go over what they had achieved and to hear what their report would say. Their leadership was responsible for how they managed the operation, for the outcomes, and for recommending the way to achieve the stated objectives laid down by government and Parliament. I was responsible for reporting to Parliament on their successes and failures, so I needed to know how they were doing.

Today in the case of a nationalised industry like the Post Office or Network Rail there are three supervisors in the mix. There is UK Government Investments, there is a sponsor department and there is the Cabinet Office/Treasury complex. It would be good to establish a single lead in each case. It is difficult to see what value UK Government Investments adds, so why not wind it up.

It is strange when we see the disasters at nationalised HS 2 or the failures of the water and environmental regulators that the cry goes up we need more nationalisation and more independent regulation. There is no evidence that our main nationalised industries have done well and are a model to follow. I will continue to make the case for more choice and private capital in state activities where people pay for the product or service they use.

If we take the UK media sector the large presence of the BBC and the allied presence of Channel 4 as public sector broadcasters has marginalised the UK in the vastly expanding and fast changing media world beyond the UK dominated by the US majors Comcast, Disney, Charter, Netflix and Paramount. The combined turnover of these big five US media conglomerates is \$285 bn compared to just \$7bn for the BBC. The largest has a turnover 17 times the BBC. It is true some of them offer broadband services as well as entertainment and news, but this is now an integral part of broadcasting. Non UK BBC, where we ought to compete commercially, has a turnover of just \$1.4 bn. The BBC has a world non UK commercial company which is tiny in comparison to the US success stories, held back by public sector financing and regulatory constraints. We could keep the licence fee and national programmes people like domestically whilst freeing BBC World to raise its own money and expand its service to compete more effectively with the modern media giants.

Whilst some people vote for more nationalisation, they express growing preferences for free enterprise US solutions to many features of their lives. They buy more and more US entertainment, shop at Amazon. use Microsoft software, search with Google, talk to friends with Meta and use Apple devices . The UK and the rest of Europe is falling behind in ways nationalisation and beefed up regulators cannot remedy.