

# Time for a quango review

Now Public Health England and Ofqual have shown their capacity to make headlines and to raise the issue of how independent they are of Ministers, it is a good time to ask how many of these so called independent bodies do we need?

I have long argued there is no such thing as an independent public sector body. It is possible for one to appear to be independent and to act on its own for a long time if there is political agreement about its role and if it performs well or avoids the searchlight of media criticism. As soon as what it does becomes contentious or is done badly, Ministers are expected to sort it out and often held to blame for the original lapses by the organisation.

The best model is for Ministers to accept they will be held responsible for the work of these bodies, and for them to hold regular reviews of the policy, conduct and success of these organisations to satisfy themselves they can defend them if necessary. It is a good job to give to experienced Ministers of State on behalf of busy Cabinet Ministers. When I used to do this, I typically held a budget meeting once a year to go over their financial bids for the year ahead, a meeting to review the previous year's work and achievements at the time of the Annual report, and strategic or issue meetings if necessary.

The Minister cannot assume an independent body is putting in an acceptable bid for resources. He or she also needs to provide some check on the wish of many of these bodies to put up fees and charges on people using their services, especially where the use is involuntary because the person has to buy a permit or licence from them. The Minister may need to explain the public sensitivities and reaction to the quango to its senior personnel. If things start to go wrong the Minister needs to request better performance. In bad cases management would have to be changed.

All this is a lot of work. It also comes with additional cost, as the quango will want its own headquarters and other facilities, its own computer systems, own accounting system, audit and the rest. Much of this could be supplied more cheaply by doing the work within the Department using the common facilities of government. Its top management may be offered higher salaries and there will be more of them than if the function is run within the department. There needs in each case to be some offsetting benefits for these additional costs.

In some cases the Agency is able to attract specialist talent and a good CEO to offer higher quality service and more efficiency than the sponsor Department could do. In other cases it is just an added overhead, with more difficulty for the Minister to control the body and get the quality and volume of work out of it the public and government needs. Now would be a good time to review these bodies in each department, and come up with a 5 year plan to manage them out or ensure their success under correctly skilled and motivated management. Far too much activity is hived off in this way, leading

to crises for government , the Quango and the Minister concerned when something goes wrong as with Public Health England and Ofqual recently.

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## Slaves to R?

With stories circulating that some think we need a new national lock down because R may be over 1, we need to go over old ground on these inaccurate numbers. Sage updates us on R, a measure of how many people someone with CV 19 will infect, and on the growth rate in infections.

The latest SAGE Report says the R figure is now in the range 0.9 to 1.1, a 22% spread. The Report admits R “cannot be measured directly so there is always uncertainty”. They tell us different groups work R out in different ways. Some use hospital admissions and death rates data. This used to be the main way which I criticised in the past. They now concede this data may have a lag of 2-3 weeks in it. There are also the issues over how reliable the death rate figures are as some of the CV 19 ascribed deaths are people who had had the disease well before death and had other serious medical problems. Some use contact pattern surveys of people’s behaviour. This relies on people providing accurate returns, and leaves open big judgements about how it relates to the spread of the disease. The third identified system is the one that should produce more accurate results being based on the consistent and regular testing of a sample of the population. This should in particular give more accurate figures for growth or decline in the disease which would be a more useful figure than an estimated R.

SAGE blends the results from all these different methods , arguing they should draw on all of them as “there is uncertainty in all the data surveys so estimates can vary between different models”. You would have thought instead of this consensus blended approach they would identify the most accurate ways of calculating relevant figures and create consistent and accurate data to do so. They give us these ranges, and then add qualifications. They point out where the incidence is now small the data may be more unreliable.

Because they are combining results from a range of ways of computing R, all with their problems, they present it as a range. They assert that “The most likely true values are somewhere towards the middle of these ranges”. Why? What if the sample testing result was at one of the extremes? Shouldn’t this be taken more seriously as a better indicator of growth rates and therefore of R? They also stress local areas can have flare ups which are not representative of the surrounding region or local government area.

People deciding to lock down places and areas need clear and reliable data that there is a real problem with a surge in the virus and its spread. These generalised stories based on national R estimates are not the way to settle whether the economy can recover or whether we can have some of our lost

freedoms back.

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## Dear Constituent

As we approach the next phase of the pandemic response where all businesses and services are allowed to re-open subject to social distancing rules, I thought I should write to you about where we have reached in handling the crisis. I will start today by looking at the response to the virus itself.

During the last six months I have pressed Ministers to work with doctors and scientists on a better set of treatments for serious cases of the virus. MPs without medical qualifications of course do not offer medical advice, but it is the job of Ministers to ask the profession for results and evidence about what might work. The early response to rely on oxygen, escalating to patients being placed on ventilators left us with a high death rate amongst serious cases. Ministers and advisers have been pressing for controlled trials of a range of therapies. So far this has resulted in the adoption of an anti viral drug which has reduced the time people suffer from the illness and helped recovery in a significant minority of patients. It has led to the approval of a steroid to deal with those patients that have extreme and damaging immune reactions to the virus. It has also led to some doctors considering blood clot busting drugs where there is evidence of clots on the lungs impeding the passage of oxygen into the bloodstream. There are other treatments which are proposed around the world which await conclusive evaluation here by the NHS. This is important, as we all wish to see the death rate down and suffering reduced.

I have taken up the issue of the spread of the disease in hospitals and care homes. Ministers have set policy to avoid the early release of CV 19 patients from hospital into care homes where they might spread the disease. They have also assured me the NHS is imposing strict standards of infection control, and seeking to isolate CV 19 patients and their treatment from other patients and procedures in General Hospitals. This is important not only to cut the spread of the virus, but also to reassure other users of the NHS hospital services that they are not at risk through attending a District General Hospital. My preferred solution of using the new Nightingale hospitals for CV 19 cases, leaving the General hospitals CV 19 free was not adopted, despite the obvious success in creating that substantial extra capacity quickly near the peak of the outbreak.

I have throughout sought to get from the government more accurate, consistent and reliable numerical data about cases of the disease and death rates from the disease. These are crucial to assessing the so called R rate or pace of spread of the virus, and to seeing how successful the NHS is at treating cases and bringing down the death rate as we all wish. Even in the last few days there have been changes to the figures for the number of deaths, as it

has emerged again that past published figures were probably overstating the totals. The latest realignment puts the English figures onto a more comparable basis with Scotland by only citing CV 19 where the patient had it within 28 days of death. It still leaves open judgements about whether someone died of CV 19 or died of something else whilst also having had CV 19. The government did decide to seek a more accurate take on the rate of spread by sample testing the general population over time to see how the proportion with the virus varied. This was clearly a better way of judging it than trying to derive it from death rates which were based around changing and not entirely reliable numbers.

As we go forward I trust Ministers will press for more accuracy in data about incidence of the disease and death rates. They need to ensure decisions about local lock downs are well based, and to contain further outbreaks by a good test and trace system. As the Prime Minister has stated, we cannot afford another general lock down and must find other ways of countering the virus whilst allowing business and social life to revive.

Yours sincerely

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## Borrowing and printing money

When the government decided on a lock down of the economy which was bound to produce the biggest fall in output and incomes any of us had seen, I argued that the government did need to take big and quick action to offset the worst consequences of the collapse in activity.

I argued here and elsewhere for generous furlough and income support schemes for those who were prevented from working by laws and guidance. I supported the idea of a big surge in public borrowing , and a further programme of Quantitative easing to make sure the government could borrow a large sum at low interest rates. These policies were adopted, unemployment stayed low, and many people got through lock down with help from government support schemes.

I also argued that you can only do this once, for a few months. There is no magic money tree to pay millions of people wages for doing nothing. There is no magic money tree to pay any losses any nationalised activity like railways runs up, year after year. The more features of economic life the government controls and interferes with, the more likely we are to suffer shortages, falling productivity, and financial problems.

If we look at an extreme example of Magic Money tree thinking we turn to modern Venezuela. Their resort to excessive and continuous printing of money has given them a massive inflation and chronic shortages of basics, with a domestic currency that has little value to buy imports. This country with the world's largest oil reserves decided nationalising their golden goose would finance their governments wild excess. Instead under government control their

output has slumped from a fairly poor 2.5 million barrels a day five years ago to a bare 400,000 barrels a day now. Their wells are run down or do not flow, and their oil transport system is in decay. Without the private sector to invest, produce and market they have almost lost their entire oil industry. The UK government understands western governments including itself need to stay well clear of such thinking and actions, as they wish to maintain the relatively high living standards people have worked hard to achieve.

From here the government is right to say we need to get back to work and avoid any further general lock down. They are right to ask the NHS to offer a full range of services, treatments and consultations again now the CV 19 numbers are much reduced. They are right to say we need all the schools back this September. They also need to start to rein in public spending and therefore borrowing. I have set out some of the ways of doing this, and will talk of others in the days ahead. The way to run a prosperous country is to allow people and companies the freedoms to make choices and supply needs given the demand and technology available.

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## Let's see a plan for the nationalised railway

Trains travel largely empty. Losses must be colossal. The railway has all the costs of the pre CV19 era, with the turnover of the post CV 19 social distancing era. Ministers need to seek a new plan and tell us how they will make the railways more useful and less costly to taxpayers.

For a long time the railway has been effectively nationalised. Network Rail is completely state owned and heavily subsidised. The private sector train operating companies have to run a timetable laid down by government, under heavy regulations that leave little scope for innovation or service change. Rail pathways are strictly rationed. It is little wonder many of them struggle to survive as management has little scope to cut costs or boost revenues. Trying to get productivity and service improvements is very difficult. There is a long tradition of industrial action against management induced change.

The railway normally prevents choice for passengers and competition to reduce fares and raise quality of service. Rail operators respond to requirements imposed by Regulators. Their remuneration in part depends on targets, where it may make sense to game the rules. Quite often the train operator fails to provide a reliable on time service owing to failures of the nationalised network operator. The whole system has out of date signalling which limits the numbers of trains per hour. Monopoly providers seek to prevent new challengers competing.

Instead of building a very expensive new line, HS2, the railway should accelerate digital signalling to increase track capacity by around 25%. The railway needs to reconsider what sustainable travel patterns are likely in this new world and adjust services accordingly . It is difficult to see how passengers will be attracted back and better served without private capital and competition in service provision. The nationalised monopoly based model we have been running for sometime is not delivering the services and quality we want. It is now sending unaffordable bills to taxpayers.