

Why does government cost so much?

The costs of running government have escalated whilst the crucial outputs of more and better service have not risen as we would like. I will look at why in a number of articles.

One of the reasons is the escalation of the overhead, with more and more management and administration being recruited. Two trends this century that have spurred this process are the moves to so called independent bodies to carry out what remain as government functions, and the overlay of an increasing number of additional objectives to meeting service needs from net zero targets through diversity targets to behavioural requirements. These may be desirable in themselves but can become a conflicting overload or impediment to service delivery if not well managed. Carbon reduction targets for example can conflict with the policy need to maintain national energy security and to have more contract gas and electricity at affordable prices from reliable domestic suppliers. Wanting more legal migrants to fill jobs with a more diverse workforce can lead to greater pressures on social housing and NHS services as the population grows.

The danger of the new models of government are that you can end up with three different managements all running the same bit of service. If we take the case of NHS England, the Ministers and officials in the Department of Health have a large paybill as if they were running the service, yet they are merely monitoring and supplying resource to the large management cadres of NHS England and the other national Health quangos. These in turn seek to influence or control the management teams of the NHS Hospital and GP trusts that actually run the service day to day. So there are three public sector layers of senior management. The NHS then contracts in a lot of its needs from the private sector, so taxpayers also end up paying for the management of drug companies, staffing agencies, private care and pharmacies who provide some of the service.

I have no issue with sensible buying in and contracting out for drugs, catering services, cleaning and other matters that are well established under Labour and Conservative governments and where the result is better quality and value. I do have an issue with three or four layers of management within the public sector and the contractors, increasing the costs of dealing with each other and increasing the likelihood of blurred accountability.

The idea that a quango like NHS England is an independent body free of Ministerial involvement is not even accepted by its advocates. As soon as anything goes wrong the Minister is called in and is usually blamed. The Minister is rightly held to account in Parliament for the scale of resource, the aims of the service and the success or failure in using the resource well. Rarely does Parliament summon the CEO of the quango and hold her to blame for failure to use resources well, failure to manage staff well or failure to deliver sufficient quality and quantity of care. It is so much easier for all concerned to blame the Minister and blame a lack of money, which of course suits the Opposition in Parliament. As a result we do not

get the alleged advantages of independent management, but we do get plenty of extra cost from pretending some of the time that we have this independence and that it is better than the people in the department doing the job.