

## Who runs Britain?

*di Sam Freedman*

I wouldn't recommend watching Liz Truss's [new YouTube show](#), unless you're a psychologist studying personality disorders. But if you do tune in you'll see someone determined to blame everyone else for her failure. In her mind the fault for her demise rests with the "blob" of civil servants, central bankers, regulators, do-gooder lefties, and judges who thwarted her entirely reasonable plans.

She's an extreme case. But politicians of all sides have an increasing tendency to blame the machinery of state for their frustrations. For many Tories, including plenty saner than Truss, their failure to get to grip on multiple policy areas, from prisons to immigration, was due to being constantly stymied by the blob.

After a difficult 18 months many in Labour have reached a similar conclusion. Just before Christmas, at the parliamentary liaison committee, [Starmer complained that](#): "As Prime Minister, every time I go to pull a lever, there are a whole bunch of regulations, consultations, arms-length bodies that mean the action from pulling the lever to delivery is longer than I think it ought to be".

A few weeks later his former director of strategy, Paul Ovenden, [wrote a widely circulated column](#) which coined the term "stakeholder state" to explain what his old boss meant:

"The Stakeholder State is not a single phenomenon. Instead, it is the gradual but decisive shift of politics and power away from voters and towards groups with the time, money and institutional access to make themselves too important to ignore. In this state, the government rows with muffled oars in order to appease a complex coalition of campaign groups, regulators, litigators, trade bodies and well-networked organisations."

Yet the British prime minister, assuming he or she has the backing of a majority in the House of Commons, is one of the most powerful executive figures in any democracy. They are not constrained by a head of state with any meaningful powers, or an elected second chamber that can frustrate legislation permanently. The judiciary is independent but parliament is sovereign. By strong convention the courts do not overrule primary legislation. The prime minister can, should they wish, scrap regulators, ignore lobbyists, employ whoever they want in the civil service and override any negative court judgement. It is in their power to just do things.

As Health Secretary Wes Streeting put it [in a recent speech](#) that was seen as a not very coded attack on Starmer:

“The most corrosive sense of all is fatalism, the idea that things can’t change...The right encourage this argument. They’re rolling the pitch to come in with a chainsaw and tear up public services entirely. Bafflingly, some on my own side of the political divide have begun to parrot the same argument. They complain about the civil service. They blame stakeholder capture. This excuses culture does the centre-left no favours....And we should be in no doubt that they are excuses....We are not simply at the mercy of forces outside of our control. Our fortunes are in our hands.... Where there aren’t levers, we build them. Where there are barriers, we bulldoze them. If people in charge aren’t up to the job, we replace them.”

While Streeting is right that the excuses are unedifying, it is nevertheless true that governments do keep struggling to make the machinery work for them. The danger in his argument is it assumes the only problem is lack of will. In many cases it’s true that ministers don’t even try to force the machine, having little idea of what they want to do or much curiosity about how to change things. But even when they do know what they want it’s still incredibly difficult to get things done. Understanding why matters.

One of the apparent paradoxes of modern British politics is that frustrations with the machine have got worse *even as executive authority has increased*. This should act as a warning to those who think simply taking on more power is the answer. Instead we

need a more precise diagnosis of why ministers feel such a lack of control despite having so much theoretical clout.

### **Three Problems**

Of course, some of the reasons the state seems so ineffective are to do with culture and personnel not structures. We have had too many prime ministers in recent years who either aren't clear what they want to achieve or are entirely too clear about wanting to achieve the wrong things.

Changes in the way media works over the past few decades, as well as an obsession [with issue polling](#) and focus groups, has too often left politicians chasing announcements and headlines that they think people want to hear rather than fixing underlying problems or acknowledging difficult trade-offs. All of this remains true under this government. But there are also a set of deeper underlying problems that would afflict even the most focused and disciplined leader.

*The strong/weak centre:*

Problem one is that role of the Prime Minister has become ever more presidential over the last fifty years, but the Downing Street operation is still designed for the era of cabinet government. I've [written before about the challenges this disconnect creates](#). The PM is now expected to be on top of every issue and involved in every discussion. Whitehall has reoriented around this assumption, it is an awful lot easier to make something happen when the PM is personally involved, but that is a huge limitation on activity. Especially when the Prime Minister has also, in effect, become the foreign secretary, needing to appear at every summit and emergency meeting to discuss Trump's latest outrage.

The PM has to do this with extremely limited resources. No. 10 only has around 200 staff and many of these people are managing logistics, events and communications. Most iterations of the Downing Street operation have been highly dysfunctional partly because there are just too few people working in an unsuitable physical space. But it's also because the resources available have been used ineptly.

As I wrote [in a post last year](#) on Starmer's No. 10, the policy unit was not set up properly and has been far too peripheral to decision making; there was no delivery

unit or strategy unit to help organise priorities; and too many of the key jobs were filled with the wrong people. There have been some attempt to fix this: the policy unit has been supplemented with a bunch of new hires, a delivery unit has been set up, and Darren Jones has been recruited as “Chief Secretary to the Prime Minister” to try and give things a bit more focus.

Jones [gave a speech to the Institute for Government last week](#) in which he offered some initial ideas, including setting up groups along the lines of the vaccine taskforce to push through delivery barriers. This is the sort of thing I was talking about in [my recent post on troubleshooting](#). I remain sceptical as to whether these will fix the problems with the centre, given levels of dysfunctionality seen so far, though at least it’s an attempt to deal with the issue. But even if Jones and others are successful in improving the operation it can only go so far because it will still ultimately be dependent on the prime minister’s authority and his time will remain limited. To really rewire the state you have to look elsewhere.

#### *The regulatory state:*

Quarter of a century ago, Professor Michael Moran came up with the concept of the [“regulatory state”](#) to describe the way British government works. He has since passed away but no one has yet produced a better analysis. Nor have many politicians engaged with his ideas, which is a shame because without doing so it’s hard to understand why we are where we are.

His argument was that until the 1970s Britain was run like a London club with minimal regulatory oversight. Professions like medicine and finance were self-regulated. Public services had almost no accountability to central government. Private businesses were barely regulated at all. Nor was there any social regulation, like protection of disability rights. Though the state did a lot, Whitehall didn’t.

This form of “club governance” fell apart across a series of crises in the 1970s, 80s and 90s, from the collapse of Barings Bank to the mad cow disease scandal. Margaret Thatcher also wanted to use the power of government to attack what she saw as low quality taxpayer funded services and inadequate oversight of left-wing public sector workforces. The great myth of Thatcherism is that it was all about making the state

smaller whereas, while it reduced capacity at local government level, it made Whitehall a lot larger and more powerful.

After 1997 New Labour added more oversight of the private sector and social regulation to enforce their human rights legislation. Collectively this led to the creation of a regulatory state without that ever being the intention. An enormous surveillance apparatus was created in an ad hoc fashion. We now have bodies that regulate the professions; that inspect hospitals, schools and other services; that oversee privatised utilities; and try to protect the vulnerable. Across government there are now almost a hundred regulators, and hundreds more public bodies many of which have a quasi-regulatory responsibility, for instance running school assessment or managing public complaints about the NHS. DEFRA alone works with [34 different agencies and public bodies](#).

But the creation of this apparatus was not accompanied by any change in the way politicians manage their departments. That has stayed as it was in the club government days, which has created a massive disconnect between expectations of politicians and what they can actually achieve. As Moran wrote back in 2001:

“The principle of ministerial responsibility makes responsibility and accountability in the British system intensely personal, but the new regulatory state is so institutionally complex, and so often works independently of ministers, that this personal sense of responsibility makes no sense. Its growth has been so rapid and so recent that constitutional doctrine has failed to keep up with institutional change.”

This remains true. Ministerial teams are still small, and rarely have relevant experience of the area they are working in. All that’s been added since the 1970s are a handful of special advisers, most of whom are young and also inexperienced. Yet the machine they now sit above is far bigger and more complicated.

Some argue for a DOGE-style destruction of the regulatory state, but, as the failure of Musk’s project has demonstrated, a lot of it is necessary: club government didn’t work. Instead we need to align what the state now does with ministerial capacity. While there is great value in having an independent senior civil service, there is also a strong case for giving ministers larger teams of aligned policy experts. Bizarrely, this

government has given many departments even fewer external policy advisers than they had under the last one.

As things stand it is simply impossible to understand every aspect of what one's department does in the year or so that an average junior minister has before getting moved. That doesn't mean they can't achieve anything but it does mean that they are constantly surprised by decisions being taken in the bowels of their department or by associated bodies.

Moreover, regulation is supposed to be rules-based and independent. Yet ministers are still held accountable for the outcomes of that regulation both by parliament and the public. Intervening is frowned upon but that leaves ministers feeling frustrated and helpless.

Despite this frustration no government has bothered coming up with a coherent theory of regulation. Instead they all cull and create new bodies in an entirely haphazard fashion. Sometimes regulation is criticised as red tape, but then the moment anything goes wrong new rules or institutions are introduced because it's politically attractive to do so. Currently we have Rachel Reeves promising the City that she will cut back on bothersome rules whilst at the same time the government has decided to introduce a whole bunch of new regulations that do not seem high priority. Fixing this would require developing criteria to assess whether regulation is the right approach to a particular problem of governance, as opposed to direct ministerial control, whether regulation is needed at all, and if it is how to make it proportionate.

#### *State capacity:*

Alongside the growth of the regulatory state we have seen the collapse of state capacity at local and regional level. This is something I cover in detail [in my book](#) so will just give a brief recap here. But it is critical to understanding the paradox of executive power.

Our public services are either run centrally or, where councils are still theoretically in charge, are tightly controlled via numerous statutory duties and central oversight. Local authorities are unable to raise revenue beyond a capped council tax. Other services, which in most countries are run by the state, are in England mostly managed

by private companies, including social care, nurseries and children's homes. Contractors also run large parts of services that are still nominally public. This adds even more pressure on the regulatory state because all of these contracts have to be overseen and procured.

Again, the net effect of all this is to overwhelm the small teams of ministers and advisers sat in Whitehall. Because they are responsible for everything it is hard to prioritise anything. Junior ministers spend an enormous amount of time on minor administrative detail rather than being able to take forward major projects.

This government's attitude towards decentralising power, so as to create more space for strategic focus, has been somewhat contradictory. They have continued the rollout of regional mayors and their powers have been marginally increased, for instance the budget gave them the right to charge a tourist tax. These are gradual shifts in the right direction. But it's slow and, in the meantime, local authorities remain emasculated and badly underfunded. The focus is on reorganising two-tier councils not fixing financial issues. Departments running public services, like health, remain unhappy about giving up any power and many ministers are sceptical of any further moves to decentralise.

This contradiction was evident in Streeting's speech where he correctly described centralisation as "infantilising" but seemed to conceive of decentralisation as giving more power to hospital trusts. He, correctly said:

"You cannot effectively run a public service the size of the NHS from two offices a mile apart from each other in Whitehall and Wellington House."

But fewer central edicts to the frontline does not transfer power. He is still running the NHS from Whitehall, except now it's one office because NHS England is being abolished. Indeed, he's further increasing central control by making major cuts to integrated care boards, which the last government had put in place to help councils work with hospitals and GPs. The problem with seeing decentralisation as primarily about frontline power is that ultimately the Secretary of State remains responsible for delivery and can change their position on a whim. Nor does it create the kind of structural decentralisation that would free up ministerial headspace.

Any serious proposals to rewire the state have to engage with this question of centralisation. Without a clear concept of what they believe on this the government will struggle to achieve much.

### **Rewiring the state**

All of these challenges arise from an increase in executive power. Government has significantly expanded its scope for intervening in all aspects of society. It has sucked power away from local government. It has increased public spending. And within Whitehall the Prime Minister has taken on a more presidential role.

This has happened while checks on executive power have been eroded. Parliament's already limited capacity for scrutiny has been further reduced. The Lords does more scrutiny but is increasingly packed with cronies. Rules on ministerial appointments to run regulators and other bodies have been watered down.

Sometimes taking on more power is necessary to fix a problem, but doing so often just exacerbates the sense that ministers are losing control because they simply can't keep track of everything.

Yet many in British politics see the solution to the state's problems as yet more executive power. Reform's leaders have talked about ending the independence of the senior civil service and filling it with their own appointees, as well as politicising the judiciary. They want to pack the Lords with supporters to prevent it being any kind of barrier, even if it can only put up minimal resistance at the moment. There are plenty of politicians and advisers in other parties that wouldn't be averse to this happening, even if they won't say so publicly.

But it would only make the problems worse. Yes it would give those at the centre almost untrammelled power to do as they wished but they would still have to use it effectively. By reducing state capacity even further they would be in a position where just a handful of people had to make decisions about absolutely everything. Even if one thinks they have the right instincts, which is of course debatable, it would be impossible to put them into action.

Any serious attempt to rewire the state needs to focus on the *disconnects between power and capacity rather than power per se*. That means matching the

responsibilities of the Prime Minister to the machine around them; giving ministers the tools to manage the regulatory state; creating criteria for regulation that ensures it's proportionate; and decentralising power over delivery to regions and local government. This government have some of the right instincts but they're still way off having a plan. Darren Jones said that his initial proposals were just the start of a bigger project to fix the state. He better get on with it: he doesn't have much time.