

## A Better Politics for Less

Britain faces a huge budget deficit that the next government must make it a priority to reduce. Based on the government's own figures we will borrow £175bn this year alone, and the OECD believes national debt will hit £1260bn next year - 90% of national income.

But balancing the government books isn't just the political equivalent of an accountancy exam; Liberal Democrats seek austerity for the purpose of delivering a better Britain. The best way to reduce government expenditure is through significant reform, identifying big ticket items that can be done differently or not done at all. Simply squeezing budgets year-on-year, without identifying how to deliver better for less will just hurt the public services people rely on.

Nowhere is this more important than in politics and the mechanisms of central government. The British people have lost faith in our political system after the expenses scandal. And twelve years of centralised, top-down government from Labour has proved ineffective and must be reformed. This paper sets out how significant, rather than symbolic, reductions can be achieved in the cost of politics and central governance if they are driven by a real commitment to do things differently. Major devolution of power away from the Whitehall departments, a commitment to democratic accountability rather than quango-governance, and radical electoral reform are big changes promoted by the Liberal Democrats that will deliver genuine, substantial savings.

The Liberal Democrats would save this country **£1.82 billion** by reforms that cut back waste in central government and the Houses of Parliament, making vital savings that can be ploughed back into more important public services.

## SCALING DOWN WHITEHALL

### Central Departments

The size of central government is excessive. Whether it is the explosion of 'soft' employees, the spend on spin, or bureaucracy, Labour has poured record levels of public money into central government departments without direction or purpose.

#### ***Cutting the Cost***

There are currently 24 government departments. We would replace the current structure with the following; *Office of the Prime Minister; Treasury; Foreign & Commonwealth Office; Department for International Development; Home Office; Department of the Nations and Regions; Ministry of Justice; Department for the Consumer; Department of the Environment, Energy and Transport; Department for Health; Department for Education, Skills and Science; Department for Work & Pensions; Department of Culture, Media and Sport; and Ministry of Defence.* See annex for further details on where responsibilities will lie.

- **We will cut the number of government departments to 14**

Taxpayer saves: **£314.2m<sup>1</sup>**

Last year the government's annual advertising and marketing budget hit £265.8m – almost four times what it spent during Labour's first year in office.<sup>2</sup>

- **We will take central government spending on advertising back to 1997 levels**

Taxpayer saves: **£197.2m**

The number of central government press officers has jumped by more than three quarters since 1998, symbolising the culture of 'spin' that has characterised the Labour government. There are 372 press officers working in central government departments, but only 174 Press Lobby members in the House of Commons.

- **We will half the number of departmental press officers**

Taxpayer saves: **£7.44m<sup>3</sup>**

The government currently employs 74 Special Advisers in the central departments, an increase of more than 90% since 1995, at a cost to the taxpayer of £5.9m each year.<sup>4</sup> These are political jobs, and should, therefore, be funded by political parties.

- **Special Advisors will not be paid for by the taxpayer**

Taxpayer saves: **£5.9m**

The government spends £6.3m each year providing 93 private chauffeur driven cars for the exclusive use of central government departments.<sup>5</sup>

<sup>1</sup>Savings would include £57.2 million over a parliament from administrative savings via Wales, Scotland, DCLG and its related quangos; £100m from scaling back the Cabinet Office, and £157m from administrative savings in the DBIS.

<sup>2</sup><http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm081126/text/81126w0057.htm#0811283001150>

<sup>3</sup>Based on a cost of £40,000 per head

<sup>4</sup><http://www.publications.parliament.uk/pa/cm200809/cmhansrd/cm090716/wmstext/90716m0008.htm>

<sup>5</sup><http://www.publications.parliament.uk/pa/cm200809/cmhansrd/cm090716/wmstext/90716m0009.htm#09071651000059>

- **Only Secretaries of State and Permanent Secretaries within the 14 new government departments will be provided with a car**

Taxpayer saves: **£4.39m**

The Government Car & Dispatch Agency provides a 24/7 taxi and chauffeur-driven private hire service, for the use of government departments.

- **We will abolish the GCDA's taxi & private hire services**

Taxpayer saves: **£7.48m<sup>6</sup>**

## **Quangos**

For the last decade, billions of pounds of taxpayers' money have been ploughed into government quangos. Many of these organisations duplicate each other and the work of central departments and can easily be merged or culled to streamline services and save the taxpayer money. The Liberal Democrats would cut ineffective quangos and cap the salaries of the estimated 68 senior quango managers who earn more than the Prime Minister. We want to get rid of Labour's 'one-size-fits-all' policies, by devolving power from centralised government to local councils who understand the real needs of their communities. In doing so we can make sure that local communities get a say in the decisions that affect them, at the same time as saving millions of pounds.

## ***Cutting the Cost***

There are at least 790 quangos in England and Wales. These cost the taxpayer at least £34.6bn each year.<sup>7</sup>

- **We would cap all senior salaries at the Prime Minister's wage**
- **We have identified at least 90 quangos that should be culled or merged, including the Regional Development Agencies, the Government Hospitality Advisory Committee for the Purchase of Wine, the Infrastructure Planning Commission, and the Olympic Lottery Distribution Body.** See annex for full details on proposed changes.

Taxpayer saves: **£1.182bn annual saving<sup>8</sup>**

<sup>6</sup> The GCDA is split into Government Cars and Government Mail. Public sector income for Government Cars was £13,762,000 in 2007/08, of which £6,281,200 was spent on Ministerial cars. The remaining £7,480,800 income was generated through the private hire schemes. <http://www.dft.gov.uk/gcda/docs/GCDA%20Annual%20Report%20and%20Accounts%202007-08.pdf>

<sup>7</sup> Total government funding to executive quangos in 2007/08 was £34.631bn – Table 3: Expenditure by Executive NDPBs 2007/08, Public Bodies 2008, Cabinet Office [www.civilservice.gov.uk/Assets/PublicBodies2008\\_tcm6-6429.pdf](http://www.civilservice.gov.uk/Assets/PublicBodies2008_tcm6-6429.pdf)

<sup>8</sup> This figure excludes the savings made from 38 quangos for which savings estimates have yet to be finalised and DCLG quangos as these are included in the central department savings.

## CONSEQUENCES OF ELECTORAL REFORM

### Ministers

In 1940, when Britain was facing its biggest crisis of a century, staring down the path of a long and arduous world war, the UK government had only 9 Cabinet Ministers. Now, when austerity and efficiency are needed, Gordon Brown's Cabinet has 23 Ministers. With Ministers receiving between £31,401 and £108,253 on top of their MPs salary, the Liberal Democrats believe that the number of Ministerial positions can and should be reduced.

### ***Cutting the Cost***

Ministerial salaries cost the taxpayer £4.78m each year.

- **With 14 government departments, we will cut the number of Ministers to 73. See annex for details of responsibilities**

Taxpayer saves: **£1.52m<sup>9</sup>**

- **We will freeze Ministerial salaries**

Taxpayer saves: **£0.36m<sup>10</sup>**

### Party Political Salaries

For decades the taxpayer has been footing the Bill of two party politics. In Parliament, the whips system is used to enforce the party line, while the leader of the Opposition's sole ambition is to undermine the governing party. These roles are in the party interest, and should not be the burden of the taxpayer. Party political jobs should be paid for by the party's budget.

### ***Cutting the Cost***

Labour employs 27 of its MPs and Peers as party whips, 23 of whom are paid out of the public purse. The Conservatives employ 29 of their MPs and Peers as party whips, paying their Chief and Deputy Chief Whips in both Houses with taxpayers money.

- **We will abolish all Whips salaries paid for by the taxpayer**

Taxpayer saves: **£0.82m**

David Cameron receives £73,000 on top of his MPs salary as leader of the Opposition. His equivalent in the Lords receives £68,074.

- **We will abolish all Opposition leader salaries paid for by the taxpayer**

Taxpayer saves: **£0.14m**

David Cameron is also provided with his own chauffeur-driven car, courtesy of the taxpayer.

---

<sup>9</sup> Includes Prime Minister, excludes Commons Chief Whip & Lords Chief Whip

<sup>10</sup> Ministerial salaries rose by an average of 1.52% in each of the last four years

- **We will remove the Opposition leader's complimentary car**

Taxpayer saves: **£0.068m**<sup>11</sup>

## **MPs**

The cost of MPs continues to rise, yet many people still do not have a vote that counts. By switching away from a parliamentary voting system that alienates much of the country, the Liberal Democrats would reduce the overall number of MPs. A multi-member constituency system elected by the Single Transferable Vote is our preferred option, but either this or the Alternative Vote Plus system recommended by Roy Jenkins' report in 1998 could operate with significantly fewer MPs. As part of our proposals for electoral reform we will move to a Parliament of 500 MPs. In doing so, we would not only cut the cost of politics, but make it more engaging and fairer for the voting public.

### ***Cutting the Cost***

646 MPs cost the taxpayer £159m each year.<sup>12</sup>

- **With a new voting system we would reduce the number of MPs to 500**

Taxpayer saves: **£31.9m**

## **Running Parliament**

In the last ten years, the cost of running the House of Commons has risen by 75% in real terms, despite an overall reduction in the number of MPs. This is inefficient and ineffective, a sign of the bloated organisations that have come to symbolise this Labour government. Our planned reduction in the number of MPs and Peers will reduce the staffing needs of Parliament, and in doing so will cut costs and save the taxpayer millions of pounds.

### ***Cutting the Cost***

Running parliament costs the taxpayer £338.5m each year.<sup>13</sup> The 23% reduction in the number of MPs would make it possible to achieve a commensurate reduction in the House of Commons running costs, due to a reduced number of MP and staff "customers" for services such as IT support, catering, library research, office running costs, mail delivery etc. Clearly the demand for some services such as the clerks' and Hansard is dependent on the number of bills and debates; these would not be targeted for cuts.

- **We would reduce Commons staffing costs by 15%**

Taxpayer saves: **£11.5m**

---

<sup>11</sup> Based on the average annual cost of £67,540 to provide a car to a Minister

<sup>12</sup> House of Commons Research Paper 09/69, p60.

<sup>13</sup> The Commons costs £234.6m, the Lords costs £103.9m. This excludes MPs expenses (including their staff) and Peers expenses. See annex for Houses of Parliament staffing and running costs.

- **We would reduce Commons running costs by 15%**

Taxpayer saves: **£23.6m**

Our proposals on Lords reform would see the upper chamber reduced to 300 elected Senators – a 53% reduction on the current number of Lords – which will make it possible to achieve a commensurate reduction in the House of Lords running costs on the same principles.

- **We would reduce Lords staffing costs by 30%**

Taxpayer saves: **£6.9m**

- **We would reduce Lords running costs by 30%**

Taxpayer saves: **£24.5m**

***Combined saving: £66.5m***

**TOTAL SAVING: £1.82bn**

## ANNEX: LIBERAL DEMOCRAT PROPOSALS FOR THE DEPARTMENTAL STRUCTURE OF UK GOVERNMENT

Office of the Prime Minister	3	Prime Minister; Minister of State; Minister of State for Business Promotion and Deregulation
Treasury	4	Chancellor of the Exchequer; Chief Secretary to the Treasury; Paymaster General and Economic Secretary role merged (due to plans to merge Customs and Excise and the Inland Revenue); Financial Secretary
Foreign & Commonwealth Office	6	Secretary of State; Minister of State for Trade; Minister of State for Europe; Minister of State for Middle East; Parliamentary Under-Secretaries x2
DfID	2	Secretary of State; Parliamentary Under-Secretary
Home Office	5	Secretary of State, 2 Ministers of State (Citizenship and Immigration; Crime Reduction; Policing, Community Safety & Counter Terrorism) & 2 PU-Ss (Race Equality, Community Policy and Civil Renewal; European, International & Drugs)
Department of the Nations and Regions	6	Secretary of State; Minister of State for Scotland; Minister of State for Wales; Minister of State for Northern Ireland; Minister for Housing; Minister for Local Government. (Note: Prior to successful NI devolution, NI Office would remain separate department but reduce from 3 to 5 ministers.)
Ministry of Justice	4	Secretary of State for Justice. Minister for Criminal Justice and Law Reform., Minister for Constitutional Affairs. PUS (Prison and Reoffending)
Department for the Consumer	3	Secretary of State for the Consumer; Minister of State for Competitiveness and E-commerce; Minister for Competition, Consumers and Markets;
Department of the Environment, Energy and Transport	6	Secretary of State; Minister for the Environment; Minister for Energy; Minister for Railways, Maritime and Aviation; Minister for Local Transport; Rural Affairs Minister
Department for Health	3	Secretary of State for Health; Minister of State for Health; Minister of State for Social Services
Department for Education, Skills and Science	3	Secretary of State (including overall responsibility for Schools); Minister of State for Children (major cross cutting work); Minister of State for Further and Higher Education, Science and Skills
Department for Work and Pensions	4	Secretary of State; Minister of State for Work and Disabled People; Minister of State for Pensions; PU-S
Ministry of Defence	4	Secretary of State; Minister of State (Armed Forces); PU-S (& Minister for Veterans); PU-S (Defence Procurement)
Department for Culture and Media & Sport	2	Secretary of State, Parliamentary Under Secretary
Other Cabinet Ministers	4	Chief Whip in Commons, <sup>14</sup> Leader of Commons, Leader of Lords, Lords Chief Whip <sup>15</sup>
Other Ministers	15	PU-S to Leader of Commons. 3 in Lords. 7 in Commons. 3 current law officers: Attorney General, Solicitor General & Advocate General for Scotland.

**14 Departments**

**73 Ministers**

<sup>14</sup> Not paid for by the taxpayer

<sup>15</sup> Not paid for by the taxpayer

## LIBERAL DEMOCRAT PROPOSALS FOR STREAMLINING QUANGOS

<b>BIS</b>	Local Better Regulation Office	Cull
	Central Arbitration Committee	Merge with ACAS
	Advisory Panel on Management & Leadership	Cull
	Capital for Enterprise Advisory Board	Cull
	Environmental Innovations Advisory Group	Cull
	Advantage West Midlands	Cull
	East of England	Cull
	East Midlands	Cull
	London Development Agency	Cull
	North West	Cull
	One NorthEast	Cull
	South East England	Cull
	South West	Cull
	Yorkshire Forward	Cull
	Higher Education Funding Council for England	Merge with LSC
<b>CABINET OFFICE</b>	Commission for the Compact	Cull
<b>DCLG</b>	Advisory Panel on Beacon Councils	Cull
	Building Regulations Advisory Committee	Merge with National Housing & Planning Advice Unit
	National Community Forum	Cull
	Standards Board for England	Cull
	2 x Thames Gateway Urban Development Corporations	Merge together
	Audit Commission	Reductions via less inspections
	Valuation Tribunal Service	Merge with Residential Property Tribunal Service
	Infrastructure Planning Commission	Cull
<b>DCMS</b>	English Heritage	Merge with Heritage Lottery Fund
	Olympic Lottery Distribution Body	Cull
	Football Licensing Authority	Make self-funding
	Gambling Commission	Merge with National Lottery Commission
<b>DCFS</b>	School Food Trust	Cull
	Independent Advisory Group on Teenage Pregnancy	Cull
	Teachers' TV	Cull
	British Educational Communications & Technology Agency	Reduction
	Training & Development Agency for Schools	Varied reductions
	QCDA/OFQUAL	25% reduction
<b>DECC</b>	Civil Nuclear Constabulary	Cull
	Civil Nuclear police authority	Cull



	Coal Authority	Merge into DECC
	National Nuclear Laboratory	Cull
	Pilot task force for oil and gas	Merge into DECC
	UK atomic energy authority	Merge into DECC
	Uk coal forum	Cull
	Fuel poverty advisory group	Merge into DECC
	UK chemical weapons convention national authority advisory committee	Merge into DECC
	Committee on radioactive waste management	Merge into Nuclear Decommissioning Authority
	Nuclear liabilities financing assurance board	Merge into Nuclear Decommissioning Authority
	Nuclear liabilities fund	Merge into Nuclear Decommissioning Authority
	Radioactive waste management advisory committee	Merge into Nuclear Decommissioning Authority
	Advisory committee on carbon abatement technology	Merge into a new Renewable Energy Deliver Authority
	Carbon Trust	Merge into a new Renewable Energy Deliver Authority
	Energy saving trust	Merge into a new Renewable Energy Deliver Authority
	Renewables advisory board	Merge into a new Renewable Energy Deliver Authority
	Warm front	Merge into a new Renewable Energy Deliver Authority
	Waste Technologies advisory committee	Merge into a new Renewable Energy Deliver Authority
<b>DEFRA</b>	Covent Garden market authority	Cull
	Agricultural and Horticultural Development Board	Merge into DEFRA
	Agricultural wages board for England and Wales	Merge into DEFRA
	Committee on agricultural valuation	Merge into DEFRA
	Committee of investigation for Great Britain	Merge into DEFRA
	Darwin Advisory committee	Merge into DEFRA
	Farm animal genetic research group	Merge into DEFRA
	Hill farming advisory committee for England Wales and northern Ireland	Merge into DEFRA
	Horticultural development company	Merge into DEFRA
	Integrated administration and control system appeals panel	Merge into DEFRA
	Market transformation programme	Merge into DEFRA
	National rural development forum	Merge into DEFRA
	Regulation task force	Merge into DEFRA
	Rural Payments agency	Merge into DEFRA
	Sustainable farming and food research priorities group	Merge into DEFRA
<b>DWP</b>	Disability Living Allowance Advisory Board	Merge with SSAC
	Ethnic Minority Employment Taskforce	Merge with the Ethnic

		Minority Business Task Force
	Industrial Injuries Advisory Council	Merge with SSAC
<b>FCO</b>	Government Hospitality Advisory Committee for the Purchase of Wine	Cull
	Wilton Park Academic Council	Make self-funding
<b>HEALTH</b>	Co-operation and Competition Panel	Cull
	Herbal Medicines Advisory Committee	Cull
	Council for Healthcare Regulatory Excellence	Cull
	National Treatment Agency for Substance Misuse (NTA)	Cull
	NHS Professionals (NHSP)	Cull
	Independent Reconfiguration Panel	Cull
<b>HOME OFFICE</b>	Independent Safeguarding Authority	Cull
	SOCA	Reduction
<b>SCOTLAND</b>	Constitutional Affairs Affiliated Team	Cull
<b>TRANSPORT</b>	Commission on Integrated Transport	Cull
	Government Car & Dispatch Agency	Reduction
	British Railway Board	Merge into DfT
<b>TREASURY</b>	Section 706/04 Tribunal	Reduction
<b>WALES</b>	Constitutional Affairs Affiliated Team	Cull

## HOUSES OF PARLIAMENT STAFFING AND RUNNING COSTS

	Commons	Lords	
<b>Staff no.</b>	1696	490	These figures are provided in <i>Table 47: Number of people working in Parliament, 1997/98-2007/08</i> on page 62 of <i>Research Paper 09/69 'Parliamentary Trends: Statistics About Parliament'</i>
<b>Staff who work for the House – total annual cost</b>	£76.9m	£23m	These figures are provided in <i>Table 48: Parliamentary staff costs – Commons and Lords, 1992/93-2008/09</i> on page 63 of <i>Research Paper 09/69 'Parliamentary Trends: Statistics About Parliament'</i>
<b>Running cost annually</b>	£157.696m	£81.618	For the Commons, this number is the total annual cost of the House, less their staffing cost.  For the Lords, this number is the total annual cost of the House, less their staffing cost.
<b>Total annually</b>	£234.596m	£103.918m	<i>These figures are provided in Table 38: Expenditure by both Houses of Parliament by Financial Year, 1990/91 to 2008/09 on page 51 of Research Paper 09/69 'Parliamentary Trends: Statistics About Parliament'</i>  The excludes Peers expenses at £17.7m. Total House of Lords cost was £121.5m in 2007/08, <i>'The Financing of the House of Lords' House of Lords, March 2009.</i>