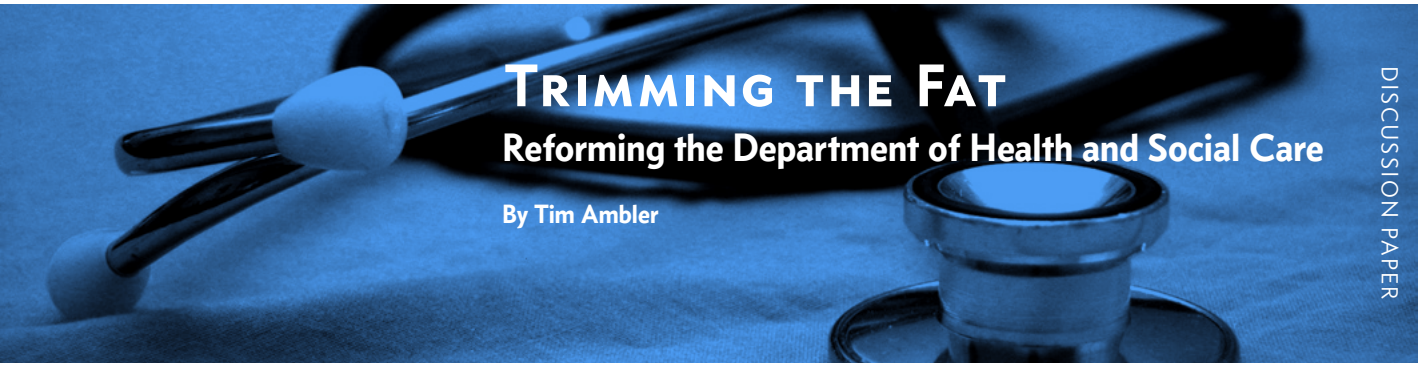

Trimming the Fat

Reforming the Department of Health and Social Care

By Tim Ambler

DISCUSSION PAPER

EXECUTIVE SUMMARY

- The Department for Health and Social Care (DHSC) has responsibility for a number of functions that are currently performed inefficiently and represent poor value for taxpayer money;
- The NHS should become a coherent entity with its own staff functions, removing DHSC interference except to the extent that any parent company supervises its subsidiaries;
- Various arm's length bodies (ALBs) should be privatised, merged or closed;
    - For example, there is significant overlap between the remits of the Medicines and Healthcare Products Regulatory Agency (MHRA) and the National Institute for Health and Care Excellence (NICE)—one agency could consider both safety and value perfectly well;
- Whilst parts of the departmental core should be retained, others can be closed as they duplicate NHS functions or should not lie within DHSC's remit;
- Taken together, if all the recommendations within this paper were implemented, this would amount to a saving of 11,663 staff.

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ABOUT THIS SERIES

The UK government plans to reduce the civil service headcount by nearly 20%. We believe that deeper savings — bringing lower costs and greater efficiency — are easily possible. Whitehall has grown far more than 20% in the last seven years alone; and we have found most departments to be a confused clutter of overlapping functions and agencies. This series aims to cut through that clutter to suggest nimbler, lighter structures.

Whitehall departments have two functions: to manage policy and to provide services. We believe that services (such as passport provision) should be provided by executive agencies, without being swamped by the core department staff. We also believe that the cores could work, more effectively, with a fraction of their staff.

Deep staff reductions can be managed through natural turnover, early retirement, pausing non-essential recruitment and other methods. The result would be a slimmer, more focused civil service, better services for users and substantial savings for taxpayers.

Personnel

The Department of Health and Social Care (DHSC) employs the following numbers of people, according to its April 2022 payroll[1], its 2020/21 Annual Report (Table 27)[2] and the Cabinet Office's 31st March 2020 listing of Arm's Length Bodies (ALBs)[3]:

	Payroll	Annual Report	Cabinet Office
Core	4,088	5,888	N/A
Executive Agencies	9,470	6,049	6,887
Executive Non-Departmental Public Bodies	31,564	9,571	16,943
Other	-	1,341,859	1,203
Total	**45,122**	**1,363,363**	**24,983**

The main reasons for the differences in the first two columns are:

1. The Covid pandemic peaked in 2020/21 and the payroll numbers are from April 2022.
2. The Annual Report omitted the Care Quality Commission (3,096 staff in April 2022).
3. The Executive Non-Departmental Public Bodies (ENDPBs) are listed, with staffing figures and recommendations, as per the Appendix.
4. The Annual Report includes the National Health Service (NHS), most of which the payroll treats separately. The NHS employed 1,205,362 full-time equivalent personnel, according to the September 2021 NHS payroll, and 9,795 in the DHSC April 2022 payroll. The former is 3.8% (44,168) more than in September 2020.[4]

ENDBPs and ALBs

This report does not review the NHS, nor its subsidiaries, but only the Department and its subsidiaries — even though five of those should clearly fall under the NHS England Executive (itself an ENDBP of DHSC). The National Audit Office

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1 Gov.uk, 'DHSC: workforce management information', April 2022': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083539/DHSC_headcount_and_payroll_data_for_april_2022.csv/preview

2 Department of health and social care, 'Annual Report and Accounts 2020-21, 'January 2022: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052421/dhsc-annual-report-and-accounts-2020-2021-web-accessible..pdf

3 Gov.uk, 'The Arms Lengths Body (ALB) landscape at a glance', July 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1001885/Public_Bodies_2020.pdf

4 NHS, 'NHS Workforce Statistics ', June 2022: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics/september-2021

review of June 2021 reveals that the identification and classification of ALBs across government are highly inconsistent and the management of them is very weak.[5]

We recommend that the NHS should become a coherent entity with its own staff functions, removing DHSC from micromanaging it, except to the extent that any parent company supervises its subsidiaries.

Expenditure

DHSC expenditure is summarised in Figure 1 of its last Annual Report, reproduced in the table below:

Area	Spending (£bn)
Social Care (via Local Authorities)	1.1
Public Health	4.4
NHS	150
DHSC & other ALBs	58.2
Total from Treasury	**213.7**

Structure

It is worth asking why DHSC needs such a vast number of civil servants. It has a 340 social care staff under one of its Director-Generals, but the management of social care is left largely to local government, financed through the Department for Levelling Up, Housing and Communities. Health could be treated in the same way and might well be the better for it.

The Ministry of Health was founded in 1919 but the delivery of health services was left with local authorities. Things soon became centralised, however. The 1929 Local Government Act empowered ministers to withhold money from local authorities if their health services were deemed wanting.[6] Now, DHSC proposes to integrate social care with the NHS[7] — although the NHS is already too big to manage and that will cause GPs to have even less time for their patients. GP practices and hospital outpatients departments currently provide around 400 million face-to-face appointments each year, but the NHS Long Term Plan envisages this being cut significantly in favour of online consultations.

Health and social care work much better in the Netherlands, where the relevant national ministry has just two ministers and nine civil servants.[8] Health is not even managed by the higher level of local government (regional) but instead by the lower level (municipal).

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5 National Audit Office, 'Central oversight of arm's-length bodies', June 2021: https://www.nao.org.uk/report/central-oversight-of-arms-length-bodies/

6 Ministry of Health, 'Local Government Act 1929': https://discovery.nationalarchives.gov.uk/details/r/C10909

7 NHS, 'The NHS Long Term Plan', January 2019: https://www.longtermplan.nhs.uk/wp-content/uploads/2019/08/nhs-long-term-plan-version-1.2.pdf

8 RocketReach, 'Dutch Ministry of Health, Welfare and Sport Management', June 2022: https://rocketreach.co/dutch-ministry-of-health-welfare-and-sport-management_b54f538ef666d2c7

Public Health England (PHE) had 6,049 staff, according to its last (2020/21) annual report[9], and 8,295 staff according to its successor's April 2022 payroll.[10] It was widely considered inadequate during the Covid pandemic, as it was still obsessing with nannying lifestyle pronouncements.[11] But instead of implementing radical change, the then Secretary of State merely rebranded it as the "UK Health Security Agency" (UKHSA) and replaced the Chief Executive. The new Agency was made responsible for "protecting the public from the impact of infectious diseases, chemical, biological, radiological and nuclear incidents and other health threats,"[12] while Lord Bethell's appointment letter to the Agency's new CEO, Dr Jenny Harries, charged her to work "internationally to strengthen global health security." These seem to be grandiose aims.

The reality is more prosaic. UKHSA does two things: it tells us the obvious (e.g. if you think you have monkeypox, dial 111)[13] and it provides a wide range of laboratory services, described as:

- "Collection of environmental samples from terrestrial and aquatic environments.
- Radiochemical analysis service with state-of-the-art facilities.
- Radioactive Source leak tests on customer premises, laboratory assessment and leak test certificates.
- Services and advice on contaminated land issues.
- Analysis of a wide range of foods for radioactivity.
- Bio-monitoring of tritium and metals in urine and faeces.
- Radioanalytical testing of a wide range of environmental materials.
- Collection and analysis of air samples for routine monitoring or following an unexpected release of radioactive material.
- Analysis of wastes and effluents to provide assessment of activities before disposal.
- Full analytical support for customers who have to handle naturally occurring radioactive materials."[14]

These are no doubt important analytic functions, but they could each be done privately or by the other relevant ministries. The one major scientific endeavour that

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9 Public Health England, 'Annual Report and Accounts 2021-22', January 2022: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1051756/phe-annual-report-and-accounts-2020-to-2021-web-accessible.pdf

10 DHSC, 'Workforce management information', June 2022: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083539/DHSC_headcount_and_payroll_data_for_april_2022.csv/preview

11 PoliticsHome, 'Public Health England to be scrapped after criticism of how it handled coronavirus crisis', August 2020: https://www.politicshome.com/news/article/failing-public-health-england-to-be-scrapped-and-replaced-with-new-pandemicready-body

12 Gov.uk, 'UKHSA, About Us': https://www.gov.uk/government/organisations/uk-health-security-agency/about

13 BBC, 'What is monkeypox and how do you catch it', August 2022: https://www.bbc.co.uk/news/health-45665821

14 UKHSA, 'Our Range of Services': https://www.ukhsa-protectionservices.org.uk/lab_services/services/range

fits with UKHSA's mission is Oxford University's Pandemic Sciences Institute launched on 5th July 2022.[15] Ironically, the one function that seems appropriate to a government agency is in the private sector and the services that should be in the private sector are being managed by civil servants and funded by taxpayers.

MHRA AND NICE

The functions of the Medicines and Healthcare Products Regulatory Agency (MHRA) and the National Institute for Health and Care Excellence (NICE) overlap, with the former having the wider remit and 44% more staff. The following two sets of objectives below are taken from the 2020/21 annual reports of NICE and the MHRA. The reader is invited to consider which set of objectives belong to each body:

1. *Patients, Public and Health Service –– to ensure information and advice is available to enable well-informed decisions by patients and healthcare professionals, by engaging proactively with the public, patients, health services, and healthcare professionals.*
2. *Innovation and Regulatory Science –– to support the development of better, safer healthcare products for patients, underpinned by innovation, scientific evidence, and technology.*
3. *Lifecycle and Safety Management –– to improve risk-proportionate decision making in the interests of patients.*
4. *Data and Analytics –– to enhance access to data, data services, and evidence-based data analysis to underpin our regulatory and science processes.*
5. *Governance and Partnerships –– to develop reinforced governance, delivery capacity and work with external partners.*

And:

1. *Transform the presentation, accessibility and utility of X guidance and advice, ensuring it is fully aligned to the needs of our users to support adoption.*
2. *Transform the development of X guidance and advice in line with the learning from the COVID-19 response so the process is efficient, integrated, and takes advantage of new technologies including artificial intelligence.*
3. *Play an active, influential role in the national stewardship of the health and care system.*
4. *Support the UK's ambition to enhance its position as a global life sciences destination.*
5. *Generate and manage effectively the resources needed to maintain and transform our offer to the health and care system.*
6. *Maintain a motivated, well-led and adaptable workforce.*

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15 University of Oxford, 'Pandemic Sciences Institute formally launched in Oxford', July 2022: https://www.ox.ac.uk/news/2022-07-05-pandemic-sciences-institute-formally-launched-oxford

Apart from the near impossibility of distinguishing the roles of MHRA and NICE, both sets of mission statements are pretentious nonsense. The reality is that MHRA reviews all new and existing medicines and healthcare products, licensing them and issuing warnings when products are found to have problems. Safety, not cost or efficacy, is its concern; it can approve products which are too costly or ineffective to be used by the NHS. NICE, by contrast, is concerned with considering efficacy versus cost, making recommendations about which drugs or devices should be available on the NHS. They use the contentious QALY (quality-adjusted life year) measure in making their decisions.

While safety and cost/effectiveness are different considerations, the overlap is so great that one agency could perfectly well consider both safety and value. We should retain the one with the wider remit (MHRA) and close NICE.

In July, DHSC added to the confusion by creating a Patient Safety Commissioner[16] as part of "putting patients first". While there should indeed be a mechanism to communicate patient concerns to the MHRA we certainly do not need to employ more bureaucrats for this task.

OTHER DHSC ALBS

Nine of the other ALBs are part of the NHS and seven are advisory bodies which do not need the formality of being separate bodies: when ministers and civil servants need external advice, they can easily invite in relevant experts, rather than setting up a quango, which requires parliamentary time.[17]

Health Research Authority

This leaves three ALBs, of which the Health Research Authority (HRA), with 275 staff, is the largest. In theory, it provides "expert advice and guidance to researchers" whilst "reviewing research studies through 64 Research Ethics Committees in England, the Confidentiality Advisory Group and specialist review and assurance of research on behalf of NHS organisations".[18] Looking through this research, all of it is for the NHS and none for social care, which suggests that it should simply be part of the NHS.

Human Fertilisation and Embryology Authority

The main statutory functions of the Human Fertilisation and Embryology Authority (HFEA), with its 73 staff, are "to licence and inspect clinics carrying out in vitro fertilisation and donor insemination treatment and centres undertaking human

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16 Gov.uk, 'First ever Patient Safety Commissioner appointed', July 2022: https://www.gov.uk/government/news/first-ever-patient-safety-commissioner-appointed?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=ecbad426-443b-4a9d-be43-8d4a3905bf49&utm_content=daily

17 Cabinet Office, 'Public Bodies: A Guide for Departments', June 2006: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1107252/Public_Bodies_-_a_guide_for_departments.pdf

18 NHS, 'Annual Reports and Accounts 2020/21', July 2022: https://www.hra.nhs.uk/about-us/what-we-do/annual-report/annual-reports-and-accounts-202021-copy/#what

embryo research"[19]. In other words, it is a regulator and should be independent of the NHS. No change is recommended.

Human Tissue Authority

The last, the Human Tissue Authority (HTA), with 46 staff, ensures "that human material being used by professionals has been obtained with the proper consent and is managed with appropriate care." It licences organisations that remove, store and use human tissue for certain activities under the Human Tissue Act 2004, organisations involved in preparing tissues and cells for use in patient treatment as required by the Human Tissue (Quality and Safety for Human Application) Regulations 2007 (as amended) and organisations involved in organ donation and transplantation". It monitors and inspects organisations to ensure they comply with legislation and Codes of Practice.[20] In other words, it too is a regulator. It is too small to be a separate ALB and should be administratively twinned with the HFEA. No other change is recommended.

Porton Biopharma

Porton Biopharma Limited (427 staff) is not, technically, an ALB at all but an independent company manufacturing medicines, mostly for sales overseas. It made a loss after tax of £7.4 million in 2020 and should be sold off, even if such a transaction needs a little financial support for completion.[21] DHSC should not be in the business of manufacturing medicines and the company should be sold or privatised.

DHSC CORE DEPARTMENT

According to paragraph 801 of the 2020/21 annual report, "The Core Department employed an average of 2,015 permanent whole time equivalent (WTE) persons during 2020-21 at a total salaries and wages cost of £118.9 million, compared to 1,588 at a cost of £73.8 million in 2019-20." However, if WTE temporary staff and ministers are included, Table 27 shows a total of 5,888 for 2020/21 compared with 1,770 in the year before.[22] The table does say "subject to audit" but taxpayers may wonder why the National Audit Office did not have time for an audit in the ten months between the year end and the annual report being published. According to the April 2022 payroll, the headcount was 4,088.

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19 Human Fertilisation and Embryology Authority, 'Annual report and accounts 2020/21', July 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005331/Human_Fertilisation_and_Embryology_Authority_ARA-2020-21.pdf

20 Human Tissue Authority, 'Annual report and accounts 2020/21', July 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005660/human-tissue-authority-annual-report-and-accounts-2020-2021-web.pdf

21 UK Global Database, 'Porton Biopharma Limited': https://uk.globaldatabase.com/company/porton-biopharma-limited#:~:text=According%20to%20PORTON%20BIOPHARMA%20LIMITED%20latest%20financial%20report,of%200.89%25%2C%20which%20is%20an%20equivalent%20of%20-380000.

22 DHSC, 'Annual Report and Accounts 2020-21', January 2022: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052421/dhsc-annual-report-and-accounts-2020-2021-web-accessible..pdf

The payroll describes the highest paid civil servant (40% more than the Permanent Secretary) as the "Chief Customer Officer" though the website calls this person "Chief Commercial Officer",[23] who is also Director General of the "the Office for Life Sciences [which] champions research, innovation and the use of technology to transform health and care service." It is part of DHSC and the Department for Business, Energy & Industrial Strategy.[24] This commercial activity should be left to the private sector.

The other six departmental director generals cover public health, global health, NHS policy and performance, NHSX (now NHS and social care digital development, aka "NHS Transformation")[25], adult social care and finance.[26] Given the recommendation for what was Public Health England, a core department covering public health makes sense as does a department covering adult social care (which is not otherwise covered) and, of course, finance. The NHS departments should be closed down and the NHS itself should cover staff for what it needs. It is also absurd that DHSC should consider itself responsible for global health, since this actually is funding "research in developing countries that are eligible to receive Official Development Assistance (ODA) from the UK aid budget."[27] Overseas aid should be left to the ODA.

On this basis, we recommend that four of the seven departments be closed down. We have no data on the relative sizes of the departments, but we estimate that four of the seven represent 57% of the total, and that therefore some 2,330 of the 4,088 payroll staff can be saved.

RECOMMENDATIONS

- The NHS should become a coherent entity with its own staff functions, removing DHSC from meddling, except to the extent that any parent company supervises its subsidiaries.
- The Pandemic Sciences Institute will doubtless need some public funding, and should get it, but the UKHSA analytical services should be privatised, sold and/or funded by the relevant ministries (not DHSC).
- We do not need two ALBs duplicating each other in reviewing and licensing medicines and other health aids. We should retain the one with the wider remit (MHRA) and close NICE.
- MHRA should include the role of the new "Patient Safety Commissioner."
- The Human Fertilisation and Embryology Authority and the Human Tissue Authority are both regulators monitoring professional and ethical standards. Each

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23 Gov.uk, 'Steve Oldfield Biography', 2017: https://www.gov.uk/government/people/steve-oldfield

24 Gov.uk, 'Office for Life Sciences': https://www.gov.uk/government/organisations/office-for-life-sciences

25 NHS, 'NHSX moves on', February 2022: https://www.nhsx.nhs.uk/blogs/nhsx-moves-on/

26 DHSC, 'Data on staff roles and salaries': July 2021 https://www.gov.uk/government/publications/data-on-staff-roles-and-salaries-dhsc

27 NIHR, 'Global health research': https://www.nihr.ac.uk/explore-nihr/funding-programmes/global-health.htm

is too small to be an ALB so they should be administratively twinned. No staff savings are envisaged.

- Porton Biopharma Limited is an independent company manufacturing medicines, mostly for sales overseas. The company should be sold or privatised.
- Of the Core's seven departments, public health, social care and finance should be retained but the other four should be closed. Two (NHS Policy and Performance and NHS Transformation) duplicate NHS functions, Commercial should be privatised or sold to the private sector and Global which amounts to overseas aid should be left to the Foreign and Commonwealth Development Office.
- All advisory bodies should be closed; government should seek advice from experts when they need it and not have statutory bodies of people who may not even have the most relevant expertise.
- If these recommendations are implemented, staff savings amount to 9,333 from ALBs (Appendix) and 2,330 from Core, a total of 11,663.

APPENDIX

DHSC Arm's Length Bodies (ALBs)

ALB	Payroll staff (April 2022)	Proposed action	Staff Saving
Executive agencies			
Care Quality Commission	3,096	No change	-
UK Health Security Agency	8,295	Close	8,295
Medicines and Healthcare Products Regulatory Agency (MHRA)	1,175	No change	-
Executive non-departmental public bodies			
Health Education England (NHS)	2,924	NHS staff training	-
Health Research Authority	275	Should be NHS	-
Human Fertilisation and Embryology Authority (HFEA)	73	No change	-
Human Tissue Authority	46	Twin with HFEA	-
NHS Digital	3,798	Transfer to NHS	-
NHS England	9,795	Separate NHS review	-
National Institute for Health and Care Excellence	812	Close	812
Monitor/NHSI	1,700	Transfer to NHS	-
NHS Trust Development		Transfer to NHS	-
Advisory non-departmental public bodies			
Advisory Committee on Clinical Impact Awards		Close	-
British Pharmacopoeia Commission		Close	-
Commission on Human Medicines		Close	-
Committee on Mutagenicity of Chemicals in Food, Consumer Products and the Environment		Close	-
Independent Reconfiguration Panel		Close	-
NHS Pay Review Body		Close	-
Review Body on Doctors' and Dentists' Remuneration		Close	-
Special health authorities			
NHS Blood and Transplant	5,121	Transfer to NHS	-
NHS Business Services Authority		Transfer to NHS	-
NHS Counter Fraud Authority		Transfer to NHS	-
NHS Resolution/Litigation	541	Transfer to NHS	-
Others			
Administration of Radioactive Substances Advisory Committee		Close	-
National Data Guardian	800 part-time	Close and leave to CQC	-
Porton Biopharma Limited	427	Sell	427
Total			**9,333**