

Public Bodies Reform

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High Level Conference 'Structuring Government in the 21st Century: Managing and Controlling Public Agencies at National and EU-level in Times of Crisis'

Brief historical context

- Since 1500– some bodies within central Government have limited independence from Ministers/the Crown (e.g. The Bankruptcy Commission of 1570)
- 1980s – New Public Management: creation of Executive Agencies as independent business units to carry out operational work (e.g. Benefits, Job Centres, Prisons, etc.)
- Throughout the 20th Century there have been calls to reduce the number of bodies that operate at Arms-length from Government
- While the number of bodies has decreased from time to time, spending through them has increased

Public view on these bodies and public bodies reform –from UK press

We need this bonfire of the quangos

In general, the move is welcome – with caveats.

But the real justification will be in how many people notice or genuinely miss the agencies being merged or abolished

The proliferation of these agencies, which have created a whole cast of quango kings and queens, is symptomatic of a general buck-passing trend in government

Firms rejoice as Whitehall starts to cull the quangos

...many of these bodies do not protect the public so much as add to the bureaucracy.

Historic rationale for delegating to Arms-Length Bodies

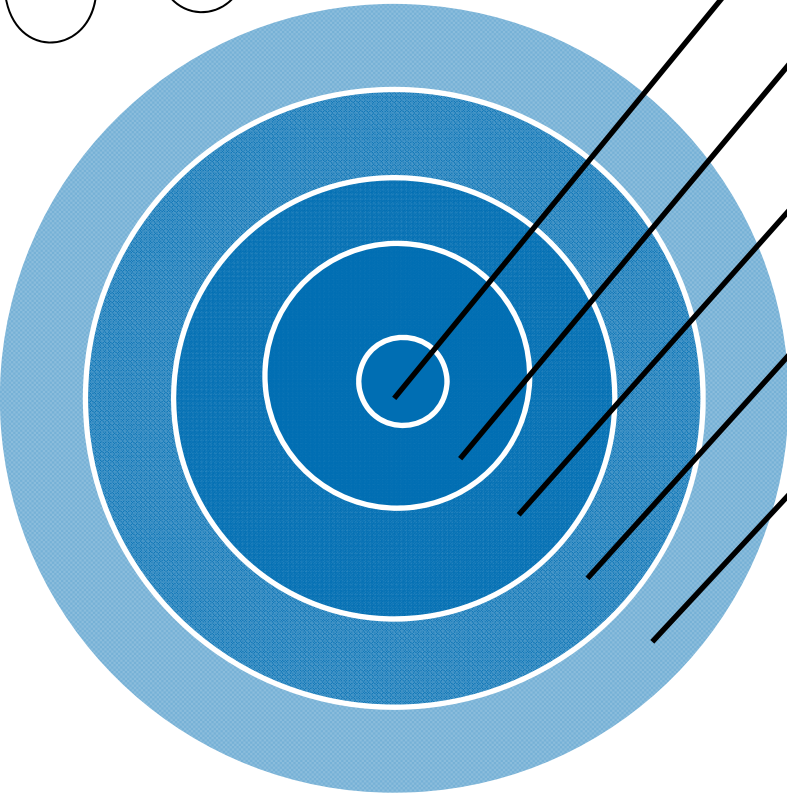
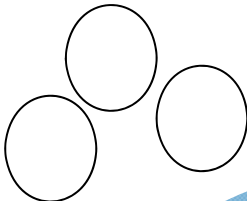
- The de-politicization of the delivery of certain public functions
 - Technical rather than political judgement

“What governs our approach is a clear desire to place power where it should be: increasingly not with politicians, but with those best fitted in different ways to deploy it. Interest rates are not set by politicians in the Treasury but by the Bank of England. Minimum wages are not determined in the DTI [Department for Trade and Industry], but by the Low Pay Commission. Membership of the House of Lords will be determined not [by the Prime Minister] in Downing Street but in an independent Appointments Commission. This depoliticising of key decision-making is a vital element in bringing power closer to the people.” *Lord Falconer, former Secretary of State for Constitutional Affairs, Speech to the Institute for Public Policy Research, London, 2003.*

- Improved efficiency from focussed delivery of functions
 - A body with a single clear brief, with a Chief Executive accountable for delivering targets

British Public Bodies Landscape – different levels of Arms-length

Other bodies



Ministerial Department – e.g. Department of Work and Pensions, Department for Education

Non-Ministerial Department – e.g. HM Revenue and Customs, Office of Gas and Energy Markets

Executive Agency – e.g. Job Centre Plus, Driver and Vehicle Licensing Agency

Non-Departmental Public Body – e.g. Environment Agency, Equalities and Human Rights Commission

Public Corporation – e.g. BBC, Civil Aviation Authority

State of the public bodies landscape in 2010

- At 31st March 2010 there were 657 Non-Departmental Public Bodies (NDPBs) sponsored by the UK Government.
 - 182 Executive NDPBs, employing over 100,00 people and spending over £50bn per year
 - 309 Advisory NDPBs,
 - 18 Tribunal NDPBs
 - 148 Independent Monitoring Boards for Prisons, Immigration Removal Centres and Short-Term Holding Facilities.
- There were also an unknown number of Public Corporations and other bodies



Rationale for this Government's approach to Public Bodies Reform

- To increase ministerial accountability for public functions, cut out duplication of activity, and discontinue activities that are no longer needed
- On 14 October 2010 the Minister for the Cabinet Office announced a number of proposals to reform 904 public bodies – all NDPBs and some Public Corporations and Non-Ministerial Departments
- This follows up the commitment in the Coalition Agreement to reduce the number and cost of public bodies

Application of three tests

- After first asking whether a function needs to be carried out at all, the Government then applied the following three tests to determine whether a public body is the right delivery mechanism:

Does it perform a technical function?

Do its activities require political impartiality?

Does it need to act independently to establish facts?



Overview of changes

- The review looked at 904 public bodies
- The Government proposes to reform 495 public bodies
- Of these, 200 will cease to be public bodies
- 120 bodies are being merged, into 56
- A further 175 bodies are being substantially reformed
- In total, the number of public bodies will reduce by 264
- 15 bodies remain are under consideration

The legislative process – The Public Bodies Bill

- The Public Bodies Bill is an enabling Bill, changes will be made through secondary legislation
- Proposed periods of consultation, scrutiny of proposals and impacts
- The Bill does not include:
 - bodies not set up in statute and
 - bodies being reformed through departmental Bills
- Out of the 904 bodies in scope there are 292 Bodies in the Public Bodies Bill.



The Public Bodies Bill – Scope of the powers

The clauses give ministers powers to make orders in secondary legislation to undertake certain reforms:

Clause 1: to abolish a body

Clause 2: to merge bodies

Clause 3: to modify the constitutional arrangements of a body

Clause 4: to modify the funding arrangements of a body

Clause 5: to modify or transfer a body's functions

Following future reviews, it would be possible to add additional bodies to the Bill's schedules (making them subject to the powers above) through primary legislation



The Public Bodies Bill: Changes in Parliament

- Introduction of consultation requirement on proposals
- Creation of ‘enhanced affirmative’ Parliamentary procedure
- Removal of Schedule 7 (which allowed a wide range of bodies to be transferred to other Schedules by order)
- Entries in Schedules “Sun-setted” after 5 years
- New protection of the independent exercise of functions
- Requirement for orders to “serve the purpose of improving public functions”

Financial Savings

- Although the primary aim was to increase Ministerial accountability, the reforms also aimed to create a more value for money process. We currently estimate:
 - £2.6bn in administrative savings from all bodies over the 4 year Government Spending Review Period
 - £1.6bn from mergers and abolitions
 - Over £30bn reduction in spend by and through public bodies over the same period
 - Reduction in functions carried out

Implementation

Implementation is the responsibility of departments and public bodies. Cabinet Office support the successful implementation of public bodies reforms by:

- providing assurance to Ministers that changes are being delivered in a timely and effective way;
- supporting departments and public bodies in making these changes by facilitating access to expertise and opportunities to share experience; and
- identifying and delivering solutions for cross-cutting issues which could add value to the departmental reform process.



Products for supporting implementation of wide-ranging reforms

- **Checklist** of issues to be addressed in reforming public bodies
- **Departmental implementation plans** of appropriate scope and good quality;
- **Peer support networks** across departments and bodies dealing with similar issues;
- Improved outcomes for the reform programme as a whole through **identification and facilitation of synergies and economies of scale**

Reformed Ongoing Governance Arrangements

- Triennial (once every 3 years) review of every body, to ensure that public functions are delivered through the most appropriate model
- A presumption that NDPBs should be the last resort for new delivery bodies – the default for independent delivery is an Executive Agency, accountable to Ministers
- A code of conduct for the Boards of public bodies
- New strengthened governance arrangements for bodies
- Potential for additions to Public Bodies Bill through primary legislation (including a possible “Public Bodies Bill 2”)

Thank you

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