

# Smaller Government: Shrinking the Quango State

## Issues and Questions Paper

The Public Administration Select Committee (PASC) is undertaking an inquiry into the government's plans to cut the number of non departmental public bodies (NDPBs often referred to as quangos) as part of its efforts to reduce the level of public expenditure. This paper outlines the key questions that those wishing to submit evidence are invited to consider.

### Reasons for the inquiry

The Coalition Government, like its Labour predecessor, has declared its intention to cull the number of quangos as part of its plans to reduce the deficit and increase the accountability of government.

Action to achieve this is already underway; the emergency budget measures announced a significant reduction in the number of public bodies and savings of £500 million. In addition the Government intend to bring the Public Bodies (Reform) Bill before Parliament which aims to “ensure that there will be a greater degree of transparency and accountability for all Public Bodies (‘quangos’); and provide Ministers with the powers to abolish, merge or transfer functions.”<sup>1</sup> The Committee's intention to conduct an inquiry into how the Government intends to go about reducing the number of public bodies is therefore timely.

### Background

As of 21 March 2009 there were 766 NDPBs in the UK. This number is based on the Government's definition of an NDPB as “a body which has a role in the process of national Government, but is not a Government Department, or part of one, and which accordingly operates to a greater or lesser extent at arm's length from Ministers.”<sup>2</sup> This definition excludes some other types of bodies, including public corporations and executive agencies.

Quangos perform a number of roles from regulating industries to distributing funding to providing expert advice as well as a range of other executive functions. The total expenditure of NDPBs in 2008/09 was around £46.5 billion, with £38.4 billion being directly funded by the Government.<sup>3</sup>

The coalition agreement repeatedly mentions the Government's intention to reduce the number of “quangos”. The Government has given two main reasons for this decision: the first is to reduce costs; the second is to address accountability concerns about public bodies, with many people believing that they are beyond public influence and subject to insufficient scrutiny.<sup>4</sup>

The Government outlined ‘three tests’ for whether a public body should continue to exist, they were:

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<sup>1</sup> <http://www.number10.gov.uk/queens-speech/2010/05/queens-speech-public-bodies-reform-bill-50682>

<sup>2</sup> Cabinet Office, *Public Bodies 2009*, p5

<sup>3</sup> Cabinet Office, *Public Bodies 2009*

<sup>4</sup> HC Deb 9 June 2010 c 313

1. Whether a precise technical operation needed to be performed to fulfil a ministerial mandate;
2. Whether there was a need for politically impartial decisions to be made about the distribution of taxpayers' money; and
3. Whether facts need to be transparently determined.

These tests are due to be enshrined in the Public Bodies (Reform) Bill, which will also increase the frequency of reviews of public bodies, from once every five years, to once every three. The Government has also committed itself to the introduction of “sunset clauses” to ensure that bodies which are no longer fit for purpose are phased out.

Concerns have been expressed about the process the Government has gone through when deciding which public bodies should be abolished, with some commentators saying that it lacks transparency. Commenting on the abolition of the UK Film Council its CEO, Tim Bevan, said the decision had been taken without any consultation or evaluation.<sup>5</sup>

PASC last looked at the quangos in 1999-2000 in two inquiries entitled *Quangos*<sup>6</sup> and *Mapping the Quango State*.<sup>7</sup> The first of these Reports proposed a number of reforms to make quangos more accountable and also called for government to produce a systematic account of the number and functions of quangos. The second Report was the Committee's own contribution to this mapping process.

More recently the Government has agreed to give PASC a greater role in the scrutiny of quangos. During a public evidence session Francis Maude, Cabinet Office Minister, told the Committee that he thought that any government proposals to create new quangos or reorganise existing ones should have to be formally approved by PASC.<sup>8</sup>

## Questions

- 1. How should the government decide which public bodies should be abolished?**
- 2. Are the three criteria outlined by the Government the correct ones? Should there be others, for example an additional value for money criterion?**
- 3. How does the Government decide whether a public body that fails the tests should be merged, abolished or reabsorbed into department?**
- 4. Is the process for deciding which public bodies should be abolished sufficiently transparent?**
- 5. How can the Government ensure that the abolition/merger/reabsorption of public bodies result in long term savings?**

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<sup>5</sup> <http://www.ukfilmcouncil.org.uk/article/16909/Abolition-of-UK-Film-Council>

<sup>6</sup> Public Administration Select Committee, Sixth Report of Session 1998-99, *Quangos*, HC 209-I

<sup>7</sup> Public Administration Select Committee, Second Report of Session 2000-01, *Mapping the Quango State*, HC 367-I

<sup>8</sup> Public Administration Select Committee, Oral Evidence, *Civil Service Compensation Scheme/Work of the Cabinet Office*, HC 397 Q69

6. **How can the Government minimise the disruption and costs caused by changes to the structure and remit of public bodies?**
7. **Will the abolition of public bodies lead to increased public accountability?**
8. **How could the Government improve the accountability and effectiveness of remaining public bodies?**

### **How to respond to this paper**

PASC would appreciate receiving responses to any or all of the questions in this paper. Although some of the questions could be answered by a simple yes or no, it would be helpful to have fuller responses in order for us to understand the points being made. Some respondents may wish to concentrate on those issues in which they have a special interest, rather than answering all of the questions. Respondents may also wish to suggest any proposed recommendations for action by the Government or others.

Written responses to this issues and questions paper will usually be treated as evidence to the Committee and may be published as part of a final report. **If you object to your response being made public in a volume of evidence, please make this clear when it is submitted.**

Responses should be submitted by **8 October 2010** by email to [pasc@parliament.uk](mailto:pasc@parliament.uk) If you do not have access to email, you may send a paper copy of your response to the Clerk of the Public Administration Select Committee, Committee Office, First Floor, 7 Millbank, London SW1P 3JA.

### **Please note**

Each submission should:

- be no more than 3,000 words in length;
- begin with a short summary in bullet point form;
- have numbered paragraphs; and
- be in Word format or a rich text format with as little use of colour or logos as possible.

The Committee expects to commence oral evidence sessions on this inquiry in autumn 2010.