

**SELECT COMMITTEE ON THE  
LONG-TERM SUSTAINABILITY OF THE NHS**

**Audit of Sixteen Public Bodies**

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## **Audit Commission**

Body type: Auditor, Advisor

### **Why?**

#### **What is its purpose and context?**

Set up to provide independent audit of local government and public bodies (e.g. NHS), and to provide value-for-money and national studies to highlight best practice, reveal poor performance, and provide tools and advice for improvement.

Created in 1983 by Michael Heseltine at a time of deep concern about the quality of public services in general, and political battles with local councils including Liverpool and Lambeth.

#### **How was it established?**

Established by Conservative government in 1983. It took over all audit of local government, subsequently extended to include related bodies (e.g. probation, fire, NHS, etc.) and focused on audit, probity and value for money studies.

Given an inspection role by the 1997 Labour government to give councils a single Comprehensive Performance Assessment, first published in 2002 until being replaced with broader Comprehensive Area Assessment of all local public services in 2010.

### **What?**

#### **What are its functions and scope?**

Core function of appointing auditors for local authorities, police, fire and rescue authorities, NHS trusts, and smaller organisations such as drainage boards.

Using audit data and other research, the Commission carried out analysis on value for money and effectiveness of local public service delivery.

From 1996, handled data matching to run the National Fraud Initiative using data sets to flag anomalies for investigation, for example detecting housing benefit or travel pass fraud.

Took on increased inspection responsibilities after 1998 including the Comprehensive Performance Assessment, then Comprehensive Area Assessment.

#### **What is its statutory basis?**

Originally legislated for under the Local Government Finance Act 1982 which created the Audit Commission as a public corporation.

National Health Service and Community Care Act 1990 extended its remit to cover health service bodies.

Consolidated statutory basis in the Audit Commission Act 1998, providing its powers and setting out its outputs.

Abolished by the Local Audit and Accountability Act 2014

## **What is its classification?**

Public Corporation 28 An audit of independent and semi-independent public bodies

## **How?**

### **Mode of engagement?**

Provision of auditors for local bodies, who directly engaged in that capacity.

In reviews and performance assessments, the Commission used a range of methods including qualitative assessment and engagement with local authorities.

### **What are its main outputs?**

Core output was audit of accounts.

Additional power to issue 'public interest' reports where, for example, auditor advice was being persistently ignored or a council was acting improperly. This could be issued immediately.

Also conducted and published analyses of local public services recommending their better management using standardised audit data.

From 2002-10, annual publication of the Comprehensive Performance Assessment league table of councils.

### **Is the government required to respond to its outputs?**

No (from central government). The Commission's Code of Audit Practice had to be approved by Parliament. "The Secretary of State in its sponsoring department was precluded by law from issuing specific directives to the Commission", but general directives were acceptable.

### **How is it funded?**

Largely self-funding through audit fees, charged with a premium to fund additional analysis. In 2009/10 (before its abolition was announced) 86% of its income came from fees: £213m. From 1983-1998 purely self-funding.

Latterly some core grant from central government for performing its inspection function: £28m in 2009/10.<sup>1</sup>

### **How is it structured?**

By 2009/10, the Commission outsourced 30% of its audit work (worth £50m) to private sector firms. The rest was delivered internally.

1985 FTE staff in March 2010; mostly auditors.

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<sup>1</sup> Audit Commission, Annual report and accounts 2009/10 (July 2010): [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/247750/0124.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/247750/0124.pdf) [accessed 6 February 2017]

## **What is its leadership?**

Chair and Board appointed by the Secretary of State, after consultation with appropriate stakeholders. The last serving Chair had had a career in consulting.

Chief Executive and most senior staff drawn from local authority professional backgrounds.

## **Effectiveness as a body**

### **To whom is it accountable?**

Highly independent model, but ultimately accountable to the Secretary of State in that they appointed the Chair and board.

Statutory framework provided detail about the work of the Commission.

The Commission was required to published an annual report, laid before parliament, on the discharge of its functions.

### **How is its impartiality and objectivity assured?**

Its funding model meant that it was largely free from central government financial pressure.

Established as a statutory corporation, whose employees were not to be considered Crown servants; for example, legislation stated the Commission could set the terms and conditions on which staff were employed.

The Secretary of State could issue directions to the Commission, but was required by statute to publish them (1998, Sch 1 S.3)

Auditors were appointed by the Commission rather than those they were auditing; the Commission further indemnified auditors against legal action by those being audited to protect them from pressure (as required during the Westminster 'homes for votes' scandal)

## **What is its impact?**

Abolition was announced by the Coalition Government in summer 2010 - without prior notice to the Audit Commission - which began a process of identifying alternative audit processes for local government and closing down the organisation.

Few bodies opposed its abolition: its expansion into inspection was seen as aggravating local councils, and obscuring its core function of local audit.<sup>2</sup> Abolished by the Local Audit and Accountability Act 2014, and dissolved on 31 March 2015. Its audit functions were taken over by private companies bidding for area contracts (e.g. KPMG), and the NAO is responsible for the Code of Audit Practice which sets out what local auditors are required to do to fulfil their statutory responsibilities. The NAO can also examine the efficiency, economy and effectiveness of local public spending, as the Audit Commission did.

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<sup>2</sup> Institute for Government, 'Dying to improve': <https://www.instituteforgovernment.org.uk/publications/dying-improve> [accessed 6 February 2017]

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## **Committee on Climate Change**

Body type: Analytical advisor, Monitor

### **Why?**

#### **What is its purpose and context?**

Its purpose is to advise the UK Government and Devolved Administrations on combatting and adapting to climate change.

This includes reporting on government progress made meeting its own emissions targets; recommending carbon budgets for future periods; and, advising on preparing for climate change.

The Climate Change Act drew on targets recommended by the Royal Commission on Environmental Pollution's June 2000 Report "Energy – The Changing Climate", which recommended a 60% reduction in emissions by 2050, and 80% by 2100.

How was it established?

Established under the Climate Change Act 2008 to advise the Government and monitor progress in meeting the target for the net UK carbon account for 2050 to be 80% lower than in 1990. Passed with overwhelming cross-party support.

Reaction to political failure of Defra-led climate change programme review (attempt at bottom-up approach) – introduced in response to external campaign and political pressure from opposition

Climate Change committee established to give credibility and reassurance to long-term investors

Responsibilities for adaptation added in House of Lords during bill's passage – when the level of ambition was also increased by government from 50 to 80% reduction.<sup>3</sup>

### **What?**

#### **What are its functions and scope?**

Its strategic priorities are to:

Provide independent advice to Government on setting carbon budgets and preparing for climate change.

Monitor progress and adequacy of government plans in reducing emissions and achieving carbon budgets recommended for future periods based on the emissions reduction needed to reach the government goal of 80% reduction by 2050.

Conduct independent analysis into climate change science, economics and policy

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<sup>3</sup> Institute for Government, Making policy stick: <https://www.instituteforgovernment.org.uk/publications/making-policy-stick> [accessed 6 February 2017] and Institute for Government, Climate Change Act (2008): [https://www.instituteforInstInstituegovernment.org.uk/sites/default/files/climate\\_change\\_act.pdf](https://www.instituteforInstInstituegovernment.org.uk/sites/default/files/climate_change_act.pdf) [accessed 6 February 2017]

Engage with a wide range of organisations and individuals to share evidence and analysis

### **What is its statutory basis?**

Statutory basis in the Climate Change Act 2008

2010 Framework document drawn up by DECC, Defra and the Devolved Administrations in consultation with the CCC. It sets out the broad framework within which the CC will operate and covers its role; governance and accountability; relationship with Government; management and financial responsibilities.

### **What is its classification?**

Executive non-departmental public body, sponsored by BEIS (initially DECC), while the Adaptation Sub-Committee is sponsored by Defra.

### **How?**

Mode of engagement

A MOU on Economic Modelling and sharing of analysis and research between the CCC, Devolved Administrations and relevant UK Government departments was signed in 2009.

2010 Framework document includes the responsibility of the CCC and ASC to clearly explain the reasoning on which their advice is based and the assumptions underlying the advice in plain English.

Its annual publications on adaptation, emissions targets and any other work the CCC/ASC undertake is published on its website.

### **What are its main outputs?**

The CCC must lay a report setting out its views on the progress achieved to date and the further progress needed before Parliament and each of the devolved legislatures each year.

It also produces reports as and when requested by the UK Government or a Devolved Administration, e.g. Nov 2016 report on Scottish unconventional oil and gas

It also responds to calls for evidence or consultations from Government departments/other public bodies and to Ministers or other public figures as requested, and its correspondence is posted on the CCC's website.

Also publishes recommendations on carbon budgets.

### **Is the government required to respond to its outputs?**

Yes - The Climate Change Act 2008 explicitly states that the Secretary of State must lay a response to the points raised by each of the CCC's reports before Parliament.

### **How is it funded?**

Each year the CCC's budget is agreed with DECC (now BEIS) and its Adaptation Sub-Committee's budget is agreed with Defra.

Resource allocation 15/16: £3.8m; 14/15: £4.1m.

Capital allocation 15/16: £5,500; 14/15: £0.

Total expenditure 15/16: £3.8m of which £2.3m was on staff costs; 14/15: £4m of which £2.3m was on staff costs.

### **How is it structured?**

The CCC comprises a Chairman and 8 independent members.

The Adaptation Sub-Committee comprises a Chairman, who sits on the CCC, and five independent members

The Audit Committee supports the main Committee and the Chief Executive (as Accounting Officer) in their roles. The Chief Executive leads the secretariat which provides analytical and operational support to the Committee.

In 2015/16 the secretariat had an average of 30 total FTE staff. This includes the staff of the Chief Executive's Office, those supporting the CCC, those supporting the ASC and the Corporate team.

### **What is its leadership?**

The CCC Chair and the ASC Chair and members of both committees are appointed for 5 year terms by the responsible ministers acting jointly.

The Chief Executive is appointed by the CCC Chair with the agreement of the Secretaries of State for BEIS, Defra and Devolved Ministers.

The Climate Change Act sets out a series of areas in which appointments to the CCC Board must have experience or knowledge of e.g. national and international climate change policy; climate/environmental science; differences in circumstances in the 4 home nations; economic analysis; etc.

The Chair, Lord Deben, is a former Secretary of State for the Environment and the Chair of the Adaptation Sub-Committee is a widely respected zoologist and peer who sits on the Energy and Environment Select Committee.

### **Effectiveness as a body**

#### **To whom is it accountable?**

The CCC and ASC are accountable to the UK Parliament; the relevant Secretary of State (BEIS for CCC; Defra for ASC) will account for each committee's business in Parliament.

In the same way, the relevant ministers in Scotland, Wales and N. Ireland are accountable to each of their legislatures respectively.

The CCC must lay a report setting out its views on the progress achieved to date and the further progress needed before Parliament and each of the devolved legislatures each year.

#### **How is its impartiality and objectivity assured?**

As a sizeable proportion of the CCC's workplan is laid down in statute it is less subject to political pressure. Its three year workplans set out what outputs it plans to produce in the next three years.

The 2010 Framework document sets out that the CCC should not include detailed policy recommendations or proposals except when requested. This could allow the CCC to avoid partisan debates/disagreements.

A register of members' interests for both committees is available on the CCC's website. Minutes of meetings are also published in the interests of transparency.

### **What is its impact?**

The CCC's recommendations for carbon budgets have always been accepted, although the government's reaction to advice on adequacy of current policies to meet targets is less clear cut.

In our report Making Policy Stick<sup>4</sup> most of our interviewees spoke about the internal opposition in some parts of government to the carbon budget recommendations. We noted: "There were some concerns, particularly in the Treasury, that the CCC might be "too purist". Yet the Government ultimately passed the fourth carbon budget (covering 2023–27) and the fifth carbon budget (covering 2028–32) in line with the CCC's advice. Some interviewees described this success as a testament to the carefully drafted remit of the CCC: while the Government did "have the right" not to adopt its recommendations, to do so would have required the Government to publish its own analysis justifying weaker targets. Many questioned whether opponents in the Treasury had the analytical capacity to produce this quality of material".

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<sup>4</sup> Institute for Government, Making policy stick: (December 2016) (<https://www.instituteforgovernment.org.uk/sites/default/files/publications/5225%20IFG%20-%20Making%20Policy%20Stick%20WEB.pdf>) [accessed 6 February 2017]

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iii) Selected external sources

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<https://www.instituteforgovernment.org.uk/sites/default/files/publications/5225%20IFG%20-%20Making%20Policy%20Stick%20WEB.pdf> [accessed 6 February 2017]

Royal Commission on Environmental Pollution, Energy – The Changing Climate, (June 2000): <http://www.rcep.org.uk/reports/22-energy/22-energyreport.pdf> [accessed 04 January 2017]

## **Education Funding Agency**

Body type: Funding distributor, Monitor

### **Why?**

#### **What is its purpose and context?**

Purpose is to implement education funding policy for the department, bringing capital and revenue delivery expertise into a single body.

Manages funding to support all state-provided education for children and young people aged 3 to 19.

Created as part of a Department for Education review of its arms-length bodies in 2012 to improve efficiency, accountability and transparency in the education sector, especially in the context of a rapidly expanding number of academy schools directly accountable to the Department. During its first year, the number of academies almost doubled from 1664 to 2826.

EFA brings policy and delivery closer together - which is why it is part of the department.

#### **How was it established?**

Formed in April 2012 following an internal department review of arms length bodies, bringing together two predecessor NDPBs, the Young People's Learning Agency and Partnerships for Schools.

### **What?**

#### **What are its functions and scope?**

EFA's functions are to:

Fund education for learners between ages 3 and 19, and for those with learning difficulties and disabilities from 3 to 25.

Directly fund and monitor 5,552 academies, university technical colleges, studio schools, and free schools.

Be responsible for building maintenance programmes for schools and sixth-form colleges

Allocate funds to local authorities for maintained and voluntary-aided schools.

Its funding role includes responsibility to intervene where institutions are failing.

#### **What is its statutory basis?**

No statutory basis.

#### **What is its classification?**

Executive Agency of the Department for Education

## **How?**

### **Mode of engagement?**

EFA External Advisory Group advises EFA on implementation of operational functions, by engaging stakeholders and expert practitioners, giving feedback and advice on specific issues.

Important to its funding role is forecasting school numbers to target funding for school places, and planning development of future schools.

Works closely with the Skills Funding Agency on apprenticeships and post-16 provision.

EFA works closely with the rest of the Dept. for Education and the ONS on future school capacity requirements, the latter two of whom calculate annually the Pupil Population Projections of required places <sup>5</sup>

### **What are its main outputs?**

EFA published outputs are primarily guidance concerning funding distribution to institutions, and publishing the allocations annually.

When institutions are failing, the EFA will publish a 'financial notice to improve' as formal notification.

Since it is part of the Dept. for Education, any additional advice to ministers is not a formal output but routine civil service submissions.

### **Is the government required to respond to its outputs?**

N/A

### **How is it funded?**

EFA budget is part of Dept. for Education budget, agreed and delegated annually.

Currently the budget is consolidated with the wider EFA Group, including over 5000 academies - more than £50bn.

### **How is it structured?**

Chief Executive is supported by the EFA Management Board, Audit Committee (given so much EFA work is financial) and the EFA External Advisory Group.

EFA has 1030 staff (2016).

### **What is its leadership?**

Chief Executive and senior management team are Dept. for Education civil servants.

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<sup>5</sup> Department for Education, National pupil projections-future trends in pupil numbers (July 2016): [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/536871/SFR25Projs\\_2016\\_Met\\_hodology.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/536871/SFR25Projs_2016_Met_hodology.pdf) [accessed 6 February 2017]

## **Effectiveness as a body**

### **To whom is it accountable?**

The EFA Chief Executive reports to the Secretary of State for Education.

### **How is its impartiality and objectivity assured?**

As an Executive Agency, the EFA is not independent.

### **What is its impact?**

Received generally positive review by the National Audit Office in 2015<sup>6</sup> which highlighted the demand being placed on the EFA by a rapidly changing sector (which has made accountability for public money more complex in education) and expanding role given the increase in academies and free schools. 35 Appendix: audit of sixteen public bodies

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None.

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<sup>6</sup> National Audit Office, Performance and capability of the Education Funding Agency (January 2014): <https://www.nao.org.uk/wp-content/uploads/2015/01/Performance-and-capability-of-the-Education-Funding-Agency.pdf> [accessed 6 February 2017]

## **Higher Education Funding Council for England (HEFCE)**

Body type: Funding distributor, Regulator

### **Why?**

#### **What is its purpose and context?**

To distribute funding to universities and higher education colleges.

To regulate universities including promoting compliance with charity law.

#### **How was it established?**

Created in 1992 along with the expansion of the university sector, replacing the Universities Funding Council which had similarly distributed funds but on a UK-wide basis.

Since 2010 HEFCE has been the principal regulator of higher education institutions that are exempt charities.

### **What?**

#### **What are its functions and scope?**

HEFCE's primary functions are:

To distribute public money to universities to supporting them in delivering education and research

As the principal regulator for universities which are classes as exempt charities

It carries out a number of additional functions including:

Developing links between industry and academia including providing funding for special projects

Compiling student satisfaction data from the National Student Survey and publishing the Unistats website

Further regulatory functions including counter-extremism Prevent duty monitoring

HEFCE's scope is limited to England.

#### **What is its statutory basis?**

Originally established by the Further and Higher Education Act 1992<sup>7</sup> Acts enables HEFCE to fund provision of higher education, and also to require data from institutions and to provide the Secretary of State with advice relating to higher education provision.

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<sup>7</sup> Legislation.gov.uk, Further and Higher Education Act 1992:<http://www.legislation.gov.uk/ukpga/1992/13/section/62> [accessed 6 February 2017]

### **What is its classification?**

Executive NDPB established in statute - now reporting to Dept. for Education (previously Dept. of Business Innovation and Skills) <sup>8</sup>

### **How?**

#### **Mode of engagement?**

HEFCE works closely with the sector as its regulator.

This includes requesting a wide range of data from institutions - for example, their financial forecasts and commentary, to maintain oversight of the financial sustainability of the sector.

HEFCE consults - along with the other funding councils - on sectoral issues. For example they are currently consulting on the second REF.

#### **What are its main outputs?**

In delivering its primary function of disbursing funding, the government writes to HEFCE each winter with a grant letter setting out how much money is available the following academic year, and the following Spring HEFCE announces the grant for each institution.

The grant letter sets out the government's priorities in funding, for example protecting STEM funding<sup>9</sup>  HEFCE publishes a wide range of data it requires from higher education institutions, and analysis, for example of the effect of subject choices on differences in degree outcomes<sup>10</sup>  HEFCE publishes the results of the National Student Survey annually<sup>11</sup>  HEFCE is also responsible for collecting maintaining the data behind the Unistats comparison of universities and courses <https://unistats.direct.gov.uk/>

#### **Is the government required to respond to its outputs?**

No.

#### **How is it funded?**

Administrative budget of £25.7m (2015-16) for administering £3.8bn funding.

This budget is agreed annually with Department for Education.

#### **How is it structured?**

HEFCE's Board is responsible for the strategic direction of the organisation.

#### **What is its leadership?**

HEFCE Board members are appointed by the Secretary of State for Business for three years. All except HEFCE's chief executive are non-executive.

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<sup>8</sup> Higher Education Funding Council, 'Homepage': <http://www.hefce.ac.uk/> [accessed 6 February 2017]

<sup>99</sup> Higher Education Funding Council, 'Grant letter from the Secretary of State to HEFCE': <http://www.hefce.ac.uk/Higher/funding/govletter/> [accessed 6 February 2017]

<sup>10</sup> Higher Education Funding Council, 'Data and Statistics': <http://www.hefce.ac.uk/data/> [accessed 6 February 2017]

<sup>11</sup> Higher Education Funding Council, 'National Student Survey': <http://www.hefce.ac.uk/lt/nss/> [accessed 6 February 2017]

Current Chair is Tim Melville-Ross. Other board members are academics, and some others with board experience.

### **Effectiveness as a body**

#### **To whom is it accountable?**

Accountable to the Secretary of State, who is accountable to parliament.

#### **How is its impartiality and objectivity assured?**

The Secretary of State may attach terms and conditions to funding provided to HEFCE, but there are statutory limits on how specific these can be to prevent interference in individual institutions or courses.

#### **What is its impact?**

Successfully distributes funding to higher education institutions without controversy, for relatively small admin budget.

There has been substantial critical comment on the Research Excellence Framework 2014, which is now being reviewed. Its definition of 'impact' was widely seen as excessively narrow, encouraging poaching of academics with research track records, cautious, and is expensive while adding little additional value<sup>12</sup> □ There is also periodic criticism that the National Student Survey overly simplifies course feedback<sup>13</sup>

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<sup>12</sup> Five reasons why the REF is not fit for purpose, The Guardian (December 2014): <https://www.theguardian.com/higher-education-network/2014/dec/15/research-excellence-framework-five-reasons-not-fit-for-purpose> [accessed 6 February 2017]

<sup>13</sup> Is the National Survey fit for purpose?, The Guardian (August 2014) <https://www.theguardian.com/higher-education-network/blog/2014/aug/12/do-we-still-need-national-student-survey-university> [accessed 6 February 2017]

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## **Independent Commission for Aid Impact**

Body type: Monitor

### **Why?**

#### **What is its purpose and context?**

Scrutinises UK aid spending to ensure it is spent effectively and delivers value for money.

Mooted in 2009 Conservative Party Green Paper as a proposal to provide more confidence in how aid was being spent.

Seen as important for increased accountability to justify the commitment to maintaining the 0.7% GDP aid target.

#### **How was it established?**

Launched by then Secretary of State for International Development Andrew Mitchell in May 2011.

### **What?**

#### **What are its functions and scope?**

Reviewing thematically the effectiveness and value for money of UK ODA programmes, in accordance with criteria set by the UK Parliament's International Development Committee.<sup>14</sup>  Supporting the International Development Committee in its scrutiny of the UK government.

ICAI's mandate covers all UK ODA, not only that spent by DFID. Its mandate does not cover aid spent by devolved Scottish and Welsh governments.

#### **What is its statutory basis?**

Published framework agreement sets out role and relationship to government, but no statutory basis.<sup>15</sup>

#### **What is its classification?**

Advisory Non-Departmental Public Body, sponsored by DFID.

### **How?**

#### **Mode of engagement?**

Future work plan is agreed with the International Development Committee.

ICAI commissioners then commission reviews, which are managed by the secretariat and delivered by contracted experts who use the relevant methodology for the purpose - including visiting projects and engagement with stakeholders.

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<sup>14</sup> Independent Commission for Aid Impact, 'About Us': <http://icai.independent.gov.uk/about-us/> [accessed 8 February 2017]

<sup>15</sup> Independent Commission for Aid Impact, 'Framework Agreement': <http://icai.independent.gov.uk/wp-content/uploads/ICAI-DFID-Framework-Agreement.pdf> [accessed 8 February 2017]

Reviews are laid before parliament, and the government responds: both review and response are discussed by the IDC Subcommittee for the ICAI.

### **What are its main outputs?**

ICAI has a rolling work programme approved by the International Development Committee according to criteria of relevance, materiality, risk and coverage.

Impact reviews assess DFID's results claims and significance of development impact.

Performance reviews assess the effectiveness and value for money of aid programmes, exploring adequacy of DFID systems and processes.

Learning reviews explore new areas of the aid programme to capture learning to inform future policy.

The government under the framework agreement has committed to publish a management response setting out how it will respond to ICAI recommendations. This and the ICAI report are discussed by the International Development Committee's Sub-Committee on ICAI.

ICAI's annual report to parliament includes a follow up assessment of whether the government has taken action on concerns raised in previous ICAI reports.

### **Is the government required to respond to its outputs?**

Yes – the government has committed to publish a management response setting out how it will respond to ICAI recommendations.

### **How is it funded?**

Allocated a budget of £13.5m for four years (April 2015 to March 2019).

Predicted to spend in 2015/16: £1.4m on programmes, £730k on admin.

### **How is it structured?**

Led by Chief Commissioner and small board of three more commissioners.

Supported by a small civil service secretariat.

Contracted out analytical work to three specialist private consultancies.

### **What is its leadership?**

Four part-time Commissioners in post for a non-renewable four year term (from July 2015) - all with international development experience, and relevant professional backgrounds (including consultancy and law).

Chief Commissioner: Dr Alison Evans, development economist, former Executive Director of development think tank the ODI.

Appointed by the Secretary of State through open competition overseen by the Commissioner for Public Appointments. The International Development Committee is represented on the recruitment panel.

Some IDC criticism that the Secretary of State was given a choice of four unranked candidates from which to choose.<sup>16</sup>

Effectiveness as a body

### **To whom is it accountable?**

ICAI reports to the International Development Committee, who approve its workplan and receive its annual report, and monitor the Chief Commissioner's performance.

The IDC's ICAI sub-committee conducts hearings on each report.

### **How is its impartiality and objectivity assured?**

Published framework agreement sets out respective roles and independence.

Workplan is agreed by parliament but not DFID. Its last Triennial review recommended that reports are signed off by parliament as well.

A transparent approach is taken with board meeting minutes and Commissioner register of interests published on the ICAI website<sup>17</sup>

### **What is its impact?**

KPIs have been developed under new commissioners, to be reported against from 2016/17 onwards.

Triennial review in 2013 concluded that ICAI performed an essential function, with recommendations for stronger governance.<sup>18</sup>

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None.

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<sup>16</sup> Dr Alison Evans to head Britain's independent aid watchdog, **The Guardian** (December 2014):<https://www.theguardian.com/global-development/2014/dec/11/dr-alison-evans-icai-head-britain-independent-commission-aid-impact-watchdog> [accessed 8 February 2017]

<sup>17</sup> ICAI, 'Corporate documents':<http://icai.independent.gov.uk/about-us/corporate-documents/>[accessed 8 February 2017]

<sup>18</sup> ICAI, Triennial Review of the Independent Commission for Aid Impact, (December 2013):  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/266693/ICAI-triennial-review-public-report-dec13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266693/ICAI-triennial-review-public-report-dec13.pdf) [accessed 8 February 2017]

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/266693/ICAI-triennial-review-public-report-dec13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266693/ICAI-triennial-review-public-report-dec13.pdf) [accessed 8 February 2017]

## **Low Pay Commission**

Body type: Analytical advisor

### **Why?**

#### **What is its purpose and context?**

To advise the government about the National Living Wage and the National Minimum Wage.

Set up in 1997 by the Labour government to provide independent advice on the level of the minimum wage from commissioners representing both employers and employees.

The intention was to give businesses confidence that their concerns about the impact of the NMW would be taken into account, and it would not be set politically.

#### **How was it established?**

Established in July 1997 on a non-statutory basis to provide advice on the first NMW level, before being confirmed in statute in 1998.

### **What?**

#### **What are its functions and scope?**

To recommend the level of four rates of the National Minimum Wage, to help as many low workers as possible without significant adverse effects on employment or the economy.

Since April 2015 its remit has been widened to advise on the National Living Wage, which will be in force from April 2017 onwards, and the NMW premium required to increase the overall NMW towards a target of £9 by 2020.

To advise on any other low-pay related issues as requested by BEIS in its annual remit.

#### **What is its statutory basis?**

Statutory basis in the National Minimum Wage Act 1998<sup>19</sup> Framework agreement with BEIS sets out the relationship between the two

#### **What is its classification?**

Advisory Non-Departmental Public Body of the Department for Business, Energy and Industrial Strategy.

### **How?**

#### **Mode of engagement?**

BEIS issues the LPC a remit each year, requesting it to include in its report advice on particular issues as well as recommendations on wage levels.

LPC then develops recommendations each year of the level of the NMW and now the NLW.

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<sup>19</sup> Legislation.gov.uk, 'National Minimum Wage Act 1998': <http://www.legislation.gov.uk/ukpga/1998/39/crossheading/the-low-pay-commission> [accessed 8 February 2017]

These are based on commissioned external research and consultation, including surveys of firms in low-pay sectors and making fact-finding visits throughout the UK meeting employers, employees and representative organisations.

Required by statute to consult organisations which represent both employers and workers, and to consider the effect on the economy as a whole.

### **What are its main outputs?**

Submits an annual report to the government in response to its remit, which is launched and published, following which the government announces the new minimum wage rates<sup>20</sup> □  
The LPC also publishes the research it commissions which informs the Commissioner's decision on rates<sup>21</sup>

### **Is the government required to respond to its outputs?**

Yes – The government can accept its recommendations for the rates; if it does not, it must publish its reasons in a report laid before Parliament.

### **How is it funded?**

£827k for 2015-16, of which £510k is on salaries and £244k is on commissioned research.

### **How is it structured?**

Nine Commissioners

Secretariat including Head, 4 analysts, 2 policy advisers, 1 office manager.<sup>22</sup>

Can commission small-scale research projects to inform work (2015/16: four projects for total £244k)

### **What is its leadership?**

Nine Commissioners appointed by BEIS with 3 from employer, 3 from employee backgrounds (e.g. TUC) and 3 independents including academia to hold the balance to encourage consensus.

Chair: Sir David Norgrove (since May 1999), whose background is at HM Treasury, in private business, and public appointments.

### **Effectiveness as a body**

#### **To whom is it accountable?**

Responsible to the Secretary of State for BEIS and Prime Minister, to whom the LPC submits its reports.

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<sup>20</sup> Low Pay Commission, 'National Minimum Wage':<https://www.gov.uk/government/organisations/low-pay-commission>) [accessed 8 February 2017]

<sup>21</sup> Low Pay Commission, 'Research autumn 2016':<https://www.gov.uk/government/publications/low-pay-commission-research-autumn-2016>) [accessed 8 February 2017]

<sup>22</sup> Low Pay Commission, 'secretariat organogram':<https://www.gov.uk/government/publications/organogram-for-the-low-pay-commission>) [accessed 8 February 2017]

## How is its impartiality and objectivity assured?

Concern that the government announcing a target NMW by 2020, and a premium on top of the NMW set by the LPC, is applying political pressure to increase the wage rate faster than the LPC's analysis might recommend. This was all announced without consulting the LPC.<sup>23</sup>

## What is its impact?

Widely supported as an accepted part of the process for setting wage levels: participated in and supported by employer and employee groups.

If politicians continue to set the NLW level, it is not clear what the future role of the LPC will be.<sup>24</sup>

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<https://www.ft.com/content/8d6b493a-6910-11e5-97d0-1456a776a4f5#axzz458Y2o0jt> [accessed 8 February 2017]

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<sup>23</sup> George Osborne's minimum wage plan comes under attack, The Guardian, (October 2015):<https://www.ft.com/content/8d6b493a-6910-11e5-97d0-1456a776a4f5#axzz458Y2o0jt> [accessed 8 February 2017]

<sup>24</sup> Institute for Government, 'Putting low pay out of commission: does the National Living wage herald the end of the Low Pay Commission'<https://www.instituteforgovernment.org.uk/blog/putting-low-pay-out-commission-does-national-living-wage-herald-end-low-pay-commission> [accessed 8 February 2017]

## **Migration Advisory Committee**

Body type: Analytical advisor

### **Why?**

#### **What is its purpose and context?**

Provides transparent, independent and evidence based advice to government on migration issues. It does not assess or judge government policies but provides advice when asked to do so.

This enables more evidence to be brought to bear in an often politically sensitive policy area, and allows the government to commission work to provide an evidence-based answer to politically difficult judgements.

Created by Labour government, with Conservative support, to provide expert advice on labour market needs to enable a more focused points-based visa system to work.

#### **How was it established?**

Established in 2007, first meeting at the end of the year. It has met regularly since and survived three changes of Prime Minister since its creation, under the same chair.

### **What?**

#### **What are its functions and scope?**

To advise government on labour market issues and immigration, especially with respect to shortages in the labour market.

Government has for several years not provided the MAC with a workplan, but has commissioned specific projects for MAC advice (e.g. reviewing Tier 2, or whether nurses should remain on the Shortage Occupation List).

#### **What is its statutory basis?**

##### **No statutory basis.**

What is its classification?

Advisory non-departmental public body of the Home Office.

### **How?**

#### **Mode of engagement?**

The Committee meets at least quarterly and more frequently as required.

The secretariat manage reviews by the MAC. These are principally economic studies for example of the labour market for nurses. They can involve consultations and calls for evidence for example on whether occupations remain on the shortage occupation list. MAC also commissions external bodies to undertake specific research.

MAC publishes its reports, which have been seen by Home Office in advance.

Reports are based on detailed analysis of national data and evidence from employers and other partners in the labour market.

MAC uses different forums for partner engagement: a small panel as a sounding board (TUC, CBI, BCC and NHS Employers), a larger corporate partner forum with individual sector forums, and a new specific health and social care forum.

MAC members visit employers around the country.

### **What are its main outputs?**

MAC reports are published at its discretion, after the Immigration Minister has received a copy.

The government is not required formally to respond to MAC reports, but it usually issues a written Ministerial statement setting out its response and any resulting action.

### **Is the government required to respond to its outputs?**

No, but it usually does so.

### **How is it funded?**

Budget of £806k (2015-16) which is almost entirely salaries, but includes £50k allocated to commissioned research.

Budget is set and controlled by the Home Office.

### **How is it structured?**

Committee of a chair and three independent economists, appointed by Ministers as public appointments.

Home Office has ex-officio representation.

The MAC is supported by a small secretariat of 12 FTE, mainly economists, based in London.

### **What is its leadership?**

Independent commissioners are professional economists mostly with labour market expertise.

Current chair for a three-year term is Professor Alan Manning, who has been a committee member since 2015 and is an expert on labour markets and a professor of economics at the LSE.

His recent predecessor, Sir David Metcalf, was Chair since the MAC's creation in 2007, a former member of the LPC, and a professor at the LSE.

### **Effectiveness as a body**

#### **To whom is it accountable?**

Responsible to the Home Office to which it submits its reports. Home Office ministers are then accountable to parliament for it.

### **How is its impartiality and objectivity assured?**

MAC's secretariat, though comprised of Home Office officials, is 'operationally independent' of the department.

There is a framework document which sets out the relationship with the Home Office and an expectation of impartiality, but a close relationship with the department as it exists to advise government on immigration policy.<sup>25</sup>

### **What is its impact?**

MAC's continued role in a highly contested and politically sensitive area of policy, without becoming itself a focus of political attention, testifies to the effectiveness with which it has delivered its narrow scope.

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None.

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Migration Advisory Committee, 'Review of Tier 2 report: balancing migrant selectivity, investment in skills and impacts on UK productivity and competitiveness':

<https://www.gov.uk/government/publications/migration-advisory-committee-mac-review-tier-2-migration> [accessed 8 February 2107]

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<sup>25</sup> Migration Advisory Committee, Home Office Framework document for the Migration Advisory Committee (2012) : [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/257247/framework-document-mac.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257247/framework-document-mac.pdf) [accessed 8 February 2017]

## **National Audit Office (NAO)**

Body type: Auditor, Improvement Agency

### **Why?**

#### **What is its purpose and context?**

Responsible for independently auditing bodies directly funded by parliament, including central government departments, agencies and non-departmental public bodies.

Builds on long history of parliamentary accountability for public spending: as the complexity of government increased, demands for a stronger audit function did so too.

Later concern about how well money was being spent led to an expanded role carrying out value for money audits to assess the effectiveness, economy and efficiency of government spending.

#### **How was it established?**

Created out of the former Exchequer and Audit department (founded 1866) in 1983 to act as central government auditor, and formally stated that the Comptroller and Auditor General is an Officer of the House of Commons with the power to report to parliament at their own discretion on public spending.

Its role has progressively expanded from a narrow focus on financial audit, to an expanded one on value for money of spending. More recently this has included trying to take a more strategic overview of spending.

Following the resignation of the previous C&AG due to allegations about misuse of expenses, a review of corporate governance of the NAO led to a new Act putting new governance arrangements on a statutory footing.

### **What?**

#### **What are its functions and scope?**

The NAO has two primary functions:

- 1) To scrutinise public spending for parliament, fulfilling statutory roles in financial audit, including certifying departmental accounts and assurance work.
- 2) To undertake value for money reports concluding on the effectiveness, efficiency and economy of government spending.

These studies are used in the NAO's role to support the Public Accounts Committee in its role scrutinising public spending, and on an ad hoc basis the NAO supports other parliamentary committees.

As Comptroller, NAO manages transactions from and to the Consolidated funds.

The NAO has ancillary functions including:

- a) Following abolition of the Audit Commission, NAO has responsibility for the Code of Audit Practice for local auditors (Local Audit and Accountability Act 2014).

- b) Currently it is one of the auditors of the UN.
- c) It is a designated authority for whistleblowers to report to.

### **What is its statutory basis?**

Earliest statutory basis for the Comptroller and Auditor General role was in the 19th century. The modern NAO was created in statute by the National Audit Act 1983, which remains the basis for how the NAO operates including its independence in determining investigations.

**Budget Responsibility and National Audit Act 2011 builds on this, providing the current statutory basis for the NAO as a corporate entity, and sets out governance arrangements for the NAO and places term limit on the Comptroller and Auditor General.**

### **What is its classification?**

Independent parliamentary body, established as a body corporate in statute.

### **How?**

#### **Mode of engagement?**

For financial audit, the C&AG with NAO support provides an opinion on 500 accounts a year on whether they are free from material misstatement and comply with relevant reporting requirements. This is done in line with international standards.

For value for money studies, an NAO team uses a combination of quantitative and qualitative methods to establish whether value for money has been achieved by a policy. This can include public engagement (including surveys) and interviews or focus groups with relevant customers or staff, depending on the issue.<sup>26</sup>  Reports are shared with departments to agree facts.

Value for money reports are then presented to parliament; most are considered by the PAC at hearings in which members taken evidence from senior officials of organisations under scrutiny. PAC then publishes its own report and recommendations, to which the government must respond.<sup>27</sup>

### **What are its main outputs?**

NAO publishes the C&AG opinion on audited accounts, explaining the reason for the opinion. For example, he has provided an adverse opinion on the 2015-16 Dept. for Education accounts<sup>28</sup>

Value for money reports are published by the NAO following investigations.

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<sup>26</sup> National Audit Office, What is a value for money study? (October 2016): <https://www.nao.org.uk/about-us/wp-content/uploads/sites/12/2016/10/What-is-a-value-for-money-study.pdf> [accessed 8 February 2017]

<sup>27</sup> Parliament UK, 'Public Accounts Committee': <http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/> [accessed 8 February 2017]

<sup>28</sup> National Audit Office, 'The Comptroller and Auditor General's Report on the Department for Education's financial statements 2015-16': <https://www.nao.org.uk/report/comptroller-and-auditor-generals-report-on-the-department-for-educations-financial-statements-2015-16/> [accessed 8 February 2017]

These reports provide the analysis and data which underpin the PAC's scrutiny of government, which result in PAC reports with recommendations.<sup>29</sup>

Other outputs include departmental performance overviews each year<sup>30</sup>

### **Is the government required to respond to its outputs?**

Yes - The government must respond formally to PAC reports in published Treasury Minutes in which they accept or reject recommendations.

### **How is it funded?**

Spent £83.2m in 2015/16, of which £49.6 was on audit and assurance and £16.9m on value for money. Around one third (£19.3m) is offset by income from fees charged to audit clients.

NAO has its own budget, agreed annually by the Public Accounts Commission and it is not subject formally to the Spending Review process.

### **How is it structured?**

NAO is led by the C&AG who together with three NAO senior leaders is on the NAO Board, which sets the strategic direction for the NAO and oversees its governance with a majority of non-executive members.

FTE staff, mostly professional auditors. NAO recruits and trains staff in-house.

Audit staff are organised into thematic clusters.

### **What is its leadership?**

The NAO is led by the Comptroller & Auditor General who since 2011 is appointed for a non-renewable ten year term. They are appointed by the Queen on an address of the House of Commons moved by the Prime Minister with the agreement of the chair of the Public Accounts Committee. They are an officer of the House of Commons.

The current C&AG, Amyas Morse, has had a career in private sector audit, most recently as global managing partner (operations) for PwC.

The NAO is comprised of nine members: five non-executives (including the Chair), the C&AG, and 3 NAO employees. Members are appointed by parliament - the Chair by an address moved by the Prime Minister.

### **Effectiveness as a body**

#### **To whom is it accountable?**

Accountable for its reports and estimates to parliament's Public Accounts Commission, set up under the 1983 Act comprising of nine MPs, who cannot be ministers. Its practice is to hold twice-yearly scrutiny sessions of the NAO<sup>31</sup>.

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<sup>29</sup> Parliament UK, 'Public Accounts Committee':  
<http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/>  
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<sup>30</sup> National Audit Office, 'Departmental Overviews':  
[https://www.nao.org.uk/search/pi\\_area/departamental-overviews/type/report/](https://www.nao.org.uk/search/pi_area/departamental-overviews/type/report/) [accessed 8 February 2017]

The Public Accounts Commission appoints auditors to audit the NAO annually.

Comptroller and Auditor General has complete discretion in law about how to fulfil his statutory role and about his audit judgements - the Board now is charged with setting the NAO's strategic direction.

### **How is its impartiality and objectivity assured?**

In statute the Comptroller and Auditor General is given "complete discretion" in the carrying out of their function (2011 S. 17(1)). This is reinforced for example by statute specifically prohibiting them from being given performance pay incentives. They can only be removed from their role on an address of both Houses of Parliament.

As an Officer of the House of Commons, and as the NAO reports to Parliament and is funded from the Consolidated fund, government has few levers for pressuring C&AG judgements.

The NAO agrees with departments the facts, not judgements, in reports.

The Public Accounts Committee which uses NAO reports and issues recommendations on value for money has an Opposition chair.

### **What is its impact?**

In 2015/16, 82% of PAC recommendations based on NAO advice were accepted by government from 47 evidence sessions and 65 reports. NAO claims to have saved government £1.21bn in 2015/16, saving £19 for each £1 spent.<sup>32</sup>

There is an ongoing debate about how strategic the NAO should be in its value for money studies.

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<sup>31</sup> National Audit Office, 'Governance of the NAO': <https://www.nao.org.uk/about-us/our-work/governance-of-the-nao/> [accessed 8 February 2017]

<sup>32</sup> National Audit Office, Annual Report and Accounts 2015-16 (June 2016): <https://www.nao.org.uk/wp-content/uploads/2016/06/NAO-Annual-Report-2015-16.pdf> [accessed 8 February 2017]

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Parliament UK, 'Public Accounts Commission':

<http://www.parliament.uk/business/committees/committees-a-z/other-committees/public-accounts-commission/> [accessed 8 February 2017]

## **National Infrastructure Commission**

Body type: Analytical advisor

### **Why?**

#### **What is its purpose and context?**

To enable long-term strategic decision making about UK infrastructure.

Created to tackle perceived political short-termism of infrastructure planning and under-investment which one-off commissions (e.g. airports) have not resolved on a whole-economy level.

While created by George Osborne as part of the government's push on infrastructure development<sup>33</sup> it built on a wider political consensus that infrastructure planning required. The NIC had been a Labour party manifesto commitment in 2015, and they had published a draft remit<sup>34</sup> following the Armitage Review of infrastructure they commissioned in opposition.

#### **How was it established?**

Announced and established on an interim basis in October 2015 by Chancellor George Osborne<sup>35</sup>

Plan to give it a permanent footing as an Executive Agency in January 2017

A predecessor Infrastructure Planning Commission had been established by the Planning Act 2008 to be responsible for examining and in some circumstances deciding permission for nationally significant infrastructure projects. It was shut down in April 2012 with its planning functions transferred to the Planning Inspectorate. The NIC does not have this formal planning role.

### **What?**

#### **What are its functions and scope?**

To provide government with impartial expert advice on major infrastructure challenges by:

Assessing national infrastructure needs and making recommendations to government within a defined fiscal remit;

Monitoring the government's progress delivering infrastructure projects recommended by the NIC.

#### **What is its statutory basis?**

Government originally planned to place the NIC on statutory basis but now it has been given a non-statutory Charter<sup>36</sup> (

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<sup>33</sup> National Infrastructure Commission, 'Chancellor announces major plan to get Britain building': <https://www.gov.uk/government/news/chancellor-announces-major-plan-to-get-britain-building> [accessed 8 February 2017]

<sup>34</sup> National Infrastructure Commission, 'Draft remit for consultation', [http://www.policyforum.lNationalabour.org.uk/uploads/editor/files/National\\_Infrastructure\\_Commission.pdf](http://www.policyforum.lNationalabour.org.uk/uploads/editor/files/National_Infrastructure_Commission.pdf) [accessed 8 February 2017]

<sup>35</sup> 'Osborne launches National Infrastructure Commission', BBC News (30 October 2015): <http://www.bbc.co.uk/news/business-34670024> [accessed 8 February 2017]

### **What is its classification?**

Currently part of HM Treasury

From January 2017 the plan is to make the NIC an Executive Agency of HM Treasury.

### **How?**

Mode of engagement?

Chancellor sets the subject and remit for NIC specific studies - this has included an open call for ideas<sup>37</sup>

NIC develops recommendations within the fiscal remit set by government.

It is intended to engage all relevant stakeholders in developing analysis and recommendations to build consensus - though not yet clear how it will do so.

### **What are its main outputs?**

National Infrastructure Assessment once in every Parliament setting out long term recommendations

Specific studies on infrastructure challenges as set by the government, including recommendations.

Annual monitoring report on government progress against NIC recommendations.

### **Is the government required to respond to its outputs?**

Yes - the government must respond to the NIC's recommendations and explain reasons for potential disagreement. The NIC's report and the government's response will then be laid before Parliament.

### **How is it funded?**

Since NIC is currently part of HM Treasury its budget is part of the department with no identifiable separate budget.

As an executive agency it would have a budget allocated by HM Treasury as its parent department.

### **How is it structured?**

Chair, Deputy Chair and five Commissioners.

Supported by civil servants including economic and analytical capacity.

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<sup>36</sup> HM Government, Charter for the National Infrastructure Commission, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/559269/NIC\\_charter\\_6\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/559269/NIC_charter_6_final.pdf) [accessed 8 February 2017]

<sup>37</sup> HM Treasury, National Infrastructure Commission specific studies: <https://www.gov.uk/government/consultations/national-infrastructure-commission-specific-studies-call-for-ideas> [accessed 8 February 2017]

From October 2016, advised by external Technical Panel and Analytical Panel with members from universities and industry<sup>38</sup>

### **What is its leadership?**

Interim Chair: Lord Andrew Adonis (sitting as Crossbench while NIC Chair) is former Transport Secretary and well-known advocate of infrastructure investment.

Effectiveness as a body

### **To whom is it accountable?**

To Chancellor, as an Executive Agency.

No formal reporting to Parliament, but government has undertaken to lay NIC reports before parliament

How is its impartiality and objectivity assured?

In a (non-statutory) Charter, the government commits to allow the NIC "complete discretion" over its work programme, methodologies, recommendations and the content of its reports and public statements<sup>39</sup>

### **What is its impact?**

Recommendations accepted by government, for example in Autumn Statement 2016 (Oxford-Cambridge Expressway). The government has not yet responded to its latest report <https://www.gov.uk/government/news/government-must-take-action-now-to-secure-our-connected-future-so-we-are-ready-for-5g-and-essential-services-are-genuinely-available-where-they-are-n>

In Autumn Statement 2016 the Chancellor asked the NIC to develop recommendations for infrastructure spending for a certain % of GDP through to the 2020s.

The Chancellor has commissioned further work from the NIC<sup>40</sup>

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<sup>38</sup> National Infrastructure Commission, 'The UK's first ever National Infrastructure Assessment enters new phase' <https://www.gov.uk/government/news/the-uks-first-ever-national-infrastructure-assessment-enters-its-next-phase> [accessed 8 February 2017]

<sup>39</sup> HM Government, Charter for the National Infrastructure Commission: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/559269/NIC\\_charter\\_6\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/559269/NIC_charter_6_final.pdf) [accessed 8 February 2017]

<sup>40</sup> HM Treasury, letter to the RT Hon. Lord Adonis on the New national Infrastructure Commission Study (23 November 2016): [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/571940/161120\\_-\\_letter\\_for\\_Cx\\_and\\_TORs\\_for\\_the\\_tech\\_study\\_fv\\_003\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571940/161120_-_letter_for_Cx_and_TORs_for_the_tech_study_fv_003_.pdf) [accessed 8 February 2017]

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/571940/161120\\_-\\_letter\\_for\\_Cx\\_and\\_TORs\\_for\\_the\\_tech\\_study\\_fv\\_003\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571940/161120_-_letter_for_Cx_and_TORs_for_the_tech_study_fv_003_.pdf) [accessed 8 February 2017]

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## **National Police Improvement Agency**

Body type: Technical adviser, Improvement agency

### **Why?**

#### **What is its purpose and context?**

The National Policing Improvement Agency was established to support police by providing expertise in such areas as information technology, information sharing, and recruitment.

It was created in 2007 and merged several pre-existing functions and organisations including the Police Information Technology Organisation, Centrex, the police training provide, the National Centre for Policing Excellence and policing policy staff from the Home Office.

#### **How was it established?**

Established by the Police and Justice Act 2006 with the objective of “the identification, development and promulgation of good practice in policing” and to provide expert advice to police forces.

NPIA began operations in 2007.

#### **What?**

What are its functions and scope?

NPIA objectives:

Identifying, developing and promulgating good practice in policing

providing police forces with expert advice about, and expert assistance in connection with, operational and other policing matters

identifying and assessing opportunities for, and threats to, police forces in England and Wales and making recommendations to the Secretary of State

sharing internationally our understanding about policing issues

providing support to police forces regarding technology, procurement, training and other personnel matters

#### **What is its statutory basis?**

Statutory basis in the Police and Justice Act 2006.

This sets out its objectives and states that it has the power to do “anything it considers appropriate for the attainment of its objects”, subject to constraints on its ability to borrow money without approval from Secretary of State.

#### **What is its classification?**

Non departmental public body of the Home Office

## **How?**

### **Mode of engagement?**

A series of Key Performance Indicators for each financial year were set out in the NPIA's annual business plans.

Achievement or progress towards these KPIs was then assessed in the Agency's annual report.

Its remit was focused largely on the internal workings and policy of policing, therefore it did not have as much public engagement as other bodies on this grid.

### **What are its main outputs?**

Its annual report provided a summary of the work completed on the various projects and themes of the NPIA<sup>41</sup>

### **Is the government required to respond to its outputs?**

No.

### **How is it funded?**

The NPIA received the majority of its funding from the Home Office as Grant-in-Aid.

Net expenditure for 2007/08 was £447.9m; by 2010 this had risen to £550m.

### **How is it structured?**

NPIA had 1,857 staff in its first year. This rose to c.2,200 by the time of its closedown.

The NPIA was divided into a Policing Policy and Practice Directorate; a People and Development Directorate; an Information, Communications, Technology and Science Directorate; and Operations and Resources Directorates.

### **What is its leadership?**

The Chairman was appointed by the Home Secretary in consultation with the Association of Police Authorities and the Association of Chief Police Officers.

The Chief Executive was appointed by the Home Secretary in consultation with the chairman. Both its chief executives were police Chief Constables.

The Board members were also appointed by the Home Secretary.

The Police and Justice Act 2006 contains provisions that the Secretary of State must ensure that at all times 1 member was appointed by the APA, 1 member by the ACPO, and 1 member by the Home Civil Service.

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<sup>41</sup> National Policing Improvement Agency, Annual Report 2007/08: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/248409/1031.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/248409/1031.pdf) [accessed 8 February 2017]

## **Effectiveness as a body**

### **To whom is it accountable?**

The Police and Justice Act 2006 included provision that the NPIA's annual report must be presented to the Home Secretary; police authorities for each area of England and Wales; Chief Officer of Police of each police force in England and Wales; any other appropriate persons.

The Secretary of State had to lay a copy of the report before Parliament.

### **How is its impartiality and objectivity assured?**

Police and Justice Act 2006 included provisions that the NPIA had to produce an annual workplan, to be presented and agreed with the Secretary of State; Association of Police Authorities (APA); and the Association of Chief Police Officers (ACPO).

The Secretary of State is given permission in the Act to determine strategic priorities for the NPIA, in agreement with the NPIA; the ACPO; and the APA.

The Act also states explicitly that the Secretary of State may request HM Chief Inspector of Constabulary to inspect and report on the efficiency and effectiveness of the NPIA.

### **What is its impact?**

A 2014 report by IfG found that the NPIA had suffered from 'mission creep' – "additional functions being added, with staff numbers growing as its budget was either frozen or cut in real terms – and that it lacked focus.

It was criticised in the press for pay and expenses, and by Shadow Home Secretary Chris Grayling for being "more officials behind the scenes", and not police on the beat.

Some in the police saw it as too close to the Home Office, while it was seen as neglecting police authorities according to Mark Castle, chief exec of the Association of Police and Crime Commissioners.

However, Lord Wasserman, a Government Adviser on policing, said that it was a "vital support service" which suffered from a branding problem.

It was abolished by the Crime and Courts Act 2013.

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## **National Institute for Health and Care Excellence (NICE)**

Body type: Advisor, Regulator

### **Why?**

#### **What is its purpose and context?**

The National Institute for Health and Care Excellence (NICE) provides national evidence-based guidance and advice to improve health and social care.

It was set up under Labour in 1999. The idea was initially presented in a 1997 white paper entitled 'The New NHS: Modern, Dependable'<sup>42</sup>

It was founded in the wake of growing concern over the so-called 'postcode lottery' of differing availability of treatments depending on the NHS Health Authority in which patients resided, and drew on concerns raised in the 1995 Calman-Hine report about disparities in quality of cancer care across the country<sup>43</sup>

#### **How was it established?**

Established as a special health authority on a non-statutory basis in 1999, as the National Institute for Clinical Excellence.

It merged with the Health Development Agency in April 2005 and became the National Institute for Health and Clinical Excellence.

The Health and Social Care Act 2012 established the organisation on a statutory basis as an Executive Non-Departmental Public Body and renamed the organisation the National Institute for Health and Care Excellence.

### **What?**

#### **What are its functions and scope?**

NICE's role is to improve outcomes for people using the NHS and other health and social care services. It does this by:

Producing evidence-based guidance and advice for health, public health and social care practitioners.

Developing quality standards and performance metrics for those providing and commissioning health, public health and social care services.

Providing a range of information services for commissioners, practitioners and managers across the spectrum of health and social care.

What is its statutory basis?

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<sup>42</sup> The Department of Health, The new NHS modern dependable, Cm 3807, December 1997 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/266003/newnhs.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266003/newnhs.pdf) [accessed 8 February 2017]

<sup>43</sup> The National Archives, 'A policy framework for commissioning cancer services': [http://webarchive.nationalarchives.gov.uk/20080814090336/dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_4071083](http://webarchive.nationalarchives.gov.uk/20080814090336/dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4071083) [accessed 8 February 2017]

As of 2012 NICE has a statutory basis in the Health and Social Care Act 2012<sup>44</sup>

Its remit covers:

the broad balance between the benefits and costs of the provision of health services or of social care,

the degree of need of persons for health services or social care, and

the desirability of promoting innovation in the provision of health services or of social care.

NICE covered England and Wales until 2013 but now only covers England. It has agreements to provide certain NICE services to devolved authorities.

NHS England is legally obliged to fund and resource medicines and treatments recommend through NICE's technology appraisals programme. None of its other guidance is subject to this obligation.

### **What is its classification?**

From 1999 until the passage of the Health and Social Care Act 2012, NICE was a special health authority under the National Health Service Act 1977, Statutory Instrument 1999/220 and Statutory Instrument 260.

It is now an Executive Non-Departmental Public Body sponsored by the Department of Health.

### **How?**

#### **Mode of engagement?**

NICE's engagement is aimed mostly at the NHS, local authorities and local/national organisations in the private and voluntary sectors.

NICE produces its guidelines based on topics referred to it by NHS England, DH or Dept. for Education (Dept. for Education only for social care issues). It then scopes the area the guidelines will cover before undertaking literature reviews and consultations on draft guidelines before publication.

No timetable is given for updates of guidelines, but this is done according to need and subject to the same level of scrutiny as new guidelines.

#### **What are its main outputs?**

NICE offers a range of products and services as part of its mission. These can be grouped into its guidance; quality standards and other performance metrics; and information services.

NICE's guidance includes its guidelines, technology appraisals guidance, interventional procedures guidance, medical technologies and diagnostics guidance. These are evidence-based recommendations on what is most clinically and cost-effective and safe to use in the NHS.

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<sup>44</sup> Legislation.gov.uk, 'Health and Social Care Act 2012': <http://www.legislation.gov.uk/ukpga/2012/7/contents> [accessed 8 February 2017]

The quality standards and performance metrics include the Quality Outcomes Framework, the Quality Standards, and the Clinical Commissioning Group Outcomes Indicator Set. They aim to drive and measure quality in different areas of care.

Information services include NICE Evidence, an online search engine of clinical, public health and social care guidance; and a range of recommendations and publications on medicines/drugs and medicine management.

### **Is the government required to respond to its outputs?**

N/A

### **How is it funded?**

In 1999/2000 NICE's net operating costs were £9.6m.

By 2015/16 this had risen to £62.5m.

The majority of this (£60m in 2015/16) is provided by grant-in-aid funding from the Department of Health.

It receives a small amount of income (relative to the total) from sale of goods and services as NICE International and providing scientific advice, totalling £3.3m in 2015/16

It received £2m income from devolved administrations in 2015/16.

### **How is it structured?**

In 1999/2000 NICE had 10 FTE employees. This rose to 613 by 2015/16. It had 12 board members in 1999/2000, and currently has 18.

NICE now has a more developed structure, with a Centre for Clinical Practice, a Centre for Public Health, a Health and Social Care Directorate, Evidence Resources Directorate, along with the Communications Directorate and the Business, Planning and Resources Directorate.

### **What is its leadership?**

The NICE Board sets strategic priorities and policies, while the day-to-day functioning of NICE is the responsibility of its Senior Management Team.

The Health and Social Care Act 2012 set out that NICE must consist of at least six non-executive members appointed by the Secretary of State and between 3-5 executive members. One of the non-executive members must be appointed as the Chair, and one of the executive members must be appointed as the Chief Executive.

Currently the Board is listed as comprising 11 non-executive directors, 4 executive directors and 3 directors.

### **Effectiveness as a body**

#### **To whom is it accountable?**

NICE is accountable to the Department of Health and the Secretary of State for Health.

It is required by the Health and Social Care Act 2012 to produce an annual report and to lay this before Parliament, then to send a copy to the Secretary of State.

### **How is its impartiality and objectivity assured?**

NICE's (non-statutory) charter states that once a topic has been referred to it by DH, NHS England or other bodies, neither organisation has any more influence over NICE's final guidance than any other stakeholder.

Its consultation process allows charities, patient groups, professional bodies, commissioners, industry and individuals to comment on recommendations as they are developed.

For its technology appraisals, NICE has a formal appeals process.

Its guidelines are regularly considered for review and updated in line with new evidence.

### **What is its impact?**

NICE's annual report for 2015/16 states that it produced a total of 256 outputs. This includes clinical and social care guidelines, guidance on medical technologies and interventional procedures, quality standards and briefings. It is not clear if some of these overlap (some of the numbers might suggest they do e.g. guidance on 34 interventional procedures and 34 quality standards – may be for the same things?)

NICE states it is internationally recognised for the quality and rigour of its guidance.

However, some of its guidelines are not adhered to, e.g. only 2% of CCGs provide all fertility treatments recommended by NICE.<sup>45</sup>

There has been criticism of NICE's guidance that the £90k a year breast cancer treatment Kadcylla is "too expensive for routine funding on the NHS" from patient groups for breast cancer sufferers<sup>46</sup>.

The approvals process of NICE and NHS England has been criticised as being too slow by pharmaceuticals companies.<sup>47</sup>

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<sup>46</sup> Breast cancer drug rejected for the NHS use on cost-benefit grounds, The Guardian (29 December 2016):<https://www.theguardian.com/society/2016/dec/29/breast-cancer-drug-kadcyla-rejected-for-nhs-use-on-cost-benefit-grounds> [accessed 8 February 2017]

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## **Office of Budget Responsibility**

Body type: Analytical forecaster, Monitor

### **Why?**

#### **What is its purpose and context?**

To provide and be seen to provide independent assessment of national public finances, taking over the Treasury function of making economic and fiscal forecasts.

Chancellors were previously seen to be tempted to - in George Osborne's words - "fiddle the figures, to nudge up a growth forecast here or reduce a borrowing number there" - producing optimistic economic forecasts, leading to less market confidence and paying an interest rate premium.

George Osborne said the OBR would provide "a truly independent assessment of the state of the nation's finances"<sup>48</sup>

#### **How was it established?**

Announced in George Osborne's first speech as Chancellor in May 2010: it had been a Conservative manifesto commitment.

Set up on a non-statutory basis in May 2010 with HMT secondees as a temporary body to advise on the June 2010 emergency budget, with Sir Alan Budd, a widely respected economist and original member of the Monetary Policy Committee, as interim Chair.

Formally established and given legislative basis in 2011 .

### **What?**

#### **What are its functions and scope?**

Five primary functions:

Five-year economic and fiscal forecasting to accompany the Budget and Autumn Statement;

Evaluating the Government's performance against its fiscal targets (including the welfare cap);

Assess long-term sustainability of the public finances and analyse the public sector's balance sheet;

Evaluate fiscal risks from 2017;

Scrutinise welfare and tax policy costings at each Budget and Autumn Statement.

Additionally forecasts devolved tax incomes for Scotland (since 2012) and more recently Wales.

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<sup>48</sup> HM Treasury, 'Speech by the Chancellor of the Exchequer, RT Hon George Osborne MP, on the OBR and spending announcements': <https://www.gov.uk/government/speeches/speech-by-the-chancellor-of-the-exchequer-rt-hon-george-osborne-mp-on-the-obr-and-spending-announcements> [accessed 8 February 2017]

Function is explicitly not to provide a normative view of government policy or consider alternative options.

### **What is its statutory basis?**

Statutory basis in the Budget Responsibility and National Audit Act 2011<sup>49</sup>  This includes the legal right to access all government information required to perform its duties

Charter for Budget Responsibility required by the 2011 Act sets out the government's approach to fiscal policy which guides the OBR's work.

### **What is its classification?**

Non-Departmental Public Body sponsored by HM Treasury.

### **How?**

#### **Mode of engagement?**

Internal analysis using HMG data to produce published outputs as required by statute.

MOU with government<sup>50</sup> agrees access to HMG data and models, and analytic and forecasting resources.

Operates transparently, publishing forecasting methodology.

Advisory panel as a permanent forum for external exchange, which meets annually together and are available to staff for advice<sup>51</sup>

Chair and staff give regular presentations and talks, engaging with external stakeholders, including presenting forecasts at the same time as fiscal events.

### **What are its main outputs?**

Economic and Fiscal Outlook contains Forecasts twice a year accompanying each Budget and Autumn Statement.

Forecast Evaluation Report examines how forecasts compared against reality (Annual)

Welfare Trends Report (annual).

Fiscal Sustainability Report setting out long-term projections and analysing the public sector's balance sheet (Every two years from 2016).

Fiscal risks report analysing risks to projections (every two years from 2017).

Monthly briefing accompanying public finance statistics.

Ad hoc briefing, working and discussion papers<sup>52</sup>

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<sup>49</sup><http://www.legislation.gov.uk/ukpga/2011/4/contents/enacted>.

<sup>50</sup> ([http://budgetresponsibility.org.uk/docs/dlm\\_uploads/obr\\_memorandum040411.pdf](http://budgetresponsibility.org.uk/docs/dlm_uploads/obr_memorandum040411.pdf))

<sup>51</sup> (<http://budgetresponsibility.org.uk/obrs-expert-advisory-panel/>).

<sup>52</sup> (<http://budgetresponsibility.org.uk/topics/forecast-methodology/>)

### **Is the government required to respond to its outputs?**

No - but OBR forecasts are used in HMT Budget and Autumn Statement documents.

### **How is it funded?**

£2.7m in 2016/17 set as part of Spending Review 2015 until 2019/20, with indicative budget for 2020/21.

Formally part of the Treasury's budget but listed separately.

No explicit guarantees but HMT letter promises "maximum discretion over the use of its resources" subject to usual spend controls<sup>53</sup>

MOU with government departments to agree use of their forecasting and analytical resources.

### **How is it structured?**

Three member Budget Responsibility Committee has executive responsibility.

Oversight board additionally includes two non-executives.

Supporting by an external advisory board and permanent staff of 27 civil servants.

### **What is its leadership?**

The 3 members of the BRC including its Chair (Robert Chote) are appointed by the Chancellor of the Exchequer with the consent of the Treasury Select Committee.

TSC can veto any attempt by the Chancellor to remove an appointment.

Appointments are for 5 years and members cannot serve more than two terms.

Required by statute to have relevant expertise. Current chair (Robert Chote) is a widely respected former economic journalist and Director of the IFS.

### **Effectiveness as a body**

#### **To whom is it accountable?**

Responsible to the Chancellor to fulfil its functions as set out in statute - but operationally independent.

Must be reviewed at least once every five years.

Must lay publications before parliament, and the Treasury Select Committee can call the OBR to give evidence on its work at any time. (Also now gives regular evidence to Finance Committee of the Scottish parliament)

#### **How is its impartiality and objectivity assured?**

In statute given "complete discretion in the performance of its duty" and required to "perform that duty objectively, transparently and impartially"

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<sup>53</sup> ([http://budgetresponsibility.org.uk/docs/dlm\\_uploads/Delegation-of-Financial-Responsibilities-2016-17-to-2020-21.pdf](http://budgetresponsibility.org.uk/docs/dlm_uploads/Delegation-of-Financial-Responsibilities-2016-17-to-2020-21.pdf))

Includes freedom to decide methodology, judgements, content of publications and work programme. Following concern about Treasury seeking early access to documents, a revised MOU was agreed which clarified that early access was for factual reasons only. Guards independence with transparency, including a log of substantive contact with ministers and special advisers<sup>54</sup>

Treasury Select Committee must consent to making and terminating appointments of the Chair and Board members.

Organisational budget is published separately to that of the Treasury of which formally the OBR is part.

### **What is its impact?**

Enjoys wide political support - including calls at GE2015 to expand its role to cost manifestos.

There has been some concern about the potential for the Treasury to lean on the OBR to influence its reports<sup>55</sup> but there is no evidence of this making a material impact.

Generally it is not seen as being less technically competent than the previous system - and uses a transparent methodology<sup>56</sup>

It recently attracted some criticism for its assessment of the economic consequences of Brexit in Autumn Statement 2016, from those who thought it had been overly negative.<sup>57</sup>

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<sup>54</sup> Office for Budget Responsibility, 'Governance and reporting': <http://budgetresponsibility.org.uk/topics/governance-and-reporting/#log> [accessed 8 February 2017]

<sup>55</sup> Treasury broke rules of engagement with OBR, says MPs, Public Finance (22Feb 2016): <http://www.publicfinance.co.uk/news/2016/02/treasury-broke-rules-engagement-obr-say-mps> [accessed 8 February 2017]

<sup>56</sup> Four times the OBR has been wrong, The Telegraph (24 November 2016): <http://www.telegraph.co.uk/business/2016/11/24/four-times-obr-has-wrong/> [accessed 8 February 2017]

<sup>57</sup> OBR wrong to predict Brexit will leave budget black hole, says Boris's favourite economist, The Telegraph (25 November 2016): <http://www.telegraph.co.uk/business/2016/11/25/obr-wrong-predict-brexit-will-leave-budget-black-hole-says-boris/> [accessed 9 February 2017]

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## **Office of Communications (Ofcom)**

Body type: Regulator

## **Why?**

### **What is its purpose and context?**

Ofcom sets and enforces regulatory rules for the communications sector and has power to enforce competition law in the sector.

It ensures the UK has a range of electronic communications services and television and radio programming provided by different organisations.

It also has a duty to protect people from harmful/explicit content and it ensures a universal postal service is provided

### **How was it established?**

Labour set out its plans for telecoms and broadcasting regulation in a white paper in 2000, in response to the acceleration of telecoms and broadcasting technology and new media.

Announced in the Queen's Speech in July 2001, established under the Office of Communications Act 2002, but receives its full authority from the Communications Act 2003. It launched in December 2003.

Inherited duties of five previous bodies: Broadcasting Standards Commission; Independent Television Commission; Office of Telecommunications; Radio Authority; Radiocommunications Agency

## **What?**

### **What are its functions and scope?**

Ofcom's role includes securing:

the optimal use for wireless telegraphy of the electro-magnetic spectrum;

that a wide range of electronic communications services is available throughout the UK;

that a wide range of TV and radio services of high quality and wide appeal are available throughout the UK;

that sufficient plurality in the providers of different television and radio services is maintained;

the application of standards that provide adequate protection for members of the public and others against offensive or harmful material in television and radio;

the application of standards that provide adequate protection for members of the public and others against unfair treatment in television and radio programmes and unwarranted infringements of privacy resulting from activities carried on for the purposes of such television and radio services; and

the application of standards that provide adequate protection for viewers of video on demand services from harmful content.

Following abolition of the BBC Trust, regulation of the BBC is to pass wholly to Ofcom.

Responsibility for ensuring a universal postal service was transferred to Ofcom in 2011.

### **What is its statutory basis?**

Statutory basis legislated for in Office of Communications Act 2002, expanded under Communications Act 2003. It currently operates under several different pieces of legislation including the Wireless Telegraphy Act 2006, the Digital Economy Act 2010 and the Postal Services Act 2011.

Ofcom has power to rule on competition and mergers disputes.

### **What is its classification?**

Statutory corporation 59 Appendix: audit of sixteen public bodies

### **How?**

#### **Mode of engagement?**

Ofcom engages with the public in receiving complaints or assisting them in making complaints about issues relating to telecoms, postal services or broadcast media.

It also undertakes consultations and conducts research to inform its recommendations and regulations.

#### **What are its main outputs?**

Ofcom produces advice for consumers on its website on topics such as making complaints; what to do if local telecoms services are poor; etc.

Also produces information for those working in the broadcast and telecoms industries available on its website.

Ofcom makes available much of the data it collects in its work as open data, available on its website.

Produces an annual report which is laid before Parliament by the Secretary of State.

#### **Is the government required to respond to its outputs?**

No, but it does sometimes e.g. to Digital Communications Review<sup>58</sup>:

#### **How is it funded?**

Grant-in-aid from DCMS (to meet costs incurred in fulfilling its duties): £60.1m (15/16); £59.4m (14/15).

Stakeholder income (e.g. administrative and licence fees for broadcasters): £60.5m (15/16); £56m (14/15).

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<sup>58</sup> Department for Culture, Media & Sport, 'Government response to the Ofcom Digital Communications Review': <https://www.gov.uk/government/publications/government-response-to-the-ofcom-digital-communications-review> [accessed 9 February 2017]

### **How is it structured?**

Ofcom's main decision-making body is the Board (currently 9 members; maximum 10), made up of a Non-Executive Chairman, Chief Executive and Executive Directors, and Non-Executive Directors. The Board oversees and is assisted by two other boards (Content Board and Policy and Management Board) and advisory committees.

In 2015/16 Ofcom had 795 FTE; 2014/15 787 FTE. Non-Executive members of the various boards and committees and employees seconded to Ofcom are excluded from this.

Policy staff grouped into different areas e.g. Strategy; Competition; Postal Policy; Investigations and Compliance. Ofcom's advisory committees target specific areas/groups, e.g. committees for each of the 4 home nations, and Committee on Older and Disabled People.

Ofcom maintains offices in each of the 4 home nations, each led by a senior Director.

Audience and consumer research budget: £5.9m (15/16); £5.2m (14/15).

### **What is its leadership?**

The Board comprises Executive and Non-Executive members. The Chairman and Non-Executive members are appointed by the Secretary of State for Culture, Media and Sport. The Chief Executive is appointed by the Chairman and independent Non-Executive members; other Executive members are appointed by the Board on the recommendation of the Chief Executive.

Current Chairman: Dame Patricia Hodgson – former Director of Strategy and Planning at the BBC; Chief Exec of the Independent Television Commission and a Member of HEFCE.

Current Chief Exec: Sharon White – former Second Permanent Secretary at HM Treasury, senior positions at Ministry of Justice, DFID, PM's Policy Unit and at the World Bank.

### **Effectiveness as a body**

#### **To whom is it accountable?**

Ofcom is accountable to Parliament and its annual report is laid before Parliament.

It is also subject to inspection by the NAO and accountable to the Public Accounts Committee for propriety and value for money.

The Chief Executive is Accounting Officer for Ofcom.

#### **How is its impartiality and objectivity assured?**

Ofcom's duty, as laid down in statute is to "to further the interests of citizens in relation to communications matters" and "to further the interests of consumers in relevant markets, where appropriate by promoting competition."

As many of its duties are included in the Communications Act 2003, its workplan is less subject to political pressure

In performing its duties Ofcom must be "transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed"

A transparent approach is taken to Board meetings, with the dates, agendas, minutes and notes of Board meetings published online. Board members must declare any direct or indirect interests, and persons with an interest may not take part in a relevant discussion or decision, unless other Board members present vote to disregard the interest.

### **What is its impact?**

In its annual reports, Ofcom assesses its performance against the targets it set in its annual plan from the previous year, including what it has done so far and the outcomes.

Ofcom's decisions and rulings often receive widespread press coverage, given that they relate to services affecting a high proportion of the population or are often highly politicised, e.g. an online petition asking for Rupert Murdoch's recent bid for Sky to be referred to Ofcom has attracted over 140,000 signatures

NAO report in 2010 noted that outcomes 'appeared positive' while identifying areas for improvement.

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## **Review body on Doctors' and Dentists' Remuneration (DDR)**

Body type: Analytical advisor

### **Why?**

#### **What is its purpose and context?**

Advises government on NHS rates of pay for doctors and dentists to the UK, Scottish, Welsh and Northern Irish executives.

Its purpose is to provide independent, evidence based assessment of appropriate salary increases - and thus give the final decision by ministers a non-partisan, evidence-informed basis.

#### **How was it established?**

Established in July 1971 to provide independent advice on pay for NHS doctors and dentists. Its terms of reference were set in 1998, and amended in 2003 and 2007.

### **What?**

#### **What are its functions and scope?**

The DDR is a body established to recommend pay levels for 217,000 NHS doctors and dentists, following consideration of evidence from stakeholders. The Government (and devolved governments) then sets pay rises through the NHS Employers organisation.

#### **What is its statutory basis?**

No statutory basis. Some pay review bodies (e.g. School Teacher's Review Body) have a statutory basis.

#### **What is its classification?**

Non-statutory pay review body, sponsored by the Department for Health.

Office for Manpower Economics, which provides the secretariat, is a non-statutory public body. Its parent department is BEIS.

### **How?**

#### **Mode of engagement?**

Invites and considers evidence from stakeholders including the British Medical Association and the Government before publishing annually its report with recommended pay increases.

In principle, the DDR benchmarks pay against those doing similar jobs in the public and private sectors.

It is required to consider the need to recruit, retain and motivate staff, labour market variations, funds available to the Department for Health, the government's inflation target, and the strategy that 'the NHS should place patients at the heart of all it does'

### **What are its main outputs?**

The DDRB annual report sets out its recommendations on pay<sup>59</sup> □ DDRB may be asked to produce additional reports, for example on contract reform for junior doctors and consultants in July 2015.

### **Is the government required to respond to its outputs?**

Yes - the government does not respond, but must announce the pay rates for those covered by DDRB recommendations.

### **How is it funded?**

DDRB is funded as part of the Office for Manpower Economics, which has a budget of £2.9m (2015-16) to service eight pay review bodies.<sup>60</sup>

### **How is it structured?**

The Review Body has eight members including a chair

The Secretariat is provided by the Office of Manpower Economics, who provide the secretariat to eight pay review bodies. OME has a total staff of 30FTE (2015/16) servicing the eight review bodies,

### **What is its leadership?**

Current chair is Professor Paul Curran, an academic geographer and President of City University London, who has been in post since 2013 and had his three year term extended to 2019.

Other members include former senior NHS managers, economists, and former NHS Trust board members. It has no clinical or former clinical members. There are required to be members with knowledge of the devolved contexts.

### **Effectiveness as a body**

#### **To whom is it accountable?**

The DDRB makes recommendations to the Prime Minister and Secretary of State for Health (for the UK), and their counterparts in the Scottish, Welsh and Northern Irish devolved administrations.

DDRB is otherwise accountable to its parent department, BEIS, and its sponsor, DH.

#### **How is its impartiality and objectivity assured?**

Operationally independent. However, in its remit it is required to have regard to the Dept. for Health's budget and the government's policy on pay which the Chief Secretary to the Treasury writes to review body chairs to confirm.

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<sup>59</sup> Department of Health, 'Review Body on Doctor's and Dentists' Remuneration forty-fourth report:2016': <https://www.gov.uk/government/publications/review-body-on-doctors-and-dentists-remuneration-forty-third-report-2016>

<sup>60</sup> Office of Manpower Economic, Stewardship Report 2015/16 (2016):[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/557930/OME\\_Stewardship\\_report\\_2015-16\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/557930/OME_Stewardship_report_2015-16_final.pdf) [accessed 9 February 2017]

The DH remit letter sets out that the Dept. will follow the Treasury's pay guidance, but asks for DDRB observations on recruitment, retention and motivation.<sup>61</sup>

### **What is its impact?**

Its pay recommendations have generally been accepted, however there has been a perception that the requirement to have regard to the government's policy on pay restraint means the DDRB is recommending 1% annual increases due to this policy rather than the evidence. The BMA has criticised this, arguing it shows the DDRB is not fully independent <https://www.bma.org.uk/collective-voice/influence/key-negotiations/doctors-pay/pay-negotiations>

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None.

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<sup>61</sup> Letter from the Department of Health to Professor Sir Paul Curran (22 August 2016):[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/549598/DDRB\\_-\\_Remit\\_Letter\\_acc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/549598/DDRB_-_Remit_Letter_acc.pdf) [accessed 9 February 2017]

## **Social Mobility Commission**

Body type: Analytical Advisor, Advocate

### **Why?**

#### **What is its purpose and context?**

Its purpose was originally to monitor progress on tackling child poverty and improving social mobility, and to monitor the progress of the Government's child poverty strategy

This includes providing advice to ministers and undertaking social mobility advocacy.

As of 2016 its remit has been refocused on social mobility.

#### **How was it established?**

Established on a statutory basis in 2010 (amended by the Welfare Reform Act 2012). It produced its first annual 'State of the Nation' report in October 2013.

Remit changed to exclude child poverty in 2016.

### **What?**

What are its functions and scope?

SMC is responsible for:

publishing an annual report setting out its views on the progress made towards improving social mobility in the United Kingdom

promoting social mobility in England by challenging employers, the professions, universities and schools to play their part in promoting social mobility

carrying out and publishing research in relation to social mobility

providing advice to ministers as requested on how to improve social mobility in England

#### **What is its statutory basis?**

Established on a statutory basis by the Child Poverty Act 2010 (at the end of Labour Government) as the Social Mobility and Child Poverty Commission, but not launched until 2012.

Amended in the Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016 which renamed its founding act the Life Chances Act 2010. This refocused its role solely to social mobility.

#### **What is its classification?**

Advisory non-departmental public body, sponsored by the Cabinet Office, Dept. for Education and DWP.

## **How?**

### **Mode of engagement?**

The SMC's remit is set down in statute. It produces its annual report on the basis of commissioned external research and its own analysis, and then makes recommendations based on that evidence.

In the past it also commented on the success of measures taken by the Welsh and Scottish governments, but it does not seem to do so anymore.

Other research and analysis seems to be conducted based on requests from ministers on the SMC's own initiative.

### **What are its main outputs?**

The SMC is required by statute to produce an annual 'State of the Nation' report on the progress made in promoting social mobility, which is to be laid before Parliament. It must also include a section on the progress of Northern Ireland against its own strategy.

There is no requirement in statute for the Government or a minister to respond to the annual report.

When it is asked to provide advice to ministers, this advice must subsequently be published.

In January 2016 it produced a social mobility index measuring the differences between where children grow up and their prospects in adult life.

The data it gathers is provided online on GOV.UK

### **Is the government required to respond to its outputs?**

No

### **How is it funded?**

The Head of the Child Poverty Unit issued a formal allocation letter each year to confirm the Commission's budget allocation and headcount limit. (No indication what will happen when Child Poverty Unit is shut down). The Child Poverty Act 2010 said its budget was to be provided "as the Minister may determine".

Under its 2015 Terms of Reference the Head of the Child Poverty Unit held a £100k research budget for the Commission.

Unclear from sources if this has been reduced/cut entirely now that the SMC does not focus on child poverty.

### **How is it structured?**

The Commission board had 10 members on its board until 2014, 8 members in 2015 and as of its 2016 report had 4 members on its board.

It is supported by a small secretariat, which currently consists of 8 members of staff.

## **What is its leadership?**

The current Chair is the Rt Hon Alan Milburn, Labour MP for Darlington 1992-2010, Chief Secretary to the Treasury 1998-99 and Secretary of State for Health 1999-2003 - appointed by the Conservative-Liberal Democrat Coalition.

The Deputy Chair is Baroness Gillian Shephard, Conservative MP for SW Norfolk 1987-2005, various Cabinet roles 1992-97 incl. Secretary of State for Education and Employment; Shadow Cabinet roles until 1999.

It is laid down in statute that the Chair and members of the Commission are to be appointed by a “Minister of the Crown”, and they may appoint a member as Deputy Chair.

The relevant Northern Ireland department appoints 1 member.

1 member was appointed by Scottish Ministers and 1 member by Welsh Ministers but this was omitted by the Welfare Reform and Work Act 2016.

## **Effectiveness as a body**

### **To whom is it accountable?**

The Head of the Child Poverty Unit was the principal liaison between the Commission and the relevant departments.

“Ministers of the Crown” are given power in statute to appoint and remove members of the Commission, including the Chair if they are failing to perform their duties or otherwise unfit for the office.

### **How is its impartiality and objectivity assured?**

Statute explicitly states that the Commission is “not to be regarded as the servant or agent of the Crown, or as enjoying any status, privilege or immunity of the Crown”.

Statute states that advice given to ministers on how to measure socio-economic disadvantage and social mobility, and/or how to improve them must be published.

The purpose and to some extent the content of the Commission’s annual report is laid down in statute.

The Commission is given power to do “anything that appears to it necessary or appropriate for the purpose of, or in connection with, the carrying out of its functions.”

### **What is its impact?**

An October 2014 report by ACCA on social mobility regretted that none of the Social Mobility and Child Poverty Commission’s recommendations had been implemented. It did, however, support a number of the SMCP Commission’s recommendations on improving social mobility in the professions.<sup>62</sup>

The work of the SMC receives widespread press coverage.

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<sup>62</sup> Association of Chartered Certified Accountants, **Who accounts for social mobility?** (May 2012):<http://www.accaglobal.com/content/dam/acca/global/PDF-technical/human-capital/who-accounts-for-social-mobility.pdf> [accessed 9 February 2017]

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## **UK Statistics Authority (including the Office for National Statistics)**

Body type: Data producer, Regulator

### **Why?**

#### **What is its purpose and context?**

UKSA's purpose in statute is to promote and safeguard the production and publication of official statistics that 'serve the public good', which includes informing the public, assisting in the development and evaluation of policy, and regulating the quality and use of statistics.

It is widely seen as important to remove statistics - especially key national economic statistics - from political influence.

The National Statistician is the UKSA Board's principal advisor on quality, good practice and comprehensiveness of official statistics and is supported by the ONS, the largest producer of official statistics on key economic, social and demographic topics.

#### **How was it established?**

UKSA established in 2008 by Gordon Brown following his announcement of it in 2005 - originally proposed in 1997 Labour Manifesto, and also Lib Dem and Conservative policy - to provide independent oversight of statistics and the ONS. This replaced the non-statutory Statistics Commission.

ONS was formed in 1996 through a merger of two predecessor statistical bodies, then ceased to exist as a separate entity in 2008 with creation of the UKSA when ONS became its executive office.

### **What?**

#### **What are its functions and scope?**

UKSA provides independent oversight and management of:

The work of the ONS, its executive arm which produces statistics, and the Office for Statistical regulation, which regulates all official statistics against the Code of Practice for Official Statistics<sup>63</sup>  Production of statistics by other government departments and public bodies

The Government Statistical Service as a cross-government profession.

The UKSA Board is also responsible for carrying out the decennial census.

#### **What is its statutory basis?**

Statutory basis in Statistics and Registration Service Act 2007

This sets out the basis of the UKSA and the appointment of the Board, as well as regulations concerning the assessment of official statistics for quality, including impartiality and accuracy.

Statute also establishes an executive office (i.e. the ONS) to assist the National Statistician, to which he can delegate his functions.

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<sup>63</sup> UK Statistics Authority, 'Office for Statistics Regulation': <https://www.statisticsauthority.gov.uk/monitoring-and-assessment/> [accessed 9 February 2017]

Statute empowers the Board to produce and publish any statistics it wishes, except where these are produced by devolved governments.

### **What is its classification?**

Non-Ministerial Department (ONS is part of the UK Statistics Authority)

### **How?**

#### **Mode of engagement?**

ONS carries out data collection (especially through large-sample surveys) and analysis for production of statistics.

ONS uses or publishes, or UKSA certifies the quality of, administrative data sets from other government departments. There are established procedures for data sharing to do so, e.g. with HMRC and the NHS.

#### **What are its main outputs?**

Through its executive body the ONS, the UKSA is the largest producer of Official Statistics which are used by government and others for developing and evaluating policy. It has both regular and occasional releases. <https://www.ons.gov.uk/releasecalendar>

Its regulatory arm, the Office for Statistics Regulation can award or remove the National Statistics quality mark for releases which comply (or not) with the Code of Practice.

When objecting to the misuse of statistics, the Chair of the UKSA may write publicly to the relevant Minister or body. There is no requirement for them to respond.

#### **Is the government required to respond to its outputs?**

No.

#### **How is it funded?**

2015/16 UKSA spent £171.9m

As a department, budget is allocated as part of the normal Spending Review process for departmental settlements and is separately identifiable.

#### **How is it structured?**

The UKSA is a government department which employs and oversees the National Statistician, who is the UKSA Board's principal adviser, and who is supported by the Office for National Statistics.

UKSA in 2015/16 had 3,247FTE working on statistical services, of which 46 were SCS.<sup>64</sup>

#### **What is its leadership?**

The UKSA Board is comprised of a majority of non-executive members (including the Chair) appointed through open competition, and three executive members. The non-

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<sup>64</sup> UK Statistics Authority, Annual Report and Accounts 2015/16: <https://www.statisticsauthority.gov.uk/wp-content/uploads/2016/07/ARRA-2015-16.pdf> [accessed 9 February 2017]

executives are mostly academics, and must include one appointment each from consultation with devolved governments.

The Chair of the UKSA is a public appointment confirmed by the Public Administration Select Committee. In 2011, the government's preferred candidate withdrew when it became clear PASC would not support her appointment due to differences in how UKSA's independence was understood.

The first Chair, Sir Michael Scholar, was a retired permanent secretary. His successor, Sir Andrew Dilnot, is a former director of the IFS and current Warden of Nuffield College, Oxford. Both have been willing to openly challenge government misuse of statistics.

The UKSA Chief Executive is the National Statistician, a civil service permanent secretary appointed on a five year contract, who is usually a career statistician from ONS. The current holder is John Pullinger, who has worked in government statistics his whole career apart from his most recent post as Librarian of the House of Commons.

ONS is led operationally by a Director General under the oversight of the National Statistician and UKSA Board, though this role has previously been combined with the NS.

## **Effectiveness as a body**

### **To whom is it accountable?**

The Minister for the Cabinet Office may give the Board 'directions' if there has been a serious failure to perform its functions, but he must lay any such directions before parliament. Likewise, the Board must publish its reasons for rejecting advice of the National Statistician if they do so<sup>65</sup>  ONS is accountable to the UK Statistics Authority, of which it is part.

### **How is its impartiality and objectivity assured?**

Statute specifies the quality of official statistics includes their impartiality and accuracy (2007, S.7) and strict rules apply to giving government pre-release access to statistics.

Since 2008 UKSA/ONS has been a non-ministerial department, removing it from direct ministerial control. It is instead overseen by the independent UKSA Board.

As required by statute, there is a published Code of Practice for Official Statistics against which data releases are assessed to be given the National Statistics quality mark - which can be removed.

The Director General for Regulation reports directly to the independent Chair of the UKSA when drawing attention to claims not supported by statistics, to minimise the possibility of political pressure. The functions of Regulation and the National Statistician are separated by statute (2007, S.33-34)<sup>66</sup>.

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<sup>65</sup> Legislation.gov.uk, 'Statistics and Registration Service Act 2007': <http://www.legislation.gov.uk/ukpga/2007/18> [accessed 9 February 2017]

<sup>66</sup> UK Statistics Authority, 'Relationship with the rest of the Authority': <https://www.statisticsauthority.gov.uk/monitoring-and-assessment/what-we-do/relationship-with-the-rest-of-the-authority/> [accessed 9 February 2017]

## What is its impact?

Widely regarded as authoritative producer of official statistics: 81% public have confidence in their statistics (2014)<sup>67</sup> □ There have been concerns about the quality of statistics and whether UKSA has done enough to improve them. ONS is now delivering the recommendations of the Bean review on economic statistics which suggested that a concern for independence meant ONS was not consulting enough on whether its statistics met user need (para 1.19)<sup>68</sup> □ UKSA Chairs have been willing to confront senior government ministers over their misuse of statistics to evidence policy claims, for example over using Official Statistics which did not comply with the code of practice to support claims about the impact of the welfare benefit cap<sup>69</sup>

UKSA has also removed National Statistics designation from series (e.g. adult social care) and denied it to measures which government has applied for (e.g. CPIH)

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<sup>67</sup> UK Statistics Authority, Annual Report and Accounts 2015/16 (January 2016) <https://www.statisticsauthority.gov.uk/wp-content/uploads/2016/07/ARRA-2015-16.pdf> [accessed 9 February 2017]

<sup>68</sup> Professor Sir Charles Bean, Independent Review of UK Economic Statistics (March 2016): [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/507081/2904936\\_Bean\\_Review\\_Web\\_Accessible.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507081/2904936_Bean_Review_Web_Accessible.pdf) [accessed 9 February 2017]

<sup>69</sup> UK Statistics Authority, 'Letter to Secretary of State': <https://www.statisticsauthority.gov.uk/archive/reports---correspondence/correspondence/letter-from-andrew-dilnot-to-rt-hon-iain-duncan-smith-mp-090513.pdf> [accessed 9 February 2017]

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