



HOUSE OF LORDS

Library Note

Public Bodies Bill [HL] (HL Bill 25 of 2010–11)

The Public Bodies Bill provides powers to enable Ministers to carry out substantial reforms to a range of public bodies, including powers to merge or abolish bodies. The Bill was introduced in the House of Lords on 28 October and is due to have its second reading on 9 November. This Library Note provides background information in advance of the second reading debate.

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1. Introduction

The Public Bodies Bill [HL] was introduced in the House of Lords on 28 October 2010 and is due to have its second reading in the Lords on 9 November. This followed an announcement on 14 October 2010 concerning the Government's intention to substantially reform a large number of public bodies, which would require primary legislation. The Cabinet Office summarised the general approach as follows:

The Government proposes to reform 481 bodies. Of these 192 will cease to be public bodies and their functions will either be brought back into Government, devolved to local government, moved out of Government or abolished altogether. Examples include:

- Devolving responsibility for the work of Development Corporations to local government
- Bringing organisations under more direct Ministerial control, such as the Child Maintenance and Enforcement Commission, Renewable Fuels Agency and, as previously announced, the Appointments Commission
- Enabling organisations, such as the Design Council and the National Endowment for Science, Technology and the Arts (NESTA), to become charities.

As part of the reforms the Government is also announcing proposals to merge 118 bodies down to 57, and to substantially reform a further 171. Examples include:

- Strengthening the competition regime by forming a single competition and market authority
- Substantially reforming organisations such as the Environment Agency and the Homes and Communities Agency working with them to streamline their work.¹

The Cabinet Office also published a table outlining in detail the changes proposed.² The Minister for the Cabinet Office, Francis Maude, set out the underlying rationale:

This public expect Ministers to take responsibility for what the Government do, and not leave this to people or bodies that are unelected. In the past, too many public bodies have been established without proper thought, and allowed to remain when their mission has long been accomplished. This has meant that elected politicians have been able to avoid making difficult and tough decisions. This is a direct challenge to accountability and is contrary to openness and transparency in public services that this Government seek to achieve. So the Government's presumption is that state activity, if needed at all, should be undertaken by bodies that are democratically accountable at either national or local level. A body should only exist as a quango if it meets one of three tests, to which my review has subjected all existing public bodies. These tests are:

- Does it perform a technical function?
- Do its activities require political impartiality?
- Does it need to act independently to establish facts?

¹ Cabinet Office Press Release, [Quango reforms herald new age of accountability in Government](#) (14 October 2010).

² Cabinet Office, [Public Bodies Reform—Proposals for Change](#) (14 October 2010).

This is a work in progress. A number of changes have already been announced. A number of bodies remain under consideration, with reviews still under way. All remaining public bodies will be subject to a rigorous triennial review to ensure that the previous pattern of public bodies often outliving the purpose for which they were established is not repeated.³

Francis Maude was also critical of the pay awards given in some quangos: “For too long, we have had quango pay spiralling out of control, so that seven people in the Audit Commission are paid more than £150,000 a year at a time when the average civil servant’s pay is £23,000”.⁴

In response, Liam Byrne, the Shadow Cabinet Office Minister, argued that the Government was carrying on the work of the previous administration: “It appears that two thirds of the 192 arm’s length bodies that need to close are those that I announced in March. Instead of 20% of quangos being closed, the Minister has announced that 25% will be”. He also thought that the tests largely confirmed the previous Government’s approach and he welcomed the principles of a sunset clause for quangos and triennial reviews.⁵ However, he disagreed with the amounts that might be saved. He maintained that Labour’s plan would save “0.5 billion by 2012–13”.⁶ However, the “Government’s approach will not in all cases save money at all” and “in fact, it could cost more money than it saves at the Audit Commission, the RDAs, the UK Film Council, Standards for England and the Human Fertilisation and Embryology Authority”. He wondered why the Minister could not set out the cost of his plans and their likely impact in terms of growth, jobs and unemployment. He also questioned whether the Government had ensured that independence could be maintained with the removal of so many arm’s length bodies.⁷

As noted above, the Public Bodies Bill was introduced into the Lords on 28 October 2010.⁸ The Bill is an enabling Bill which will:

Create a legal framework that will enable Government departments to implement the majority of public bodies reforms that require legislation and that are not already covered in other departmental bills.

Create legislative powers which give ministers the ability to abolish or merge bodies; modify a body’s constitutional or funding arrangements; or transfer its functions elsewhere.

Give Secretaries of State the necessary powers to take forward changes to their bodies in secondary legislation when they are ready to do so.⁹

The Bill contains 31 clauses and 7 schedules. The Bill’s Explanatory Notes state that it is not possible to estimate the cost or impacts of the Bill, such as its effect on manpower,

³ HC *Hansard*, 14 October 2010, [cols 26–28WS](#).

⁴ HC *Hansard*, 14 October 2010, [col 505](#).

⁵ HC *Hansard*, 14 October 2010, [cols 507–9](#).

⁶ Labour Party, [Tories now to tell us whether cost of closing quangos is actually bigger than the savings—Byrne](#) (14 October 2010).

⁷ HC *Hansard*, 14 October 2010, [cols 507–9](#).

⁸ A copy of the Bill and its Explanatory Notes can be found on Parliament’s [website](#).

⁹ Cabinet Office Press Release, [New legislation introduced to enable quango reforms](#) (29 October 2010).

as the major changes would be delivered by resultant orders. However, departments are expected to publish full impact assessments when such orders are published.

Much of the discourse on the above has included the use of the term 'quango', which is an abbreviation of 'quasi-autonomous non-governmental organisation'. However, the BBC website notes that it is quite difficult to define the term. While it would certainly encompass non-departmental public bodies (NDPBs), some commentators might also include bodies such as the BBC and Health Care Trusts. Key to the concept of quangos is the fact that they are "not under direct ministerial control and the people who work for them are not civil servants".¹⁰ The Cabinet Office produces an annual publication, *Public Bodies*. It offers the following definition of a NDPB, whilst excluding the use of the term quango: "a body which has a role in the processes of national Government, but is not a Government Department or part of one, and which accordingly operates to a greater or lesser extent at arm's length from Ministers". It breaks down NDPBs into four categories:

Executive NDPBs—typically established in statute and carrying out executive, administrative, regulatory and/or commercial functions. Examples include the Environment Agency, Regional Development Agencies and national museums and galleries;

Advisory NDPBs—provide independent, expert advice to Ministers on a wide range of issues. Examples include the Low Pay Commission and the Committee on Standards in Public Life;

Tribunal NDPBs—have jurisdiction in a specialised field of law. Examples include Valuation Tribunals; and

Independent Monitoring Boards of Prisons, Immigration Removal Centres and Immigration Holding Rooms—formerly known as Boards of Visitors, these are independent "watchdogs" of the prison system.¹¹

A more detailed overview of quangos and of the immediate background to the Public Bodies Bill can be found in House of Commons Library Standard Note, [Quangos](#) (18 October 2010).

The House of Lords Constitution Select Committee published its report considering the Bill on 4 November 2010.¹² The Committee noted that the majority of the public bodies to which the Bill would apply were created by statute or by Royal Charter. The Committee thought the Bill therefore vastly extended Ministers' powers to amend primary legislation by order. In its opinion, such "Henry VIII" powers needed "to be clearly limited, exercisable only for specific purposes and subject to adequate parliamentary oversight"; in the case of the Bill, "it fails both tests". The Committee argued that: "Departures from constitutional principle should be contemplated only where a full and clear explanation and justification is provided". Furthermore, many of the bodies which the Bill was designed for had been the "product of extensive parliamentary debate and deliberation" and as such the Committee could not see "why such parliamentary debate and deliberation should be denied to proposals now to abolish or to redesign such bodies".

¹⁰ BBC News Online, [Q&A: The row over quangos](#) (6 July 2009).

¹¹ Cabinet Office, [Public Bodies 2009](#) (2010), page 3. The document contains an array of information and statistics relating to NDPBs. Previous editions can be found on the Cabinet Office [website](#).

¹² House of Lords Constitution Select Committee, [The Public Bodies Bill](#) (HL Paper 51, 4 November 2010).

The House of Commons Public Administration Select Committee is also conducting an enquiry, *Smaller Government: Shrinking the Quango State*, which is considering Government policy in this area.¹³

The remainder of this Note will consider wider reaction to the Government's proposals, looking first at reaction in the press, then turning to the responses of trade unions, business and other interest groups.

2. Press Reaction

John Kay, writing in the *Financial Times*, thought that it was strange that the characteristics of quangos found in many organisations serving public functions were admired, while as a general concept it was demonised. He pointed to central banks, supreme courts and other similar highly respected bodies that were run by people who were not elected, but whose appointment was based on their technical skills rather than their public profiles or party allegiance. Such examples, Kay maintained, were the "epitome of quangoness". Moreover, properly functioning quangos were "an essential part of the checks and balances of a modern democratic state" and "a means for handling technical issues in a dispassionate way that looks further ahead than the next electoral cycle". He pointed to the abolished Food Standards Agency, which had been "set up because the Ministry of Agriculture, Fisheries and Food, as it then was, had proved incapable of discharging its responsibilities to citizens and consumers in the face of pressure from commercial interest groups". Similarly, the National Institute for Clinical Excellence, in his opinion, was perhaps better placed than politicians to withstand pressures from patients and the ferocious lobbying of large pharmaceutical companies. He acknowledged that there were examples of quangos imbued with "a well-meaning but vague sense that 'something ought to be done'". However, this emphasised the need for a distinction between good and bad quangos:

Good quangos have specific technical expertise and their purpose is to take issues out of politics. Bad quangos have no distinctive skills and are designed to put issues into politics.¹⁴

The *Independent's* Economics Editor, Sean O'Grady, writing after the announcement had been made on 14 October, labelled it a "damp squib". He argued that many of the bodies being abolished were "ghostly leftovers with no staff, budgets or executive functions". He thought that savings would be less than anticipated because many quangos' functions, staffing and spending would be transferred to Whitehall. He used the example of the Human Fertilisation and Embryology Authority:

Even if its entire £2m budget were saved, you have to set that against the £700bn total of public spending this year. And someone somewhere will still have to rule on stem cell research and be paid to do so. Meanwhile, the one benefit of a quango—its arm's-length relationship with government (itself a valuable asset in moral quagmires such as this)—is lost.

He was also concerned that "valuable assets—property, intellectual rights, land—will be mislaid or inadvertently transferred into the ownership of a few lucky individuals... experience suggests that hurried exercises such as this—railway privatisation springs to

¹³ House of Commons Public Administration Select Committee, [Smaller Government: Shrinking the Quango State](#) (19 October 2010).

¹⁴ John Kay, '[How to spot a good quango from a bad one](#)', *Financial Times* (13 October 2010).

mind—can leave lucrative opportunities for beady-eyed City types”. Finally, he conjectured whether quangos earmarked for charity status, such as British Waterways, would be able to survive and whether in the future some ex-quangos might have to be re-nationalised.¹⁵

The *Guardian* acknowledged that the spread of quangos was “confused, expensive and undemocratic”. However, it thought that this did “not in itself justify eradication”. It argued that “the gold-plated life of the quangocrat is mostly a myth”. It was not convinced that scrapping quangos would save money, as in the short term the costs of merging organisations and shedding staff would exceed any savings, while the Government had been unable to put a figure on its plans. It was ironic that “a government which preaches the virtues of devolution and localism is embarking on a massive exercise in centralisation”. In addition, the paper saw many of the changes as an expensive exercise in rebranding, because most of the things that quangos were doing would continue to be done, in another form, by another part of government. It wondered whether the policy was “being driven by an ideological desire to dismantle state structures, rather than proper assessment”.¹⁶

The *Daily Telegraph*’s editorial claimed that the announced changes “did not go far enough” and were a “missed opportunity to further David Cameron’s idea of the Big Society”. The proposals would “not save much—if any—money” because a number of those targeted cost little to run, with many of the more expensive Executive Agencies left untouched. It thought that it would be more in keeping with the Coalition’s ambition of a smaller state to outsource the tasks of these agencies to the private sector or to voluntary groups. Privatisation, for example of Channel 4, could generate revenue and help cut the deficit. However, the paper supported aspects of the proposals such as the merger of the Competition Commission with the Office of Fair Trading and the axing of Consumer Focus. But it thought that the Government needed to use the reform of quangos as “a unique opportunity to rethink what the state does”.¹⁷

Nicholas Timmins, writing for the *Financial Times*, contended that “less has been abolished here than first meets the eye” because “Ministers have discovered that many of the functions of quangos are necessary”. This would mean that “large chunks of those scrapped will end up elsewhere—inside government departments, in a new public health service, devolved to local government”. He agreed that some quangos had become “bloated” and that in some cases making Ministers more accountable was desirable and that regular pruning of the quango state was in taxpayers’ interests. However, he questioned whether it was inevitable that Ministers being more accountable would mean increased transparency as “central government departments are not noted for their openness”. While he accepted, for instance, that Ministers might have a legitimate interest in what is taught in schools, it was “less clear that politicians—of whatever party—should have detailed curriculum oversight, as now seems to be the plan”. Similarly, he was concerned that the abolition of the Audit Commission, though welcomed by some, would allow local authorities to appoint their own auditors which was “dangerously retrograde”. In addition, the small amounts saved by turning a few free-standing advisory committees on science and medicine into expert departmental ones could “do damage if their advice ceases to be seen as independent”.¹⁸

Michael Peel, the legal correspondent for the *Financial Times*, noted that the decision to merge the Office of Fair Trading and the Competition Commission had “pleased some

¹⁵ *Independent*, ‘[Quango cuts may well cost more than they save](#)’ (15 October 2010).

¹⁶ *Guardian*, ‘[Quangos: the centre strikes back](#)’ (15 October 2010).

¹⁷ *Daily Telegraph*, ‘A Burning Question’ (15 October 2010).

¹⁸ *Financial Times*, ‘[Bonfire fails to blaze as facts prove elusive](#)’ (14 October 2010).

lawyers and business groups but led others to give warning that it could undermine Britain's generally respected antimonopoly safeguards". It noted that while one lawyer had stated that businesses would be happier taking their chances with a single US-style body, even at the expense of losing some nuanced industry expertise, another reflected that it might mean "replacing a Rolls-Royce service with a Mondeo".¹⁹ The *Financial Times* editorial stated that the merger would lead to a small saving with no improvement in public accountability. It concluded that the decision "seems to rest on a desire to complete competition investigations more swiftly and at a lower cost" which was "an admirable objective so long as their rigour is not impaired". It called upon the government to think carefully before changing the UK's competition regime as "the amounts competition can save the economy as a whole dwarf any budgetary advantages from regulating it on the cheap".²⁰

Julia Knight, Personal Finance Editor at the *Independent*, questioned the cutting of Consumer Focus, whose core tasks were to be transferred to the Citizen's Advice Bureau (CAB). She argued that its annual cost of £5million "was money very well spent" with its "clear-headed" and "fair" pronouncements, while moving its work to the CAB was a "monumental cop-out". CAB could not be "anywhere near as nimble as Consumer Focus" and as such the Government's proposal would leave "a major gap in consumer protection".²¹ These concerns were also picked up by Rosie Murray-West writing in the *Daily Telegraph*. She noted fears that nobody "will act when customers are being ripped off". She estimated that Consumer Focus had saved customers fifteen times the amount it cost to run, pointing to recent cases such as the £70million refund to Npower customers and action against banks in speeding up interest payments on ISA accounts. She also wondered who in its absence would accredit price comparison websites, ensure that the re-wiring of Britain's electricity network was not merely passed on to customers and act against 'rollover' energy contracts, whereby energy providers automatically signed up customers to another long contract with exit penalties.²²

Damian Tambini, a Senior Lecturer at the LSE and a member of the Communications Consumer Panel (which advises Ofcom), wrote in the *Guardian* of his concerns regarding proposed changes in Ofcom's duties, as set out on 14 October. He saw it as "one of the gravest assaults on broadcasting freedom" he had seen. Ofcom had been set up as a strong independent body "because it takes decisions that should not be taken by governments for the simple reason that media regulation should not be left to political backroom deals and Secretary of State approval". He was particularly concerned that Ofcom would be stripped of its duty to conduct an independent review every three years of media ownership rules; instead it would be left to the Secretary of State to order a review at will. He feared that this could undermine a regime that had prevented "powerful media owners such as News Corporation constructing an irremovable fortress at the centre of British democracy", because it could be "removed at will by a Minister that relies on them for political favours".²³

Simon Beckford, writing in the *Daily Telegraph*, sought to highlight some of the waste that had occurred in some quangos, by highlighting the case of the Audit Commission. He reported that the Commission had spent £5,000 on a dinner at Banqueting House after it had learnt it was to be cut. Furthermore, he continued that: "Over the past three years, it spent £730,000 on hospitality along with £4.7million on hotel rooms and

¹⁹ *Financial Times*, ['Merged agency divides opinion'](#) (15 October 2010).

²⁰ *Financial Times*, ['Watchdog merger that merits review'](#) (15 October 2010).

²¹ *Independent*, ['Consumers burned in bonfire of the quangos'](#) (17 October 2010).

²² *Daily Telegraph*, ['Who will protect us now from being ripped off'](#) (23 October 2010).

²³ *Guardian*, ['Ofcom cuts are grave assault on freedom'](#) (18 October 2010).

£3.5million on marketing. Other expenditure included £940 to tidy up the driveway of a regional office and £15,025 on drama workshops on equality”.²⁴

3. Trade Unions

The General Secretary of the TUC, Brendan Barber, questioned the Government’s motives regarding its initial proposals published on 14 October:

Of course over time some quangos come to the end of their useful life, just as new ones are needed.

But today’s quango cull is neither about efficiency or even saving money as Ministers seem very vague about the finances, despite the job losses involved. Instead they want to reduce democratic accountability, get rid of bodies that stand up for ordinary people against Government or business excess, and centralise power in Whitehall.

When independent bodies give public advice to Ministers, they have to explain why if they reject it. With no independence or transparency, corporate lobbyists will be cracking open the champagne today.

The politics is simple. Today’s move manages to both shrink the state and reduce its democratic accountability.²⁵

The TUC was particularly concerned about the abolition of the Agricultural Wages Board, which it deemed as an “an act of political spite for which the lowest earners in some of the toughest jobs will pay the price”.²⁶

UNITE thought that the proposal was “ideologically driven” and “ill thought-out”. Its General Secretary, Tony Woodley, said:

The fact that cabinet office minister Francis Maude is unable to say how much will be saved and how many jobs will be affected by this cull shows the threadbare nature of the thinking behind these abolition plans.

There has been little or no consultation on these proposals from this ‘we are all in this together’ government.

In many areas of the economy and social policy quangos are important in protecting the economically vulnerable, the put-upon consumer and acting as economic generators.²⁷

On the day that the Bill was published he called for it to be given “maximum scrutiny”.²⁸

²⁴ *Daily Telegraph*, ‘[Doomed quango’s £5,000 on dinner](#)’ (3 November 2010).

²⁵ TUC Press Release, [Quango cull will reduce democratic accountability of state](#) (14 October 2010).

²⁶ TUC Press Release, [Government cull is bad news for south west farm workers](#) (14 October 2010).

²⁷ UNITE Press Release, [Quango cull ill-thought out ideological exercise, says Unite](#) (14 October 2010). UNITE also expressed its dismay regarding the proposed abolition of the Agricultural Wages Board: [Unite to oppose abolition of Agricultural Wages Board](#) (14 October 2010).

²⁸ UNITE Press Release, [MPs urged to scrutinise ‘quango cull’ bill, says Unite](#) (29 October 2010).

Mark Serwotka, General Secretary of the Public and Commercial Services Union (PCS), said that the Government's policies would "worsen public accountability and will have a huge impact regionally, economically and socially" while "far from saving money, once the full impact of abolition is considered there will be substantial costs, including redundancies, relocation, retraining and recruitment". He pointed to specific examples. The abolition of Standards for England and the Audit Commission would "remove the route for the public to complain about local councillors", while the removal of the General Teaching Council and the Qualifications and Curriculum Development Agency would cause "damage to qualification and learning standards and children's safety and the loss of efficiency in purchasing". The cutting of the Regional Development Agencies and the Government Office Network, the Agricultural Wages Board and the Commission for Rural Communities, as well as the Sustainable Development Commission and the Royal Commission on Environmental Protection would "adversely affect" regional economic regeneration and the rural economy and the ending of the National Police Improvement Agency would compromise standards and efficiency in the police service.²⁹

Prospect's General Secretary, Paul Noon, said that while the changes smacked of "tokenism", they related to bodies which "perform essential functions in the public interest". He thought that each body should be considered individually in terms of what it cost to run, where its functions, if any, would be transferred and what would be saved or incurred through its abolition, after redundancies and the cost of delivering services elsewhere. He also called for an independent analysis of the net wider economic, social, cultural or other costs of abolishing each quango. Furthermore, the union argued that much of the money spent by such bodies could not "realistically be reduced by simply abolishing a body: 65% of NDPB costs are in grants that are passed on to others, for instance to fund universities, scientific research, skills training, legal aid and other core government functions".³⁰

4. British Medical Journal (BMJ)

Nigel Hawkins, writing in the *BMJ*, argued that the Government's proposals appeared to undermine their statements on the Big Society, as many of the bodies mentioned provided a "useful way of tapping into the expertise of those who really know their subject, at very little cost", and serve as "working examples of the Big Society". He also thought that some of the bigger quangos, such as the National Institute for Clinical Excellence (NICE), the Medicines and Healthcare Regulatory Agency and the Care Quality Commission, were useful but also importantly independent of government. However, he did accept that some medium-size quangos, such as the Council for Healthcare Regulatory Excellence, the Appointments Commission or the Human Fertilisation and Embryology Authority, had been set up to "score political points", to "escape accusations of political patronage" or to "deal with short-term moral panics". In these instances, he thought that they did not meet the Government's conditions for their continued existence. More fundamentally, he was not convinced that the proposals "were being driven by a coherent philosophy" and the Government was missing an opportunity "to reshape government and make it better able to sustain the burdens it should truly carry, discarding those it has accidentally acquired".³¹

²⁹ PCS Press Release, [Non-departmental public bodies provide vital services](#) (13 October 2010).

³⁰ Prospect Press Release, [Union condemns 'undemocratic' quango cull](#) (14 October 2010).

³¹ Nigel Hawkins, '[This is no way to cull the quangos](#)', *British Medical Journal*, vol 341 (October 2010), page 808.

5. Confederation of British Industry (CBI)

The CBI was particularly pleased with the Government's proposed merger of the Office of Fair Trading (OFT) and the Competition Commission. The CBI's Director of Competitive Markets, Matthew Fell, responded as follows:

A robust competition regime is vital for driving innovation and growth. We welcome the announcement on the proposed merger of the OFT and Competition Commission, and it is something we had been calling for.

The planned merger would improve the efficiency of the competition regime by cutting duplication. It would also benefit businesses by speeding up merger reviews and market investigations, reducing the time firms are left in limbo.³²

6. Engineering Employers Federation (EEF)

The Director of Policy at the EEF offered a measured response:

The need to achieve savings provided a welcome opportunity to look at the role of many of these bodies and ask whether they were adding any value.

Business understands the need for savings and the tough choices this will inevitably bring, but government must ensure there is enough continuity in important areas for the future, such as promoting energy efficiency and low carbon technologies.

Whilst business will not mourn the passing of many of the bodies announced today, some were doing valuable work which must not be lost amidst the widespread cull.³³

7. Health Service Journal (HSJ)

The *HSJ*, the day before the Public Bodies Bill was published, speculated about how the work of various health quangos would be outsourced to the private sector. In particular, it focused on the possible role of Capita, who it stated was looking to take over the functions of at least four NHS quangos "that currently employ nearly 12,000 people and have a combined budget of more than £2.6bn". These quangos included the NHS Litigation Authority, NHS Direct, NHS Blood and Transplant and the NHS Business Services Authority. Capita's Health Division Managing Director, Beverley Bryant, told the *HSJ* that the Government "have come out and said they are getting rid of a lot of the quangos and the ones that remain will be subject to getting the private sector involved" and that "running the administration of those kinds of bodies is the bread and butter of Capita healthcare".³⁴

³² CBI Press Release, [CBI Comments on proposed merger of OFT and Competition Commission](#) (14 October 2010).

³³ *Guardian*, ['The 15 business quangos to be scrapped'](#) (14 October 2010).

³⁴ *Health Service Journal*, ['Capita Eyes NHS quangos'](#) (28 October 2010).

8. Institute for Economic Affairs (IEA)

Richard Wellings, writing on the IEA blog, was critical of the Government's announcement. He noted that only 192 out of over 1,000 quangos were being cut, while he suggested that in reality "their functions, and in all likelihood their staff, will simply be transferred to other government bureaucracies". He pointed to the Regional Development Agencies that would be transformed into Local Enterprise Partnerships with some of their responsibilities offloaded to BIS: "Rather than abolishing a pointless layer of government, the coalition is rebranding it". He thought more generally that this represented a failure by the coalition to use it as an "opportunity to achieve a significant reduction in the role of the state".³⁵

9. Institute for Government

The Institute for Government offered a cautious reaction to the Government's announcement on 14 October. Sir Ian Magee, a Senior Fellow of the Institute, welcomed some of the proposals. He thought it right that "the government now acknowledges that the exercise needs to be about reform as well as reduction of quangos", though there was a need for more detail. He agreed that many of the small advisory bodies, that perhaps should not have been categorised as quangos in the first place, might be reconstituted as advisory committees to government departments, while quangos that had outlived their usefulness needed to be closed down with those remaining subjected to regular review and increased transparency. However, he thought that simply merging functions back in to departments would not necessarily lead to greater transparency and that the Government needed to indicate how this would be achieved. The Government had "to develop more robust criteria going forward with a better framework, so that each quango's role, purpose, funding and accountability are clear to all who come in to contact with them". Furthermore, he contended that "there needs to be a robust business case behind each of the decisions to ensure that money won't be wasted through the merging process, and to ensure key skills are not lost, if the function is to carry on elsewhere".³⁶

³⁵ Richard Welling, [Bonfire of the quangos is mostly hot air](#), IEA Blog (14 October 2010).

³⁶ Institute for Government Press Release, [Institute for Government statement on public bodies reform announcement](#) (14 October 2010). Sir Ian Magee also set out his view in an article written for the *Guardian*, ['The quango quandary'](#) (14 October 2010). In July 2010, the Institute published [Read Before Burning: Arm's Length Government for a New Administration](#). The Report made a number of recommendations. This included: parliamentary oversight of new bodies to ensure regular scrutiny, both inside Whitehall and by the NAO; better management of ALBs [Arms Length Bodies] within Whitehall (e.g. training for both ALB appointees and their departmental sponsors); greater transparency of appointments to improve public confidence; ending of the term 'non-Ministerial departments' and confusing language surrounding NDPBs; recasting many of the 450 advisory bodies as departmental advisory committees rather than ALBs; keeping Executive Agencies while creating three new categories of bodies—Constitutional (answerable to Parliament), Independent Public Interest (e.g. watchdogs and regulators free of Ministerial interference) and Departmental Sponsored (perform functions for Departments but not staffed by departmental civil servants).

10. Local Government Association (LGA)

The LGA generally welcomed the Government's plans. Baroness Eaton, Chairman of the LGA, said:

Councils have been campaigning for years to cut the number of unaccountable quangos and give local people power over the services that matter to them. As we face the toughest spending review in memory it simply isn't acceptable to have decisions over help for millions of people decided by unelected officials remote from the front line and it is good that Ministers have recognised this.

There are some sensible decisions here such as putting council trading standards at the centre of enforcing almost all UK consumer law. Having government recognise officers' expertise in enforcing important regulatory functions is a clear statement of faith in councils' ability to deliver.

However, she had a number of reservations:

However, there are still questions to be answered on the future of education funding quangos and others such as the Homes and Communities Agency. The acid test will be whether Ministers allow decisions to be taken at the front line by locally-elected people who know their neighbourhoods best, or simply replace unaccountable quangos with unelected civil servants in Whitehall.³⁷

11. The TaxPayers' Alliance (TPA)

The TPA saw the announcement on 14 October 2010 as "an encouraging start", which, it argued, included many of its own previous recommendations:

It's not a bonfire by any means but there are some significant changes afoot. We recommended many of these changes in our book *How to cut public spending*:

- Gone are the Development Corporations in West Northants, Thurrock Thames Gateway and London Thames Gateway—their responsibilities will be devolved to local authorities.
- British Waterways will become a charity, as recommended in the book.
- The National Policing Improvement Agency is no longer a NDPB.
- The School Food Trust is no longer a NDPB—it is set to become a charity.
- Standards Board for England is no longer a NDPB.

... There are some huge questions to answer about what the state should and shouldn't be doing. There have been numerous speculations on potential savings and indeed costs of scrapping certain bodies but this kind of issue is just as important for taxpayers in the long-term.

Equally, scrapping a body can save money elsewhere and this has to be considered. A proliferation of bureaucracy inevitably breeds more bureaucracy:

³⁷ LGA Press Release, [LGA responds to cull of quangos](#) (14 October 2010).

the Audit Commission cost councils millions of pounds in compliance. Star ratings and red or green flags mattered little to the taxpayers who paid for them.³⁸

12. Public Opinion and Quangos

In July 2010, ComRes was asked by the LGA to carry out a survey of people's views on public spending. This included questions on what areas of public spending should be cut. 57% of all respondents thought that quangos should be cut, coming only second in ranking to NHS managers (69%). The third ranked area for cuts was overseas aid (49%), followed by benefit payments (34%) and Defence (14%). Quangos also came bottom of the rankings in terms of being perceived as part of "front line service".³⁹ YouGov is currently running an online survey on whether quangos are perceived negatively or positively, which started at the beginning of October. Though the volume of responses is relatively small (95 responses), the majority of responses are negative and this peaked in the immediate aftermath of the Government's announcement on 14 October.⁴⁰

³⁸ TaxPayers' Alliance, [This morning's announcement on quangos](#) (14 October 2010). The TPA produced a Research Paper, [Identifying Organisations to Cut](#), in March 2010, which listed a range of organisations that in its opinion could be cut.

³⁹ ComRes, [Public Spending Survey](#) (July 2010).

⁴⁰ YouGov, [Tell YouGov: Quangos](#).

