

The bonfires of quangos has thus far only smouldered

Quangos have become an established feature of government while also being subject to widespread condemnation by the political class. [Katherine Tonkiss](#) and [Katharine Dommett](#) review their present status and the prospects for reform, arguing that there is a broader challenge in terms of how public bodies reform is reconciled with wider civil service reforms.



Quangos, non-departmental public bodies, or arm's length bodies (ALBs), as they are variably termed, are a category of public organisations that operate with a degree of independence from ministers. These bodies have become an established feature of government, created to deliver policy, offer expertise and regulation (among other functions). Yet despite their proliferation they have been widely condemned by the political class and are subject to frequent reviews and culls. In reality few attempts to address the number and significance of bodies have, thus far, yielded much success. Indeed, hitherto the bonfires of quangos have smouldered rather than raged.



In this light David Cameron's call in 2009 for the existence of 'each and every quango' to be justified in accordance with three tests appeared little more than a restatement of established political rhetoric. However, building on the Conservative manifesto commitment, the Coalition Government moved quickly to '[reduce the number and cost of quangos](#)', conducting a review in the summer of 2010. After just five months in government 902 quangos had been surveyed and 200 bodies scheduled for abolition, 120 for merger and 176 for substantial reform. This early pace signalled a clear determination on the part of the Government to shrink the size of the state, informed by their desire to reduce '[the cost of bureaucracy and the number of public bodies](#)', '[to increase accountability](#)' and to achieve '[efficiency, effectiveness and economy in the exercise of public functions](#)'.

Two years on, the recently published [Public Bodies 2012](#) report provides an overview of this reformed quango landscape. But what level of success has been attained? Each of the Government's objectives is assessed in turn below, evaluating progress thus far and identifying future challenges to the reform agenda.

Are There Fewer Quangos?

The implementation of the reform programme was rapid, despite occurring in a period of relative instability (given budget and staffing reductions, as well as widespread civil service reform). Public Bodies 2012 states that since 2010 the number of NDPBs has been reduced by 220. While this denotes substantial progress on this objective, most bodies abolished thus far have been smaller advisory bodies and many functions have survived, being transferred into departments, executive agencies or merged into the remit of other bodies. Accordingly, while the numbers of arm's length bodies is reducing, the scope of government is not necessarily shrinking.

In addition, a number of new bodies have been created by the coalition. Public Bodies 2012 notes that nine new bodies have been created since 2010 – six independent monitoring boards, the National Employment Savings Trust, the Office for Budgetary Responsibility and the Independent Commission for Aid Impact. However, the scope of Public Bodies 2012 is limited to NDPBs only, and this prevents a wider appreciation of changes in arm's length bodies more generally. For example, some new executive agencies – such as the four created in the [Department for Education](#), the Legal Aid Agency, the proposed National Crime Agency – and also other organisational forms such as the Office of Tax Simplification (an 'independent office of the Treasury') are NDPBs in a new form. The overt focus on numbers of NDPBs therefore misses the wider question of where functions of government are located – and many are remaining at arm's length.

Have They Saved Money?

The belief that inefficiency and poor governance was rife within public bodies provided a key motivation to not only abolish but also reform ALB governance. In embarking on the reform programme, the Cabinet Office [publicised](#) anticipated savings of £2.6 billion by 2015 and ongoing savings of between £800 and £900 million a year after the Spending Review. A third of the initial saving (£0.9 billion) was predicted to come from the abolition of two bodies, the Regional Development Agencies and Becta, yet the rest was based on imprecise and often incomparable data from departments. For example, some estimated reductions were based on spending review requirements, whilst others focused exclusively on savings from ALB reform.

This lack of consistency led an [NAO report](#) to argue that the Cabinet Office did 'not yet have the means to confirm the removal of £2.6 billion from administrative budgets' or to check that this money was the result of savings rather than cuts. In its response, the [Government highlighted](#) that this figure incorporates wider efficiency savings from bodies that will continue to exist, but acknowledged that the cost of reform was still unclear. Indeed, the projected savings stemming from reform have recently been reviewed, and Public Bodies 2012 puts administrative savings at £401 million in the year 2011/12.

Furthermore, in calculating the money saved, little attention has been directed to the costs of transition, failing to consider the difficulties of, for example, disposing of assets and addressing redundancy costs. While the NAO has estimated transition to potentially cost £830 million, Public Bodies 2012 estimates the cost of reform to be between £650 million and £800 million. This wide variation in estimates again highlights the challenges faced by the Cabinet Office in demonstrating that efficiencies are a direct result of the public bodies reform agenda.

Are They More Accountable?

Government has sought to increase the accountability of ALBs by bringing them closer to departments and Ministers. In addition to the newly created executive agencies, the functions of 9 bodies have been transferred to executive agencies (which are said to enjoy far less autonomy from Government compared to other forms of ALB); and 16 have been transferred into departments. For the bodies that remain, a process of triennial review is being implemented whereby each body is subject to independent review every three years – serving to provide departments and Ministers with more awareness of their ALBs and thus improve the accountability (and efficiency) of these bodies.

However, the idea that moving bodies closer to the centre will increase accountability is not as clear cut as it seems. There is a risk that functions in, for example, executive agencies, will not be scrutinised to the same extent as those in NDPBs where triennial reviews occur. In reducing the length of the arm at which key functions are exercised, there is therefore a risk that formal structures of accountability, enhanced as a part of the reform programme, are bypassed.

Conclusion

The public bodies reform programme has represented a radical attempt to streamline arm's length governance in the UK. The speed at which reform has been implemented and the numerous bodies abolished or otherwise reformed denotes considerable success over these first two years of reform. However, it remains unclear as to whether the reform programme will deliver on the government's objectives to improve the efficiency and accountability of the arm's length governance landscape.

The Government has committed to implementing a '[benefits realisation framework](#)' which will enable departments to 'better define, measure and optimise all forms of value created in consistent and credible way', with a greater emphasis on improving the efficiency and accountability of the bodies that survived the cull. With these new developments, there is a possibility that the initial momentum of reform will be maintained, allowing the government to deliver greater efficiency and accountability across the public bodies landscape.

There remains, however, a broader challenge in terms of how public bodies reform is reconciled with

wider civil service reforms. Public bodies reform was, in part, a centripetal process involving the transfer of functions back into departments. In contrast, the [Civil Service Reform Plan](#) clearly has a centrifugal logic that is based around pushing functions away from Whitehall and traditional bureaucratic structures, through emerging models of service delivery such as outsourcing and mutualisation. The next phase of public bodies reform will need to reconcile these contrasting logics in a way that delivers efficiency while still serving the accountability goal of public bodies reform.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

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