

FOCUS: ECONOMICS

Quangos – why?



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What is a “Quango”

The strict definition of the word “quango” is “quasi autonomous non-governmental organisation”. It is certainly a mouthful and it has a lingering taste. Before New Labour came to power in 1997, Tony Blair said that Quangos, would be consigned to “history's dustbin”.

Funny thing, history; because quangos were rebranded as NDPBs (Non-Departmental Public Bodies) or ALBs (Arms Length Bodies) and live on – in their hundreds. The heads of some of these bodies earn large six figure salaries.

How many of these bodies are there?

According to the Cabinet Office’s report ‘Public Bodies 2008’, as of the 31st March 2008 there were 790 NDPBs. These 790 were made up of 410 Advisory NDPBs, 198 Executive NDPBs, 149 Independent Monitoring Boards of Prisons, Immigration Removal Centres and Immigration Holding Rooms and 33 Tribunal NDPBs. This is a decrease of 37 compared to 2007, and a decrease of 67 since 1997. However, it is an increase of 98 (14.16%) from 1998; further, there were only 524 NDPBs as recently as 2006.

The three government departments with the largest number of Executive NDPBs are the Department for Culture, Media & Sport (43), the Department of Environment, Food & Rural Affairs (32), and the Department for Business, Enterprise & Regulatory Reform. The Ministry for Justice has some 219 advisory NDPBs.

Table 1 below provides a list of NDPBs:

Table 1: Number of NDPBs as at 31 March 2008

DEPARTMENT	Executive NDPBs	Advisory NDPBs	Tribunal NDPBs	Other NDPBs	TOTAL
Cabinet Office	2	9	0	0	11
Dept for Business, Enterprise & Regulatory Reform	23	15	5	0	43
Dept for Children, Schools & Families	8	3	0	0	11
Dept for Communities & Local Government	11	5	2	0	18
Dept for Culture, Media & Sport	43	11	1	0	55
Dept for Environment, Food & Rural Affairs	32	41	3	0	76
Dept for Innovation, Universities & Skills	20	1	1	0	22
Dept for International Development	1	0	0	0	1
Dept for Transport	6	2	1	0	9
Dept for Work and Pensions	7	6	2	0	15
Dept of Health	11	31	0	0	42
Export Credits Guarantee Dept	0	1	0	0	1
Food Standards Agency	0	6	0	0	6
Foreign & Commonwealth Office	4	3	1	0	8
Forestry Commission	0	9	0	0	9
Government Equalities Office	1	1	0	0	2
HM Revenue & Customs	0	0	1	0	1
HM Treasury	0	1	0	0	1
Home Office	6	9	4	0	19
Ministry of Defence	5	23	0	1	29
Ministry of Justice	7	219	11	145	382
Northern Ireland Court Service	2	10	1	0	13
Northern Ireland Office	9	3	0	3	15
Royal Mint	0	1	0	0	1
TOTAL	198	410	33	149	790

How many people are employed in NDPBs?

The 198 Executive NDPBs employ 92,695 people between them, with the Department for Innovation, Universities & Skills employing the most: 19,183 - although it only has the fourth largest number for NDPBs under its jurisdiction. Advisory and Tribunal NDPBs, and Independent Monitoring Boards, rarely employ their own staff, they are usually supported by civil servants from the sponsoring Government Department.

Table 2 below illustrates the staffing numbers in Executive NDPBs:

Table 2: Staffing of Executive NDPBs as at 31 March 2008 ¹

DEPARTMENT ²	Number of Executive NDPBs	Number of staff in Executive NDPBs
Cabinet Office	2	45
Dept for Business, Enterprise & Regulatory Reform	23	7,669
Dept for Children, Schools & Families	8	3,143
Dept for Communities & Local Government	11	1,564
Dept for Culture, Media & Sport	43	15,407
Dept for Environment, Food & Rural Affairs	32	15,773
Dept for Innovation, Universities & Skills	20	19,183
Dept for International Development	1	0
Dept for Transport	6	557
Dept for Work and Pensions	7	4,264
Dept of Health	11	6,748
Foreign & Commonwealth Office	4	7,417
Government Equalities Office	1	386
Home Office	6	6,710
Ministry of Defence	5	353
Ministry of Justice	7	2,591
Northern Ireland Court Service	2	138
Northern Ireland Office	9	747
TOTAL	198	92,695

At what cost to the UK taxpayer?

In 2008, the government spent £34,631m (**£34.6 billion**) funding the 198 Executive NDPBs. Advisory and Tribunal NDPBs, and Independent Monitoring Boards are not included as they rarely generate their own expenditure. They are usually supported, and resourced, by their sponsoring Department.

Recently NDPBs have been under fire in the media for paying exceedingly high wages to some senior executives. Some of the worst offenders have been the Strategic Rail Authority, who paid Mr Richard Bowker £250,000 in 2002 and slightly more in 2003; Royal Mail Holdings Plc paid Allan Leighton £330,000 in 2005 and 2006, while the Commission For Social Care Inspection paid Dame Denise Platt DBE £844, 560 in 2004 – over four times the salary of the Prime Minister.

Table 3 below illustrates the cost of executive NDPBs:

Table 3: Expenditure by Executive NDPBs 2007/08 ¹

DEPARTMENT ²	Government Funding (£m) ³	Total Expenditure (£m) ³
Cabinet Office	37	33
Dept for Business, Enterprise & Regulatory Reform	3,825	5,538
Dept for Children, Schools & Families	1,182	1,264
Dept for Communities & Local Government	2,330	2,768
Dept for Culture, Media & Sport	1,558	5,228
Dept for Environment, Food & Rural Affairs	884	1,444
Dept for Innovation, Universities & Skills	21,582	22,380
Dept for International Development	15	15
Dept for Transport	13	317
Dept for Work and Pensions	545	627
Dept of Health	406	615
Foreign & Commonwealth Office	204	569
Government Equalities Office	84	82
Home Office	929	1,040
Ministry of Defence	15	19
Ministry of Justice	894	927
Northern Ireland Court Service	81	80
Northern Ireland Office	47	48
TOTAL	£34,631m	£42,994m

A valuable contribution, or “jobs for the boys”?

Defra described NDPBs as:

“A Non-Departmental Public Body is not a Government Department or part of one, but carries out its functions to a greater or lesser extent at arm’s length from Ministers. NDPBs are led and directed by independent boards (or, occasionally, by a single independent office-holder) but Ministers remain ultimately accountable for the overall performance of the NDPB and for its continued existence.”

The description goes on to say:

“The typical characteristics of an executive NDPB are:

- a. it is a national or regional public body*
- b. with its own legal identity. (Executive NDPBs are usually set up by legislation but can also be established by Royal Charter or under the Companies Act)*
- c. it is set up by Ministers and Ministers can (with the approval of Parliament where necessary) wind it up*
- d. it is ultimately accountable to Ministers and, through Ministers, to Parliament*
- e. it is not Crown*
- f. employees are not Civil Servants*
- g. it is led by an independent, governing board comprising a nonexecutive Chair and non-executive members. The Chair and members are usually appointed by Ministers*
- h. there is a chief executive, appointed by the board, who is responsible for day-to-day management of the NDPB. The chief executive is designated as Accounting Officer for the NDPB”*

In short then, these are publicly funded bodies doing government's work; with the Minister being ultimately accountable for their work. Isn't that the job of the civil service?

The civil service employs some 487,000 people (2008) and one could suppose that there is some spare capacity to take on NDPB work. It would not be unreasonable to say that extra personnel could be employed to take on the work and that it would require less than the 90,000 plus people employed in NDPBs currently and at less cost.

To obtain a job in a NDPB is not that easy. Senior roles are appointments by Ministers (or the Commission for Public Appointments in the case of NHS bodies). Other roles go through roughly the same recruitment process as the Civil Service. All government departments have statements about how NDPBs recruit and all statements are compliant with the law. However, a fundamental question remains concerning the temptation for a minister to appoint people with similar views to these "independent" bodies, thus ensuring agreeable decisions are forthcoming.

In 2003, the fourth report of the Select Committee on Public Administration stated:

"We were intrigued and concerned to discover how many public appointments were not regulated or even monitored by OCPA [Office of the Commissioner for Public Appointments]. Despite the importance of the Office to integrity and public confidence in public appointments, OCPA's writ does not run everywhere. Nor does there seem to be any convincing rationale to explain why some bodies are free from direct regulation and some are covered."

What can we conclude from this? One conclusion might be that NDPBs are a way of bypassing the ‘neutral’ Civil Service to ensure that Ministers get the answers and policies that they want. In short, NDPBs undermine the democratic process and provide a means for Ministers to reward those who may have done them a service and are “owed one”. A more generous conclusion might be that NDPBs offer a means of spreading workload and employing people with specialist knowledge who can provide deep insight into an issue.

Whichever view one is inclined towards, it does seem that there is an excessively high number of these bodies and a lack of transparency regarding senior appointments. Further, the salaries of some of the senior people appointed to NDPBs are ridiculously high.

...and the answer is?

The answer should be based on outcomes: Do NDPBs offer a better quality of outcome than the civil service? Why do Ministers feel the need to distance themselves from the decision making process? Does this “delegation” simply serve as a “get out of jail free” card for Ministers?

It is very difficult to find specific performance goals for NDPBs that are regularly measured and that clearly relate to their performance as an effective body. In fact, a review in Scotland pointed out that:

“...the Executive could do more to streamline the performance management/monitoring of NDPBs by having focused targets, clearer lines of accountability and better performance management guidance.”

It also appears that internal management of NDPBs often lacks clarity and manifests itself through:

“...a lack of understanding regarding the roles and responsibilities of sponsor teams, especially between the role of Departmental senior officials, Accountable Officers and NDPB boards.”

It doesn't appear that NDPBs offer a significant advantage over the civil service from a taxpayer's perspective: Unless they can demonstrate a better quality of outcome or a lower cost, NDPBs cannot be justified in any large numbers. In fact, Tony Blair may have had the right answer: Consign NDPBs to history's dustbin; only this time, no rebranding, renaming or subterfuge – just get rid of them and use the Civil Service. The outcome is likely to be of the same quality, but at less cost to taxpayers' and it would allow Ministers' views to be challenged – as they should be.

Sources:

BBC: The Politics Show

Cabinet Office report 'Public Bodies 2008'

Economic Research Centre - <http://quangos.ercouncil.org/>

House of Commons parliamentary publications

Defra

Department for Transport (DfT)

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