

# Public Bodies Reform Strategy Document

## Our vision

We see public bodies as partners in the delivery of public services and Government priorities, working with each other and with Government to be world class in all they do. Regular, rigorous and challenging review, alongside high quality sponsorship, ensures they have a clear purpose, are held to account, are lean, efficient and effective, and make a significant contribution to economic growth.

## Our strategy

Our strategy for achieving this has three main elements:

1. A strengthened review programme for public bodies, with explicit focus on securing efficiency savings, including:
  - greater support from the Cabinet Office, to help achieve timely, focused set-up for effective reviews;
  - a stronger focus on proportionality and timeliness in reviews;
  - more opportunity for departments to schedule reviews in line with wider Government policies and priorities, coupled with stronger ministerial ownership and accountability;
  - a clear framework for agreeing baseline expenditure and identifying sources of savings.
2. Unified policy responsibility for the structure and governance of Non Ministerial Departments in the Public Bodies Reform team, part of the Cabinet Office's Efficiency and Reform Group (ERG), along with its current responsibility for Executive Agencies and non-departmental public bodies (NDPBs).<sup>1</sup> This includes ensuring the classification system remains fit for purpose.
3. Stronger, more strategic relationships between public bodies and departments through improved sponsorship capability and capacity. A continued focus on ministerial and permanent secretary accountability, enabling better management of public bodies.

### **1. A strengthened review programme**

Our primary tool for promoting efficiency, effectiveness and growth will be our **programme of triennial reviews**. Regular, rigorous review of the form and function of public bodies is a guarantee to the public that NDPBs exist for a clear purpose, deliver the services their users want, maximise value for money for the taxpayer and do not outlive their useful purpose.

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<sup>1</sup> Responsibility for financial and Accounting Officer policy will continue to reside with HMT, and Machinery of Government changes will remain the preserve of Economic and Domestic Affairs Secretariat.

The second three-year cycle of the triennial review programme will include around 350 bodies. To manage this effectively, we will implement a more systematic, centralised approach to triennial reviews. This will mean **tighter guidance for departments** and a stronger emphasis on using reviews to drive greater efficiencies as well as organisational effectiveness.

**The Cabinet Office Public Bodies Reform team will take a more active role in reviews:** agreeing their scope and terms of reference at the outset, ensuring expertise on Challenge Panels and joining-up input from Cabinet Office efficiency teams. The team will share best practice, support departments and help minimise any delays in approving recommendations.

We will **identify bodies with potential for commercial growth and significant savings** early on in the review, making connections so departments are properly supported. We will **capture the benefits, including cashable efficiency savings, associated with triennial reviews** to demonstrate we are getting value for money from the review programme.

We will seek to secure increased value from triennial reviews through exploring **greater opportunities for departments to align reviews with strategic priorities and policy**, and planned Efficiency Reviews in particular. We will also facilitate clustering of reviews, enabling a strategic approach. Each year's triennial review programme will be agreed with Cabinet Office and published in advance.

Reviews will remain impartial and evidence-driven, but Ministers will have the opportunity to pose key questions or put forward hypotheses at the outset for the review to test.

## **2. Unified policy on structure and governance of Non Ministerial Departments, Executive Agencies and NDPBs in the Public Bodies Reform Team**

We have already committed to **expanding our public bodies reporting, so that *Public Bodies 2013* and onwards includes Executive Agencies and most Non Ministerial Departments as well as NDPBs.**<sup>2</sup> This means any interested stakeholder will be able to access information on a wider range of bodies, and use it to make comparisons. We are also making data on these bodies available on a more regular basis, with the introduction of quarterly reporting in non-financial areas.

We will ensure **the classification process** is fit for purpose and consider **strengthening the Cabinet Office role in approving new public bodies.** There is value in having a **single, central team that has lead policy responsibility for all types of arm's length public bodies.** We will, therefore, unify policy on the structure and governance of Non Ministerial Departments in the Public Bodies Reform team within ERG, along with its current responsibility for Executive Agencies

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<sup>2</sup> Whilst HMRC is a non-ministerial department, in size and profile it more closely resembles a minister-led department than other non-ministerial departments, so it is therefore not included.

and NDPBs. There has been a clear move away from setting up new bodies, with only 11 NDPBs created since 2010.

We will also explore whether some of the principles of triennial reviews could be applied to other types of bodies. In particular, the new clustered approach to triennial reviews means that departments may wish to **undertake strategic reviews that include different types of body, focusing on a particular policy area or function**. We will look at how best to support departments in this.

### 3. Better management of public bodies through strengthened sponsorship and accountability

Effective public bodies require excellent sponsorship. We have already worked with departments, with the input of arm's length bodies, on measures to improve the capability of individual sponsors, including developing a learning pathway now available on the Civil Service Learning website.

We will ensure all existing and new **sponsors follow this learning pathway**. A new senior **champion for sponsorship** – Catherine Lee, a Director General at the Ministry of Justice – is helping to raise the profile and status of the profession and ensure we attract the brightest and best.

In the longer term, we want to enable departments to relate to their individual public bodies in a way that suits the needs of both sides. We want to see **stronger, more strategic relationships between public bodies and departments**. This means more senior sponsors, and stronger and more consistent mechanisms for agreeing budgets, and assessing chairs and board members. It also means sponsors being more focused on effective management of public bodies – agreeing outcomes and making sure public bodies publish performance against these outcomes.

Already, some departments are implementing risk-based models, under which bodies that demonstrate efficient use of taxpayers' money enjoy greater autonomy. One size will not fit all, but there are some common standards that all departments should be aiming for. We will collect and share examples of best practice.

#### Implementation: levers, resources and tracking progress

A number of **levers** - some, but not all, led by the Cabinet Office - will help us deliver this strategy:

- triennial reviews – our main intervention to ensure public bodies are regularly challenged and scrutinised, driving efficiency and growth;
- departmental efficiency reviews – offering the opportunity for a holistic consideration of public bodies within departmental implementation plans;
- effective collaboration with the Association of Chief Executives (ACE) and the Public Chairs' Forum (PCF).

We will be better and smarter in employing the **resources** at our disposal, through:

- much greater involvement in all stages of triennial reviews, and in ensuring better governance of public bodies;
- helping departments and ACE/PCF to share useful expertise;
- sharing best practice and lessons learned, and encouraging ongoing engagement through peer networks.

We will strengthen **governance** by:

- ensuring ministerial and permanent secretary accountability for implementation and using departmental stocktakes to embed reform of public bodies within departments;
- continuing to engage a senior, strategic, cross-departmental group to ensure the programme is owned across government.

We will **implement our detailed business plan and track progress** using a range of indicators, reporting regularly against the programme objectives, including:

- quarterly reporting on progress in delivering the 2010 reforms;
- annual reporting on progress against the £2.6bn administration savings projected to be achieved by the original review and reforms;
- reporting on the wider benefits of the PBR programme, focusing on four indicators: efficiency, transparency, accountability and wider public value;
- collation and separate reporting of efficiency savings and other outcomes achieved from the triennial review programme; and
- developing common standards and benchmarking for public bodies, for example in back-office costs.