

# **PROGRESS ON PUBLIC BODIES REFORM**

## **DECEMBER 2013**

### **Background**

The Public Bodies Reform Programme was one of the Government's priority programmes when it first came to power in 2010. Detailed information about the Reform Programme is set out on the main '[Public Bodies Reform](#)' page on gov.uk and in the Public Bodies 2013 [report](#). The programme reviewed over 900 UK Government-sponsored public bodies, to establish whether the functions a body delivered were still necessary, and, if so, whether the function still needed to be delivered at arm's length from government because it meets one of three key tests:

- It performs a technical function
- Its activities require political impartiality
- It needs to act independently to establish facts

The initial assessment identified:

- over 200 bodies that no longer needed to be an arm's length public body; and
- over 170 bodies that had overlapping or similar functions and so could be reduced through merger down to fewer than 70.

The remaining bodies were all identified as passing at least one of the key tests, and were therefore classified as 'Retain'. However, a number of such bodies were nonetheless earmarked for substantial reform within the 'Retain' category, to improve aspects of their transparency, accountability, efficiency and cost.

### **Programme Implementation**

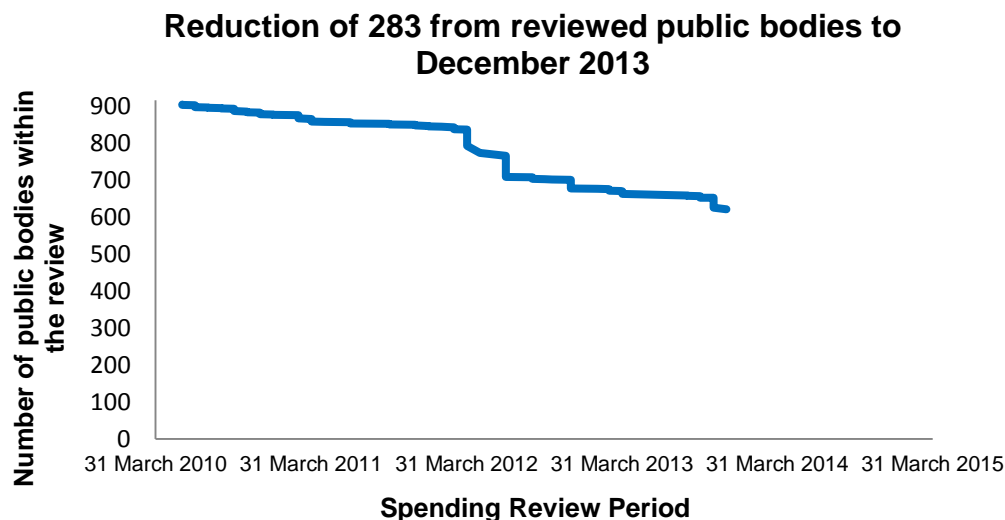
The period since 2010 has seen the Government press ahead with implementation of the planned reforms flowing from the initial review. In December 2011 the [Public Bodies Act](#) was passed to provide a framework for the enactment of reforms to those bodies created in statute. The Act provided powers for Ministers to abolish, merge or reform public bodies through secondary legislation. All bodies that are subject to these powers are listed in schedules to the [Act](#).

#### **Reducing the size of the landscape**

As of December 2013, over 90% of the reforms planned in the October 2010 announcement had been implemented, ahead of the Government's target to achieve 90% by the end of March 2014. By the end of the spending review period in 2015, the Government will have reduced the public bodies' landscape by over 300 bodies. This will be the largest restructuring for a generation, making the landscape smaller, more accountable, more efficient, less costly and offering better value for money to the public.

Since the start of the reform programme:

- more than 180 public bodies have been abolished;
- more than 160 bodies have been merged into fewer than 70; and
- the total number of public bodies has been reduced by more than 280.



However, Public Bodies Reform is about much more than just reducing the number of bodies. The Cabinet Office is continuing to work with departments to assess the impact and effectiveness of the Reform Programme using numerical measures, narrative evidence and case studies to provide evidence of the intended benefits and other forms of value in a consistent way. The four key areas of benefit are:

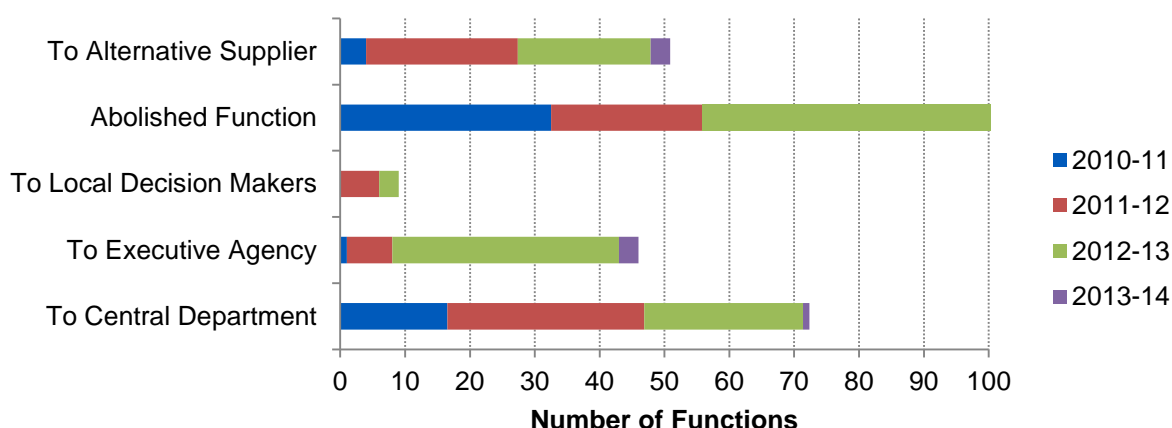
- increased accountability;
- increased transparency;
- increased efficiency; and
- wider public value.

#### Increased Accountability

For public bodies to maintain the trust of citizens, they must be made more accountable to those they serve, and demonstrate continuous improvement in the services they deliver. The public expects the decisions of a public body, which is spending public money, to be overseen by a democratically elected representative whose actions can be debated in a clear and transparent way. Therefore, as noted above, where it has not been possible to demonstrate – through the three tests - a clear and justifiable rationale for a body's existence at arm's length from Ministers, we have brought that body closer to the control of democratically elected representatives. This has included moving functions from Non-Departmental Public Bodies ('NDPBs') to central departments, Executive Agencies or local decision makers.

Where appropriate, the programme is also supporting the shift of power away from Whitehall and placing more control into the hands of people who use them. Reform is helping drive change, in particular where a function could be delivered by an alternative supplier or could be more responsive to public demand through a market mechanism<sup>1</sup>.

### Over 120 functions transferred to democratically elected representatives\* by 31 October 2013



\*This figure is calculated by aggregating together the 'To Local Decision Makers', 'To Executive Agency' and 'To Central Department' figures.

[Accountability Case Study links](#): Child Maintenance and Enforcement Commission; London Legacy Development Corporation

### Increased Transparency

An annual Public Bodies [report](#) has been published since the 1980's, bringing together in one place key information about all UK Government-sponsored NDPBs. Following a temporary suspension of publication in 2010 and 2011 (whilst NDPBs were being reviewed for the Reform Programme), we enhanced the transparency of the public bodies landscape in the [2012 report](#), with an improved format and the data itself being published online in spreadsheet and CSV format for the first time. The transparency of the Public Bodies 2013 [data directory](#) has been further improved, with a significant extension of data reporting beyond the traditional NDPBs, to include Executive Agencies and most Non Ministerial Departments following requests from external stakeholders. Additionally, the 2013 data has enhanced online interactivity, and moving forward we also plan to increase the frequency and timeliness of the production of this data.

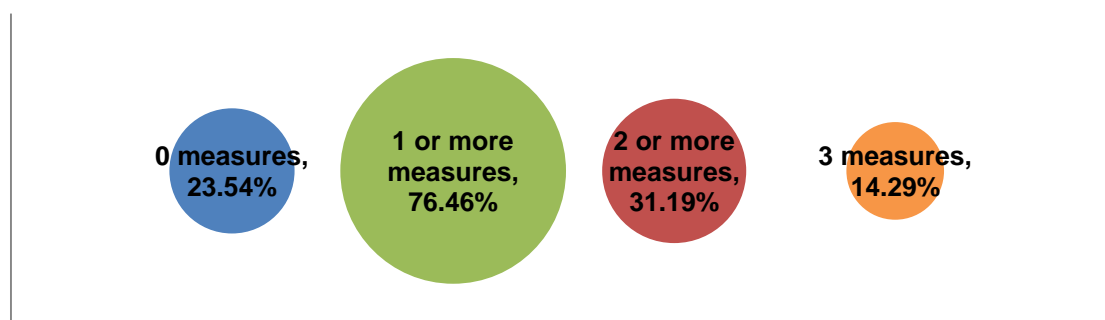
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<sup>1</sup> Alternative suppliers include charities, whose trustees are accountable to donors and recipients, and private companies who are accountable to their shareholders.

Through the Public Bodies reports we have also assessed three key transparency measures of individual public bodies:

- a published Annual report;
- minutes of Board meetings available to the public; and
- meetings open to the public.

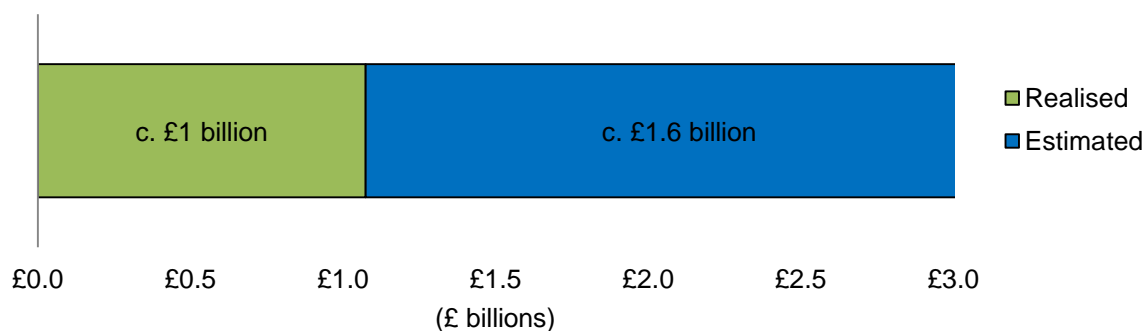
#### Proportion of bodies meeting transparency measures as at 31 March 2013



#### Increased Efficiency

The Government has reduced the administrative cost of running public bodies by over £1bn over the period of the Programme to March 2013, and remains on track to achieve cumulative reductions of at least £2.6bn by 2014/15. By the end of March 2015, it is estimated that the annual cost of running public bodies will have reduced by £900 million per year.

#### Estimated cumulative net administrative reductions over the Spending Review (£ billions)



The green section of the chart is the c. £1 billion reduction which has already been realised and verified in relation to the 2011–13 period. The remaining blue section is the outstanding estimated reduction expected to be realised during the remainder of the Spending Review period.

In 2011, we also introduced a programme of Triennial Reviews for NDPBs, to ensure that, beyond the specific 2010 programme, a formal review process is in place for all NDPBs going forward. This is designed to regularly assess the continuing need for an NDPB, and whether it is following best practice guidance on corporate governance and operational efficiency. More information on the Triennial Review process, including updated information on the first three-year programme, can be viewed [here](#).

[Efficiency Case Study links:](#) Homes & Communities Agency; Regional Development Agencies; National School of Government / Civil Service Learning and Development

### Wider Public Value

As a result of the changes made through the Public Bodies Reform Programme, there have been examples of:

- improved public engagement, including a stronger emphasis on involving customers in strategic decisions – the Cabinet Office are supporting this by refreshing guidance on how public bodies and their sponsoring departments should seek feedback from customers and stakeholders;
- improved public trust, as people can read completed triennial reviews online and be reassured that public bodies are subject to regular review;
- increases in volunteering and funding from alternative sources where organisations have moved outside the public sector, such as at the Canal and River Trust and Nesta (see below);
- decisions taken at the level that makes most sense – such as local enterprise partnerships established by businesses according to economic reality rather than bureaucratic lines drawn on a map.

[Wider Public Value Case Study links:](#) National Endowment for Science, Technology and the Arts; Canal & River Trust

## **Public Bodies Reform Case Studies**

### **Accountability Case Studies**

#### **The Child Maintenance and Enforcement Commission (CMEC)**

*Purpose:* CMEC was responsible for the child maintenance system in Great Britain, administering and enforcing child support payments.

*Action:* CMEC was abolished on 31 July 2012 and replaced with a new statutory *Child Maintenance Service* within the Department for Work and Pensions, making the Secretary of State directly responsible for the delivery of child support.

*Result:* Elected ministers are now directly responsible for the Child Maintenance Services' performance and ongoing reform and, through Parliament, accountable to the wider public. In addition, affected individuals can complain to the Parliamentary and Health Service Ombudsman. Children of separated or divorced parents can also benefit from a more accountable, and streamlined public service.

#### **London Legacy Development Corporation**

*Purpose:* The LLDC is a Mayoral development corporation established under the provisions of the Localism Act 2011. It is responsible for the long-term planning, development, management and maintenance of Queen Elizabeth Olympic Park and its facilities.

*Action:* The LLDC has taken on a number of the functions of the London Thames Gateway Corporation, the Olympic Park Legacy Company and the Olympic Delivery Authority. The Mayor of London is the Chairman of the London Legacy Development Corporation and the Board comprises a team of community leaders and industry experts and leaders with skills ranging from sports, social enterprise and community engagement to business, marketing and finance.

*Result:* As the LLDC is focussed on the regeneration of Queen Elizabeth Olympic Park, it is able to take a long-term view and deliver a strong and sustainable Olympic legacy for the people of East London. As well as delivering thousands of homes and workspaces to support thousands of jobs, improved public services will include 250 acres of parkland for recreation and leisure, five sports venues offering a mix of public community and high-performance sport (the Stadium, Copper Box, Aquatics Centre, Lee Valley VeloPark and Lee Valley Hockey and Tennis Centre), the ArcelorMittal Orbit (the UK's tallest sculpture at 114m with two observation platforms with views across the Park and London skyline), a children's playground in the North Park, as well as new footways and cycle paths to connect communities. Unlike previous regeneration bodies such as the Regional Development Agencies ('RDAs'), the LLDC meets in public, and is accountable to the electorate through the directly elected Mayor of London and the London Assembly. The public are also able to scrutinise the Mayor's decisions through the Mayor's annual 'State of London debate' and 'People's Question Time' which is required in statute to be held twice a year.

## **Efficiency Case Studies**

### Homes and Communities Agency (HCA)

**Purpose:** HCA work with their local partners and provide skills and investment in housing and regeneration to create new affordable homes and meet the needs of local communities. The Tenant Services Authority ('TSA') was the independent regulator for social housing in England which worked with landlords and tenants to improve the standard of service for tenants and residents.

**Action:** Abolition of the TSA and transfer of its functions into the HCA, which has itself been substantially reformed.

**Result:** The previous organisation's expertise has been maintained and enhanced by the HCA at a sustainable lower cost base. Social housing providers can now engage with a single agency on social housing investment and regulation issues. Consumer regulation has been slimmed down, whilst independent economic regulation has been safeguarded, making the HCA an enabling and investment body working for local communities. In addition, the London functions and activities of the HCA which transferred to the Mayor have increased local democratic control over the delivery of housing and regeneration.

### Regional development Agencies (RDAs)

**Purpose:** The RDAs, funded by central government, had five statutory functions around furthering economic development and promoting employment in their particular region of England.

**Action:** The RDAs were abolished on 31 March 2012 under the Public Bodies Act 2011. Recognising that the regions they had covered were not economically coherent, Government sought to establish partnerships between local authorities and businesses: Local Enterprise Partnerships ('LEPs'), which were usually smaller and reflected the local economic geography.

**Result:** By shifting power to a level that represents real economic geographies, LEPs can utilise local knowledge, ensuring public expenditure is responsive to the needs of the local community. In addition, LEPs are led by business with in-depth involvement from local authorities making them directly accountable to local people and businesses. Meanwhile, some of the functions carried out by the RDAs have been picked up by existing public bodies that are able to provide a more specialised service to communities for example, public setting of skills strategy and commissioning of training provision will be routed through the Skills Funding Agency. It is also estimated that the closure of the RDAs will result in a reduction in departmental administrative costs of at least £700 million.

### National School of Government (NSG) and Civil Service Learning (CSL)

Purpose: CSL is a cross-government organisation that manages the design and delivery of courses and learning materials for common skills areas across the civil service.

Action: Learning & Development ('L&D') has historically been managed on a department by department basis, without any overarching strategy or co-ordination. This has meant that quality has been inconsistent and duplication prevalent (prior to reform, there were 250 different leadership courses available across departments, in addition to 26 at the Cabinet Office's National School of Government ('NSG')). An estimated £275 million was spent on L&D in 2009 to 2010, though the total cost of skills development would have been far higher.

The Next Generation HR Review in 2010 led to a whole-scale evaluation and restructuring of the way civil servants' L&D needs are met. The NSG closed on 31 March 2012 and CSL was launched in April 2012. Unlike the NSG, CSL is not a provider but an enabler managing the outsourced model of delivery.

Result: CSL now offers a full range of L&D services, with 335,000 people, more than three quarters of all civil servants, registered. There are significant improvements in value for money: 1,700 L&D roles have been removed and replaced by a central CSL function of 58 people and most face-to-face courses are now delivered at least 70% cheaper than before. This is delivering a savings figure of 74.3% calculated on a standard basket of products. Through making greater use of technology, collaborating across departments and extracting best value from suppliers, CSL will realise annual savings of £90 million (compared to 2009/2010).



## **Wider Public Value Case Studies**

### The National Endowment for Science, Technology and the Arts (Nesta)

**Purpose:** Nesta provides investment and grants, and mobilises research, networks and skills to help people and organisations bring ideas to life. They are also a trustee of the Nesta Trust (a National Lottery endowment).

**Action:** Nesta used to be an Executive NDPB and is now a charity.

**Result:** As an independent charity, Nesta can more easily raise funds for its innovative programmes and research projects from both inside and outside Government and from outside the UK. The cost to the public sector in the UK is therefore substantially reduced. In its first year as a charity, Nesta raised external funding of £17.2 million. Funders in the first year included Omidyar, Rockefeller and the Nominet Trust. Nesta has also secured third party funding for new projects starting in 2013/14 from commercial companies such as Google and the National Grid; foundations such as the Mozilla Foundation; and bodies ranging from the European Union to the United Nations Development Programme and the Malaysian Government. Increasingly, its expertise in innovation for public benefit is recognised and in demand internationally.

### Canal and River Trust (CRT)

**Purpose:** The new Trust, a charitable company limited by guarantee, has since July 2012 been responsible for attracting new investment, securing jobs and volunteers, and giving the public, including waterways users and the communities that live alongside them, a much greater say in how they are managed.

**Action:** The reform of British Waterways saw a transfer of functions, including the care of 2000 miles of waterways in England and Wales, to the newly established charity, the Canal & River Trust. This was the largest ever single transfer from the state to the charity sector.

**Result:** Local people have taken charge of developing local plans and strategies through thirteen new Waterways Partnerships. In addition, since the formation of the Trust almost 450 have joined as Volunteer Lock Keepers, and community canal adoptions are up and running in 17 areas with this figure expected to grow following a national campaign launch in July 2013. Over 29,000 days have been contributed by volunteers between July 2012 and March 2013. 350 waterway societies and community groups are now working with the Trust and 80 specialist education volunteers are helping to teach children about the canals and citizenship.

Charitable status has meant that the Trust can benefit from charitable giving and has greater scope to increase income through its investment portfolio. For example, it has been able to fund 42 out of 50 of its towpath appeal projects – to make physical improvements to the towpaths – entirely from voluntary donations. The reform has reduced the dependence of the waterways on Government and the taxpayer in the longer term and protected our heritage and public access.