

Written Ministerial Statement

CABINET OFFICE

16 March 2011

Minister for the Cabinet Office:

Public Bodies Review Programme – Government Response to Public Administration Select Committee Report

Rt Hon Francis Maude

The Coalition Government is committed to reducing the number and cost of quangos and increasing accountability by transferring the responsibility for key decisions of public policy back to ministers.

On 14 October 2010, I placed in the Libraries of both Houses a list of proposed reforms to take forward this commitment. The Public Bodies Bill has since been introduced to provide the legislative basis for reform. I have also placed in the Libraries an updated list of proposed reforms this morning.

Committees of both Houses have shown significant interest in the Government's review. This statement accompanies our response to a report of the Public Administration Select Committee – "Smaller Government: Shrinking the Quango State".

The Government welcomes this opportunity to restate the aims and intentions of our reform programme for public bodies, and to correct some misunderstandings and inaccuracies apparent in that report.

With these reforms, we will increase accountability by putting into practice our clear presumption that functions carried out by the state should be accountable through democratically elected structures. We will ensure clear chains of democratic accountability through to ministers, by transferring functions into a department, or by creating a new executive agency. We will also increase accountability to local decision makers and will also support our Big Society, transferring functions from public bodies to local government, voluntary or charitable bodies or social enterprises.

A secondary, but important, purpose is to remove duplication and waste, save taxpayers' money and to streamline a chaotic and confusing public bodies landscape.

PASC has criticised the Government for being unable to identify exact cost savings. We were always clear that savings would flow from this programme of rationalisation and reform. I can now announce that we estimate that cumulative administrative savings of £2.6bn will flow from public bodies over the Spending Review period. When reductions in programme and capital spend are taken into account, we estimate that total spending through public bodies will be reduced by at least £11bn

per year by 2014-15, a cumulative amount of £30bn over the Spending Review period. This does not include spending simply transferred elsewhere.

At the time of the October announcement, I indicated a number of reviews were still in progress, with bodies listed as “under consideration”. I publish with this statement, an updated list of reform proposals, giving more certainty to the staff in those public bodies as to how the Government’s review programme will affect them.

Implementation is being taken forward by Departments, with Cabinet Office operating as a source of support and guidance. I publish two key Cabinet Office documents today: a checklist of issues departments need to consider in implementing public bodies reform; and a set of eight key requirements that must be followed in all cases (these requirements are annexed to the Government’s response to PASC).

The Government’s commitment to reform of Public Bodies does not end with the implementation of this first stage of reform proposals. I also publish today a summary of a new robust system of triennial reviews and underline our determination to take decisive action where future reviews highlight inefficiency and waste. The Government intends that the powers in the Public Bodies Bill will provide a proportionate mechanism to implement the conclusions of subsequent reviews.

Reducing the number and cost of public bodies is a Coalition priority. It is important that we make progress and I make no excuse for the speed at which we have sought to realise our commitment. There is momentum and cross-party support for a radical programme of reform. We have already brought forward proposals on an unprecedented scale and with the Public Bodies Bill and our implementation plans we take those proposals to fruition. With our future process of review and reform, we will continue to ensure accountability in public life and identify and drive out inefficiency, duplication and waste.