

## **DID THEY 'READ BEFORE BURNING'? THE COALITION AND QUANGOS**

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*Attitudes to quangos are paradoxical. On the one hand they are perceived to be undemocratic, unaccountable organizations, whilst on the other they are seen to improve effectiveness, limit political interference and increase public confidence in government. This paradox is reflected in the behavior of political parties which generally adopt a harsh line towards quangos in opposition, but come to rely on these bodies in office. Ahead of the 2010 general election it was, however, noticeable that the Conservative Party rejected this dynamic by promising to pursue 'a more sophisticated approach'. This article explores the coalition government's subsequent 'public bodies reform programme', assessing its progress against recommendations contained within the Institute for Government's Read Before Burning report of July 2010. It concludes that whilst the Coalition has addressed long-standing concerns about the day-to-day governance of public bodies it has failed to resolve a set of broader and strategic (meta-governance) issues.*

### **KEYWORDS**

*Quangos, Governance, Democracy, Accountability, Control, Failure*

The 'quango conundrum', as Tom Gash and Jill Rutter noted in *Political Quarterly* in the aftermath of the 2010 General Election, refers to the well-known and oft-observed pattern in which political parties commit themselves to far-reaching abolition and restructuring of 'the quango state' while in opposition but then adopt a far less aggressive approach once in power.<sup>1</sup> This 'rhetoric-reality gap' can be traced back throughout the twentieth century and is by no means an exclusive feature of British politics.<sup>2</sup> Ahead of the 2010 General Election quangos once again rose up the political agenda, but whilst anti-quango rhetoric was evident it appeared that the Conservative Party were adopting a different approach. Indeed, ahead of the 2010 General Election David Cameron contended:

It would be far too simplistic for me to stand here and announce some kind of 'Bonfire of the Quangos'. People have heard that kind of talk many times before, and seen little to show for it. We need a more sophisticated approach. Yes we need to reduce the number, size, scope and influence of quangos. But we also need to recognize that there are circumstances where functions of the state do need to be carried out independently of elected politicians.<sup>3</sup>

To what degree has the coalition government solved the 'quango conundrum' through the introduction of a 'more sophisticated approach'? This question provides the core focus of this article. It concludes that although the coalition's 'public bodies reform agenda' cannot be dismissed as cosmetic or insignificant the government's failure to adopt *a strategic approach* to the governance of public bodies *in toto* means that the 'quango conundrum' remains unresolved. This conclusion is based on a three-year research project that has examined governmental and parliamentary reports, has undertaken over 150 interviews with ministers, officials and those holding senior positions within ALBs and has then tested its core conclusions within a number of practitioner workshops before further stress-testing its findings through participation in a number of select committee inquiries in both the House of

Commons and the House of Lords. In order to present the findings of this research this article is divided into three sections. The first section explores the context of quango reform and specifically examines the Institute for Government (IfG)'s *Read Before Burning* report of July 2010 which presented a blue print for public body reform capable of avoiding the quango-conundrum. Against this marker the second section examines the coalition government's public bodies reform agenda, specifically considering their actions in light of nine recommendations made in the *Read Before Burning* report. The final section then reflects upon the outcomes and future of quango reform.

## I. READ BEFORE BURNING

The position of quangos – or what are termed here arm's-length bodies (ALBs) or public bodies – is much maligned within British politics. Whilst relying on this form of governance politicians (and political commentators) attack quangos as unaccountable, profligate and bureaucratic and pledge to remove them from the political system. This paradox has produced a recurring rhetoric-reality gap around quangos evident during Mrs Thatcher's years in power when a reduction in the number of non-departmental public bodies (NDPBs - one specific organizational form of 'quango') was accompanied by the creation of new local public spending bodies that were not recognized in the formal 'quango count'.<sup>4</sup> Similarly under Tony Blair's leadership an attempt to place 'the quango state in history's dustbin where it belongs' was accompanied by the creation of new bodies including Regional Development Agencies and the Equality and Human Rights Commission. Such outcomes reflect a form of ad hoc empiricism where new bodies are created to solve specific problems with little consistency of approach, a method which has resulted in a complex ALB landscape. Not even ministers or officials, let alone parliamentarians or academics, know exactly how many ALBs exist or exactly what they do. The animals in the British 'administrative zoo' – to adopt Tobias Bach's phrase – are therefore diverse with some hived-in, some hived-out, some non-statutory, some statutory, some government-wide, some departmentally-specific, and many that simply defy definition and had been created by executive fiat.<sup>5</sup> This is problematic because it curtails department's ability to understand and manage ALBs, leading to the continued existence of organizations which are no longer required, the possibility of poor management or efficiency, or limited accountability. These deficiencies have been recognized in the findings of a vast number of parliamentary inquiries, government committees, academic studies and think tank reports which pinpoint a serious breakdown in public body governance.<sup>6</sup>

It is in this context that the IfG sought to provide a road map for quango reform which argued for a more mature, thoughtful and principled – some might say very un-British – approach to the management of ALBs. Their report argued for a move away from the knee-jerk 'quango culls' or 'numbers games' pursued by previous governments in favor of a more consistent and transparent treatment of ALBs. This led to the formation of nine recommendations listed in Table 1.

**Table 1. The Institute for Government's *Read Before Burning*: Main Recommendations**

THEME	RECOMMENDATION	RATIONALE
<i>Micro-Political</i>		
<b>Capacity</b>	Bolster the capacity of the Cabinet Office to oversee and support department's <i>vis-à-vis</i> ALBs.	The capacity of the Cabinet Office had been gradually reduced throughout the preceding two decades.
<b>Review</b>	Introduce regular Governance and Performance (GAP) reviews to ensure that all departments and ALBs are delivering against their responsibilities.	Quinquennial reviews had been abolished since 2005 and Landscape Reviews and End-to-End reviews had been conducted on an <i>ad hoc</i> basis.
<b>Sponsorship</b>	Managing the departmental-ALB interface should be recognised as a key skill within Whitehall through support, training and mentoring.	Sponsorship had never been recognised as a professional or valued skill despite its role in arm's-length management.
<i>Meso-Political</i>		
<b>Transparency</b>	Provide a complete list of all NDPBs alongside broader administrative transparency requirements.	The <i>Public Bodies</i> yearbook had been discontinued and information and data remained partial and dispersed.
<b>Approval</b>	Establish a more robust process of parliamentary scrutiny for the creation of new ALBs.	Greater legislative oversight would act as a check on the creation of new bodies.
<b>Control</b>	Focus on control frameworks in order to achieve an appropriate balance between independence and autonomy.	Poor balance between autonomy and control with ALBs enduring either micro-management or (more commonly) 'poor parenting'.
<i>Macro-Political</i>		
<b>Acceptance</b>	Acknowledge that some public functions are best placed at arm's-length from elected ministers.	Previous negative depiction of quangos by politicians, despite reliance on ALBs.
<b>Culling</b>	Avoid the traditional post-election 'quango cull' in favour of a more strategic approach.	Previous governments had played the 'quango numbers game' in a socio-political 'issue-attention cycle'.
<b>Governance</b>	Introduce a new and simpler taxonomy of governance based around five main organisational forms.	The existing structure had evolved in a dysfunctional manner and was no longer 'fit for purpose'.

Note. The Institute for Government's *Read Before Burning* report of July 2010 also made recommendations in relation to the National Audit Office and Office of the Commissioner for Public Appointments that are beyond the scope of this article. On the latter theme see, Flinders, M and Geddes, M. 2014. 'Outlawing the Spoils: Ministerial Patronage and Parliamentary Power', *Contemporary British History*, forthcoming.

As Table 1 illustrates, the recommendations contained in the *Read Before Burning* report can be divided across three levels. At the micro-specific level recommendations reflected the need for a more detailed understanding and management of ALBs. The limited capacity of the Cabinet Office and the abolition of quinquennial reviews (the mechanisms for periodically reviewing ALBs) in 2003 was seen to have created a governance vacuum in which neither departments or central government were consistently regulating public bodies. As such recommendations emphasized the need for more capacity to monitor and manage ALBs, for stronger review processes and better sponsorship arrangements.

Beyond these specific recommendations *Read Before Burning* tackled meso-political issues and challenges pertaining to transparency, approval and control. The IfG engaged with an ongoing debate around the uncertainty of the quango landscape and the need for greater transparency. Their report echoed calls made by the Public Administration Select Committee (PASC)'s report *Mapping the Quango State* of 2001 and its *Smaller Government: Shrinking the Quango State* for greater clarity in the sphere of quasi-government, asserting the importance of clear and readily available information if trust in quangos is to improve. The IfG also directed attention to the issue of approval for the creation of new bodies and the

limitations of unfettered ministerial power. Recognizing the challenges posed by 'institutionalitis' (i.e. the propensity to respond to every new challenge or problem with the creation of a new quango) the report returned to the possible solution offered by a commitment made by the Labour Government in 1997 to give select committees certain ratification and oversight powers over the creation of new bodies. As such it recognized repeated calls for greater transparency and accountability as a means of ensuring that new bodies were created on a more stable and sustainable footing. These report's meso-recommendations also raised the issue of control, echoing a raft of reports which had highlighted the existence of generally weak control relationships between departments and quangos. In spite of the need for autonomy the Alexander Report of 2002, found that many public bodies were so weakly controlled that they had effectively assumed 'orphan status', indicating the need for greater oversight and control. Parliamentary and National Audit Office reports into specific bodies repeatedly came to similar conclusions and a narrative of 'poor parenting' was dominant across Whitehall in the run up to the 2010 General Election. In this context the IfG called for a more determined focus of ALB control specifically through improvements in the sponsorship of public bodies.

The final three recommendations provided a more macro-political focus on *the politics* of public bodies reform by focusing on culling, acceptance and governance. These recommendations reacted against the prevailing culture of quango governance, calling for a move away from ad hoc management and reform and the negative depiction of quangos towards a more positive, uniform and strategic system of ALB governance. Taken together these nine recommendations represented an evidence-based recipe for the 'more sophisticated approach' that David Cameron had promised if he became Prime Minister. Moreover, the report was non-partisan in outlook and appeared to chime with the desire for quango reform voiced by all three of the main political parties. This was reflected in the report's forward where Lord Bichard (himself a former quango chairman and former departmental permanent secretary) noted, 'In the past, public discourse on ALBs has been characterized by more heat than light. We want to change that – which is why we ask government and people interested in the future of arm's-length government to *Read before Burning*'.<sup>7</sup> Whether the coalition government read the report is unknown, but the degree to which their reforms responded to the diagnosed problems and mirrored its recommendations forms the focus of the next section.

## II. THE COALITION AND QUANGOS

The central argument of this article is that although the Coalition Government has overseen the introduction of a far-reaching quango reform agenda it has not solved the basic and fundamental 'quango conundrum' from which a broad range of secondary challenges (accountability, transparency, control, etc.) flow. The government focused their reform programme on just one organizational form of arm's-length body - NDPBs – a narrow approach which neglected the opportunity to substantially reform and re-envisage the public bodies landscape. In order to explain the empirical basis of this argument this section examines each of the nine themes, and subsequent recommendations, that were included in the IfG's *Read Before Burning* report (Table 1, above). The main arguments of this section are set out in Table 2 (below) and are explored in detail below.

**Table 2. Assessment of Public Bodies Reform 2010-2014**

THEME	REFORM	ASSESSMENT
<i>Micro-Political</i>		
<b>Capacity</b>	The capacity of the Cabinet Office has been bolstered through additional staffing and strong and stable ministerial leadership.	√√
<b>Review</b>	Triennial reviews have been created to periodically review all NDPBs but questions remain about their scope and form.	√√
<b>Sponsorship</b>	Training and support for those managing the department-NDPB interface has been created, but embedded cultural norms may take longer to adjust.	√√
<i>Meso-Political</i>		
<b>Transparency</b>	Transparency is a key Coalition objective as evident in new date requirements around staffing, contracts, etc. for NDPBs but the situation for other ALBs is opaque	√√
<b>Approval</b>	Although Cabinet Office ministers have agreed in principle to a role for select committees in ratifying decisions to create new bodies this has not been translated into practice.	√
<b>Control</b>	A new controls framework has been implemented that has significantly reduced the autonomy and discretion of public bodies.	√√√
<i>Macro-Political</i>		
<b>Acceptance</b>	The 'Maude Review' was based on an explicit acceptance that ALBs were legitimate in some cases depending on their role. However, not all forms of ALB such as special health authorities were examined.	√√
<b>Culling</b>	The three-tests framework ensured a more strategic approach but a 'quangos numbers game' did come into play as ministers announced the abolition of large numbers of usually very small advisory NDPBs.	√√
<b>Governance</b>	Despite recognising the need to overhaul and tidy-up the institutional landscape beyond departments the coalition rejected moving to a new and simpler taxonomy. The result has been a failure of meta-governance and questions about 'Phase 2' reform.	X

### *Micro-Political: Capacity, Review, Sponsorship*

In terms of bolstering the capacity of the Cabinet Office, in general, and the Public Bodies Team, in particular, it is difficult to avoid the conclusion that a significant 'filling-in' of the 'hollowing-out' has taken place since May 2010. From the 1.5 (full-time equivalent) staff it had enjoyed during 2006-2010 the Public Bodies Team was expanded to 17 staff. Furthermore the Public Bodies Team was bolstered by the creation of associated units such as the Commercial Models Team and the Shared Services Team that sit within the Transformation Cluster in the Cabinet Office.<sup>8</sup> A second less tangible change came in the form of a Minister of State who sat in the Cabinet and was personally committed to the public bodies reform agenda. The post of Minister for the Cabinet Office is generally not viewed as a senior Government position (indeed, it is often associated with polite demotion) and ministerial tenure is generally brief (from May 1997 to May 2010, for example, 12 individuals held this position with an average tenure of 11 months). Having a stable Minister of State, in the form of Francis Maude, who had held that post since 2 July 2007, and a well resourced public bodies team was critical for maintaining the profile and momentum of reform, resulting in significant advances in departmental sponsorship and control.

In terms of review, the IfG made recommendations for 'Governance and Performance' or 'GAP' reviews to occur every three to five years for ALBs spending over £50 million, with smaller scale exercises for bodies with less budget. These would examine bodies' governance, financial and resource management, delivery and capability performance, and the roles and

responsibilities of bodies *and* departments. In 2011 the coalition introduced a system of triennial reviews which examined the function and form of NDPBs as a means of advancing ongoing reform. Since their inception these reviews have secured some change with recommendations to, for example, abolish Equality 2025 and reclassify the Criminal Injuries Compensation Authority as an Executive Agency, but the majority of ALBs have remained and been subject to only minor recommendations for improvements in governance (a perhaps unsurprising outcome given the recent advent of the 2010 reform programme). Whilst providing a means of review triennials are, however, seen to replicate many of the problems encountered with previous quinquennial reviews and do not specifically address the need cited by the IfG to focus on both the ALB *and* its interface with its sponsoring department.<sup>9</sup> As such there are indicators that triennials require further development – a point recognised by the Cabinet Office who are taking steps to revise the 2011 guidance.

Although not connected to the triennial review process the Coalition Government has pushed forward reforms on sponsorship. Until the summer of 2010 a focus on how public bodies *were* - let alone how they *should* be - sponsored had effectively formed a governance vacuum at the heart of British government. This was an issue that had been raised several times by the PASC during 1997-2010 but was only tackled head-on by the Conservative-Liberal Democrat coalition. As such one of the most innovative features of the public bodies reform agenda was its focus on sponsorship which inspired the creation of a new cross-Whitehall sponsorship network and sponsorship champion, a new sponsorship competency framework, sponsorship training opportunities and sponsor induction pack. And yet, despite these improvements questions remain about the degree to which the culture of the civil service - particularly the senior civil service - has adapted to view these management and administrative skills as of equal value to 'traditional' policy-making skills, suggesting that further time is needed to judge the success of these changes.

### ***Meso-Political: Transparency, Approval, Control***

As Table 2 (above) suggests, the Coalition Government have implemented many of the micro-political elements of *Read Before Burning* but progress became more difficult as the scale of the issues concerned became larger and more political. In relation to transparency, however, the coalition has implemented a raft of reforms as part of an attempt to increase transparency across the public sector. Such reforms are significant as they allow scrutiny of the quango landscape enabling observers to gauge the extent and value of ALBs. The Government have taken steps on transparency by publishing details on the number and size of NDPBs through *Public Bodies*, an annual report that was recommenced in 2012 after a three year hiatus (prompted by the upheaval around the 2010 review). In addition they implemented a range of administrative controls from 2010 designed to monitor and control public spending. Accordingly ALBs were required to publish details of how much senior officials are paid, every line of government spending above £25k, every contract worth over £10k (plus the actual contract in full) plus other measures, all of which are monitored by a new Public Sector Transparency Board. At a broader level the introduction of 'Whole of Government Accounts', a consolidated set of financial statements for around 1,500 organizations across the public sector provide new levels of transparency, delivering comparable accounts by which to assess government organizations. Additionally, as part of the 'Clear Line of Sight (Alignment)' project the expenditure of NDPBs is now incorporated into the *Estimates and Resource Accounts* of sponsoring departments which, in turn, ensures that Permanent Secretaries (as Accounting Officers) pay far more attention to the governance of public bodies. The coalition has not, however, provided a complete list of *all* ALBs (i.e. the wider institutional landscape beyond NDPBs) and the specific transparency arrangements surrounding the new raft of mutualisations and joint-ventures (around 70 have been established since 2010 controlling over one billion pounds of public expenditure), nor do they provide data on the increasingly complex 'alternative models of service delivery' that the coalition is promoting. As such the transparency agenda is somewhat curtailed.

The idea that the House of Commons should have some formal role in relation to the creation of new bodies – especially those not based in statute – has a long historical pedigree within British politics, but only as *an idea*. In May 1996, for example, the then Shadow Leader of the House, Ann Taylor, used her 'New Politics, New Parliament' speech to Charter 88 to suggest that the House of Commons should have a bigger role in approving the creation of new quangos but the appetite for such measures dissipated once New Labour won office. Although the coalition's *Programme for Government* did not include any commitments in relation to strengthening the legislative controls over the creation of new ALBs it did include a commitment to empower select committees with the capacity to hold confirmation hearings for some senior public appointments and to 'examine the case' for giving select committees the power to block increases in quango-budgets. In office, however, the coalition's position has been slightly more complex. In terms of *internal* governance and control the Cabinet Office has undoubtedly increased its cross-government capacity to regulate and monitor the creation of new bodies.<sup>10</sup> 'New NDPBs will only be set up' the new Cabinet Office guidance states 'as a last resort, when consideration of all other delivery mechanisms have been exhausted' and a 'proportionate, well structured, and costed business case' must be approved by Cabinet Office Ministers and, where appropriate, the Treasury.<sup>11</sup> In terms of *external controls* over the birth of new NDPBs neither the Conservative Party nor the Liberal Democrats had ever pledged to increase the powers of Parliament in the way suggested by the IfG in the *Read Before Burning* report. It therefore took both officials and observers by surprise when Francis Maude and Oliver Letwin (Paymaster General in the Cabinet Office) responded to a question on the topic during their appearance in front of the PASC in July 2010 in the following manner.

**Q69 Nick de Bois:** Would you give PASC a role in approving new or re-organized arm's-length bodies as, I think it was, the Institute for Government recommended?

**Mr Maude:** It is not a bad idea actually.

**Mr Letwin:** That is a rather attractive idea.

**Mr Maude:** So you can take that as a yes.

Four months later Francis Maude repeated his position in front of the committee by arguing 'I think it is useful for there to be a role [for select committees] in scrutinising and advising on the creation of new bodies...Our view is that there have been too few tripwires along the way – too few hurdles in the way of public bodies being set up'.<sup>12</sup> However, no formal role for select committees in ratifying the creation of new bodies has been agreed, nor has action been taken to implement sunset clauses which define when a body is to be subject to review or is expected to close. As such the Government remains unfettered by external forces, meaning their capacity to create new bodies is not subject to the kind of democratic check likely to counter the quango-conundrum.

If the capacity of Parliament to exert some form of control over the creation of new quangos has not been increased then the capacity of the Cabinet Office to control both NDPBs and their sponsoring departments has certainly improved. This is significant as whilst political independence is a key virtue of delegated governance it is necessary for departments to exert control over the administrative effectiveness and political direction of ALBs to ensure that they are fit for purpose, accountable and remain necessary. Under the coalition significant emphasis has been placed on tightening control in order to provide departments with greater understanding of the role and behaviour of ALBs. These interventions were strengthened from September 2010 (without any prior consultation) in the form of the aforementioned new expenditure controls framework designed to introduce what ministers defined as 'tough spending controls to tackle unnecessary and poorly coordinated public spending'.<sup>13</sup> This new controls framework is important for a number of reasons. First and foremost, it reflected the increased basic capacity of the Cabinet Office to administer and oversee a multi-dimensional cross-governmental controls system when prior to the 2010 General Election it could not even maintain a basic list of what ALBs even existed. Secondly, it marked a sudden and dramatic limit on the autonomy and discretion that had until that point been enjoyed by public bodies.

As one NDPB chairman put it, 'we went from an arm's-length relationship with our department to a head-lock!' This shift in the governance of NDPBs was designed to respond to concerns about the existence of a 'poor parenting' culture of departmental control. Within Whitehall the imposition of the new controls framework and the need for departmental and/or core executive approval across a broad range of dimensions is commonly captured in the language of a shift from 'loose-loose' to 'tight-tight' management. Although initially introduced as a temporary measure around the time of the Maude Review (discussed below) the controls framework has now lost its transitory status and, as one Cabinet Office official noted, 'Tight-Tight is the new permanent!'. And yet the Cabinet Office are pursuing a tight-loose system in which central control is matched by ALB autonomy, signalling that the balance between these two variables has not yet been optimised. This leads us to step-back once more and consider the degree to which these important mid-range or meso-level reforms sit within a broader set of more fundamental macro-political modifications.

### ***Macro-Political: Acceptance, Culling, Governance***

The themes of 'acceptance' and 'culling' can be examined together as they both serve to focus attention on what might be termed the 'Maude Review' and subsequent reforms. In this regard one of the most significant and distinctive elements of the coalition's initial approach to 'the quango conundrum' was that it adopted an explicit and principled approach based around first, an 'existential test': does the body actually need to exist or is its role/function now superfluous? If the answer was 'no' then the body could be abolished but if the answer was 'yes' its arm's-length status would only be preserved if it could pass one of the following three questions,

- Does it perform a technical function?
- Does it need to be politically impartial?
- Does it act independently to establish facts?

The Maude Review was launched within days of the coalition taking office and involved the assessment of all ALBs (but not executive agencies) against these tests. The review was not perfect. As the January 2011 report by the PASC – *Smaller Government: Shrinking the Quango State* – noted there were clearly anomalies in how the tests had been applied by departments, and some ALBs seemed to have been overlooked, but the significance of this review process should not be ignored. No previous government had adopted such an explicit framework of assessment, the logic that 'quangos are bad' had clearly been rejected in favor of what can only be described as 'a more sophisticated approach' and this led to a reform agenda that was arguably more focused on reform than on abolition. The Maude Review involved the assessment of over 900 ALBs and the results were announced in the House of Commons on 14 November 2010. Nearly 200 bodies would be abolished, 118 merged and 171 substantially reformed. The Public Bodies Act 2011 was passed to give the reform programme a statutory basis and by the end of 2013 Cabinet Office statistics suggest that the 'quango head count' has been reduced by 245 bodies. Whether this amounts to a 'bonfire of the quangos' or, as one Labour MP put it, 'more of a damp Sunday afternoon barbeque' is a contested point. The basic facts of the reform agenda are:

1. The reform process has focused on just one form of arm's-length body (i.e. Non-Departmental Public Bodies).
2. The vast majority of abolished bodies were very small advisory NDPBs.
3. In many cases 'abolition' has actually veiled the immediate reincarnation of the body in the form of a new executive agency (i.e. hived-in arm's-length body) or a committee of experts.
4. Very few of the large executive NDPBs were affected by the coalition's reform agenda in terms of abolition or reform.



5. The reform emphasis has been on tightening internal control rather than large-scale abolition.
6. Nearly 45 billion pounds of public expenditure is channeled through NDPBs and this figure will increase to nearly 150 billion when the budget of the newly created NHS England is added to the official statistics.

As Table 2 (above) suggests the Maude Review and the subsequent reform agenda have to a large extent mirrored the IfG's recommendations in relation to both accepting a role for delegated governance within public governance and also to avoiding any knee-jerk and unprincipled cull process. The designation of only 'two ticks', however, for each of these themes in Table 2 reflects the coalition's decision to avoid what the IfG referred to as 'radical change' by taking a 'fundamental look at the classification of bodies' in order to inject some form of coherence and clarity across what was an incredibly complex and untidy administrative landscape. In terms of the 'bigger picture' it was this macro-political focus on the *meta-governance* (i.e. the government of governance) that arguably offered the big opportunity for the coalition to institute far-reaching and long-lasting change by clarifying the landscape. It was also a measure that enjoyed a broad cross-section of support – the PASC used its December 2010 report to urge the coalition to 'use its triennial review process to re-examine the proper governance arrangements for each public body and place them in a new simplified taxonomy'. The government, however, was not persuaded. While accepting that the labyrinthine structure of ALBs was 'very untidy' Maude proceeded to provide a remarkable glimpse of the executive mentality when he explained that he was 'temperamentally slightly allergic to trying to create a top-down overall scheme of arrangement for all of this, but it is very complex and confusing, and simplification is desirable, but I think not in order to meet the demands of administrative tidiness'.<sup>14</sup> The paradox of the coalition government's approach to 'the quango problem' is therefore that they have injected greater transparency and control over just one layer of ALBs (i.e. NDPBs) while at the same time increasing delegation, fragmentation and complexity elsewhere. Therefore as the 2015 General Election looms on the political horizon, and the unintended consequences of this rather myopic approach to reform becomes more obvious, the big question for all the major parties is - *Where next for quango reform?*

### III. QUANGO REFORM – WHERE NEXT?

This article has presented the results of the first major research project to track and assess the Coalition Government's 'public bodies reform programme'. The recommendations contained in the IfG's *Read Before Burning* report of 2010 were used a useful heuristic through which to assess the pace and significance of the coalition government's reforms. It might be concluded from the findings summarized in Table 2 (above) that the coalition *did* 'read before burning' in the sense that a clear synergy exists between the IfG's recommendations and the government's subsequent reforms. However, the hook, twist or barb in the findings of this research suggest that the coalition has not solved the 'quango conundrum' because at the level of meta-governance it refused to adopt 'a more strategic approach', to paraphrase Gash and Rutter. Significant reforms to impose control and inject order into the design of the state have been narrowly focused on just one layer (or species) of arm's-length body without any clear rationale for (1) why similar measures weren't similarly appropriate for other layers, or (2) how the centripetal logic of the 'public bodies reform programme' can be reconciled with the centrifugal logic of reforms in other sectors (most notably, but not exclusively, in the health sector). Located within the contours of Flinders' 2009 thesis, the British state would appear still to be 'walking without order'.<sup>15</sup>

What quango choices might face the incoming May 2015 government? First, there will be limited room to further reform NDPBs, given they will have all been through the Maude review and in many cases a triennial. The functions they perform and the need for their arm's-

length status will have been tested. However a bold government could address the need for greater clarity in the distinctions between ALBs, as *Read Before Burning* and other have suggested. One way would be to dissolve the indistinct boundary between executive NDPBs and executive agencies. As the 2002 Alexander Report noted, and Thomas Elston's recent research confirms,<sup>16</sup> the rationale for delegating functions to one or the other is by no means clear. Indeed, a number of NDPBs were simply turned into executive agencies as a result of the Maude review. Secondly, the transparency gap between NDPBs and outsourced public services will become more obvious. Government transparency has entered the digital age with the commitment to publish details of expenditure. But this does not apply to the way in which Capita, G4S and other outsourcing companies spend the public money they receive, since this is regarded as commercially sensitive. Similarly, NDPBs' framework agreements and business plans are public, setting out what the government wants them to achieve, their performance targets and budgets. But the contracts government has with private companies are private, although some local authorities are now starting to publish redacted versions. It is unlikely the incoming 2015 government will try to turn the clock back on contracting out, and so it will need to address the growing discrepancy in transparency of public service performance and delivery. Third, the new government will need to look at the composition of NDPB boards, especially for executive NDPBs. Recruitment to these bodies has often focused on business skills, but these organizations provide public services. The consumer voice is seldom heard in board meetings, and without significant changes to board culture and structure token representation will have little effect. The consumer movement has considerable experience in effective representation, and the incoming government should turn here for advice.

<sup>1</sup> Tom Gash and Jill Rutter 'The Quango Conundrum', *Political Quarterly*, 82(1), 95-101.

<sup>2</sup> See, for example, Carsten Greve and Sandra Van Thiel. 1999. 'Quangos - What's in a Name?', *Governance*, 12 (2), 129-147.

<sup>3</sup> David Cameron, 'People Power – Reforming Quangos', July 2009.

<sup>4</sup> Chris Skelcher 1998. *The Appointed State*. Open University Press

<sup>5</sup> Tobias Bach and Werner Jann 2010. 'Animals in the Administrative Zoo', *International Review of Administrative Sciences*, 76 (3), 443-68.

<sup>6</sup> For a review see Matthew Flinders. 2009. *Walking Without Order: Delegated Governance and the British State*. Oxford University Press. The devolved administrations in Scotland, Wales and Northern Ireland conducted their own reviews and reforms some time before the UK government.

<sup>7</sup> Institute for Government (2010), p.5.

<sup>8</sup> See NAO, 2013

<sup>9</sup> See Katharine Dommett (2014) *Triennial Reviews and Public Bodies Reform*. University of Sheffield [available at <http://www.shrinkingthestate.org.uk/>]

<sup>10</sup> See Matthew Flinders and Katharine Dommett (2014) 'The Centre Strikes Back', Mimeo, University of Sheffield.

<sup>11</sup> Cabinet Office (2012) *The Approval Process for the Creation of Non Departmental Public Bodies*, London: Cabinet Office, p.1.

<sup>12</sup> Francis Maude (2011) *Smaller Government: Shrinking the Quango State*, London: Stationary Office, p.Ev13.

<sup>13</sup> Cabinet Office (2012) *Public Bodies 2012*, London: Cabinet Office.

<sup>14</sup> Francis Maude (2011) p.Ev17.

<sup>15</sup> Flinders *op cit*. 2009

<sup>16</sup> Thomas Elston (2013) 'Not so 'arm's length': reinterpreting agencies in UK central government'. Paper presented at the 63rd annual conference of the Political Studies Association (PSA), Cardiff, UK.