

Managing departmental resources: arm's-length bodies

A large amount of departmental money (and power) flows to and through arm's-length bodies (ALBs). The main subset of these is non-departmental public bodies (NDPBs), which have a role in government but are not directly part of a government department. These include:

- executive NDPBs, which perform executive, administrative or regulatory functions and account for most staff and spending, such as museums and galleries (DCMS), NHS England (DH), the Environment Agency (Defra) or Health and Safety Executive (DWP)
- advisory NDPBs, which provide 'independent, expert advice' to ministers, such as the Boundary Commission (CO) or Low Pay Commission (BIS)
- tribunal NDPBs, which have jurisdiction in specific fields of law, such as the Investigatory Powers Tribunal (HO)
- other NDPBs, including independent monitoring boards of prisons, immigration removal centres and short-term holding rooms (MoJ).

Changes to the ALB landscape must be seen as more than a straightforward numbers game: simply counting the number of bodies (or spend through them) cannot capture the full complexity of the landscape, as bodies are merged, new executive agencies established, and functions brought within departments or moved between bodies. But we can use government data to build up a picture of how departments relate to ALBs and how things have changed under successive governments.

Cabinet Office summary data suggests the number of NDPBs has fallen considerably in the past 35 years – from more than 2,000 in 1979 to under 450 in 2014. Some departments have considerably more NDPBs than others, ranging from well over 200 (MoJ) to just two (DfID and HMT). The amount of government funding for and expenditure of executive NDPBs has fallen sharply since 2009 and is now back to the same level as the early 2000s, while staff numbers have also fallen.

The diversity of those sitting on the boards and chairing NDPBs has not changed significantly over the past decade, although the percentage of those appointed who declare political activity has fallen. Most people declaring political activity have done so for Labour in every year from 2000-01 to 2013-14, with the exception of 2012-13. The level of transparency and accountability also varies between NDPBs, with some never having undergone a review.

About the data

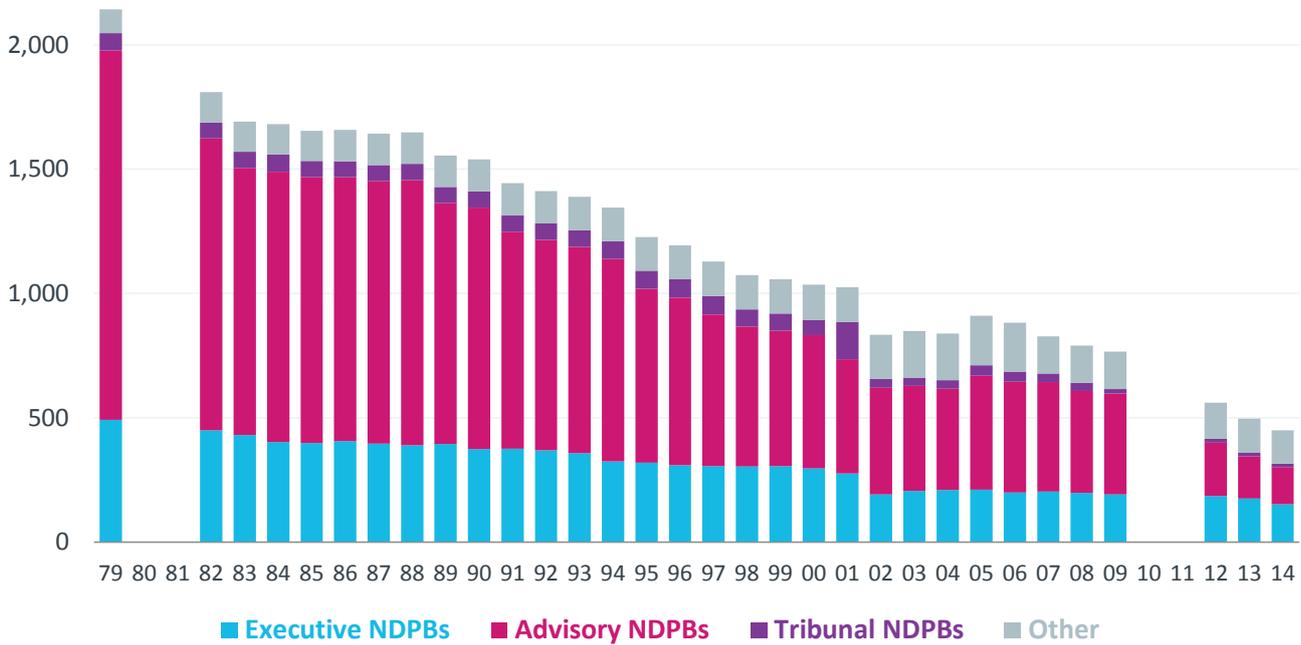
Data on the **number, finances, staff numbers, diversity of boards, and accountability and transparency of ALBs** can be found in the Cabinet Office's public bodies reports. These provide summary tables of the number of NDPBs and their type since 1979; further information for executive NDPBs (staffing and finance); and data on the gender, ethnicity and disability status of chairs and board members from 1997. There is even more detailed data for 2012 and 2013, and some (numbers by department, accountability) for 2014. We do not include executive agencies and non-ministerial departments in our analysis as historical data is not readily available. The 'Other' category in our analysis from 1979 includes boards of visitor NDPBs, public corporations, nationalised industries, NHS bodies, central bank, independent monitoring board NDPBs and the Public Broadcasting Authority category. 'Other NDPBs' from 2007 includes those that are not executive, advisory or tribunal NDPBs. Reports were not published in 2010 or 2011 owing to reforms being conducted. All data is as of March for each year.¹

Data on **declared political activity of ALB board members** is from the Commissioner for Public Appointments. The commissioner publishes annual statistics on appointments made by ministers to those bodies whose appointment processes it oversees. (It oversees the vast majority but not all of the ALBs featured in the public bodies reports.) This data refers to appointments made in a reporting year (the flow), as opposed to the public bodies reports, whose diversity figures are for composition at a given moment (the stock).²

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Arm's-length bodies: number has fallen since 1979; budgets and staffing down since 2009

Figure 8.1: Total number of non-departmental public bodies, 1979-2014



Source: Institute for Government analysis of public bodies reports, summary tables, 1997-2014.

The number of NDPBs has fallen considerably, from a high of 2,167 in 1979 to a low of 449 in 2014. A noticeable drop in numbers in 2002 was followed by an increase of 71 bodies between 2004 and 2005, followed by a further decline.

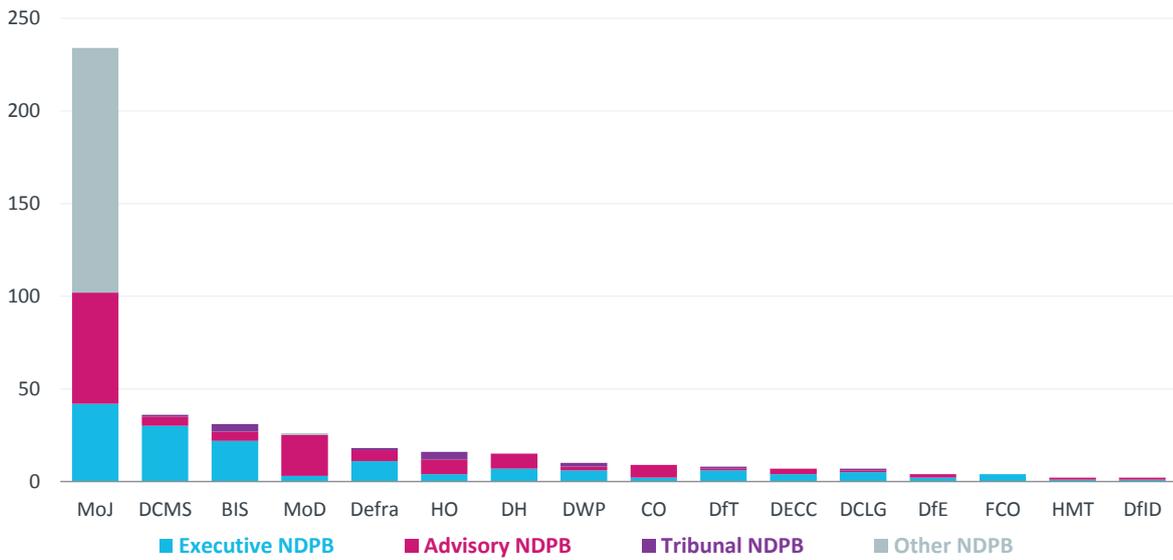
As well as the reduction in numbers overall, the decline of advisory NDPBs is striking: in 1979, there were three of them for every executive NDPB, but in 2013, advisory NDPBs were outnumbered by executive NDPBs for the first time (175 to 170 – in March 2014, the number is 152 to 150). Tribunal NDPBs have also been reduced, from 70 in 1979, via a high of 149 in 2001, to a low of 14 in 2013 and 2014.

Figure 8.2: Definitions of ALBs

Term	Definition
ALBs	Arm's-Length Bodies: organisations that are part of the state but do not operate within traditional departmental structures
NDPBs	Non-Departmental Public Bodies: The main subset of ALBs which we analyse in this chapter – bodies which play an important role in government but are not a direct part of a government department
Executive NDPBs	These perform executive, administrative or regulatory functions and account for most staff and spending, such as museums and galleries (DCMS), NHS England (DH), the Environment Agency (Defra) or Health and Safety Executive (DWP)
Advisory NDPBs	These provide 'independent, expert advice' to ministers, like the Boundary Commission (CO) or Low Pay Commission (BIS)
Tribunal NDPBs	These have jurisdiction in specific fields of law, like the Investigatory Powers Tribunal (HO)
Other NDPBs	None of the above, including Independent Monitoring Boards of Prisons, Immigration Removal Centres and Short-Term Holding Rooms (MoJ). Used in Public Bodies reports from 2007
Other	Our combination of other categories in Public Bodies reports, 1979-2007, including Boards of Visitor NDPBs, Public Corporations, Nationalised Industries, NHS Bodies, Central Bank, Independent Monitoring Board NDPBs and Public Broadcasting Authority
Executive Agencies	Part of a government department, headed by a chief executive performing specific functions according to ministerial policy and accountable to Parliament (like Companies House or the DVLA). We do not include these in this chapter, but data is available in Public Bodies 2013
Non-Ministerial Departments	Government departments without their own minister but accountable to Parliament through a sponsoring minister (like HMRC or the Food Standards Agency). We do not include these in this chapter, but data is available in Public Bodies 2013

Source: Institute for Government analysis of public bodies reports; *Read Before Burning* 2010.

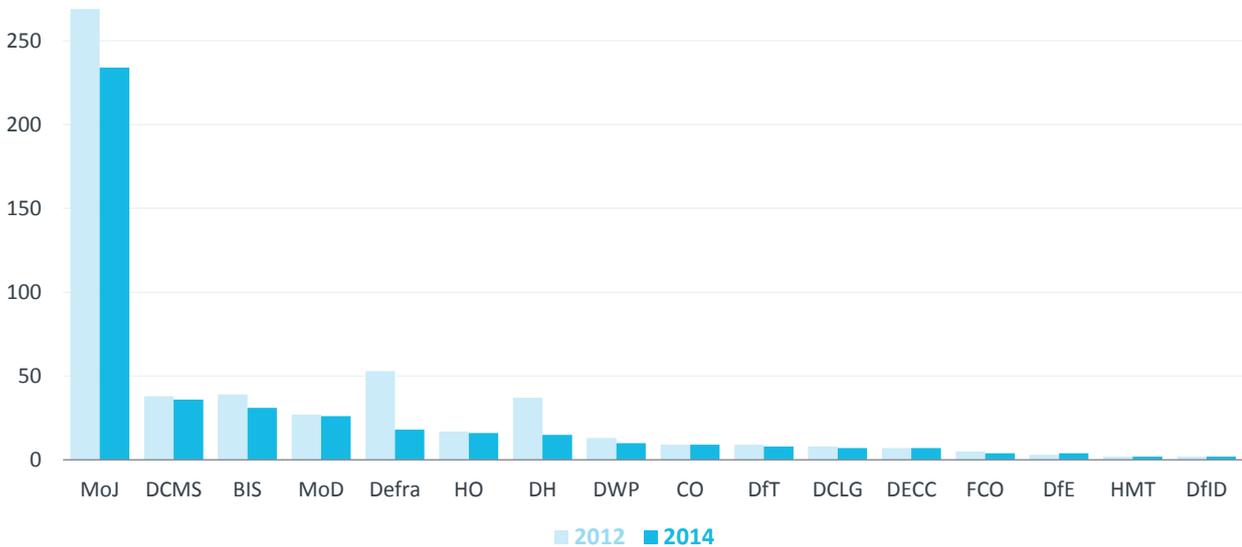
Figure 8.3: Number of NDPBs by type and department, March 2014



Source: Institute for Government analysis of *Public Bodies 2013*, update as at 31 March 2014.

MoJ had by far the most NDPBs in March 2014 – in large part thanks to more than 130 independent monitoring boards of prisons, immigration removal centres and short-term holding rooms – followed by Defra and DCMS (whose national museums and galleries are executive NDPBs).

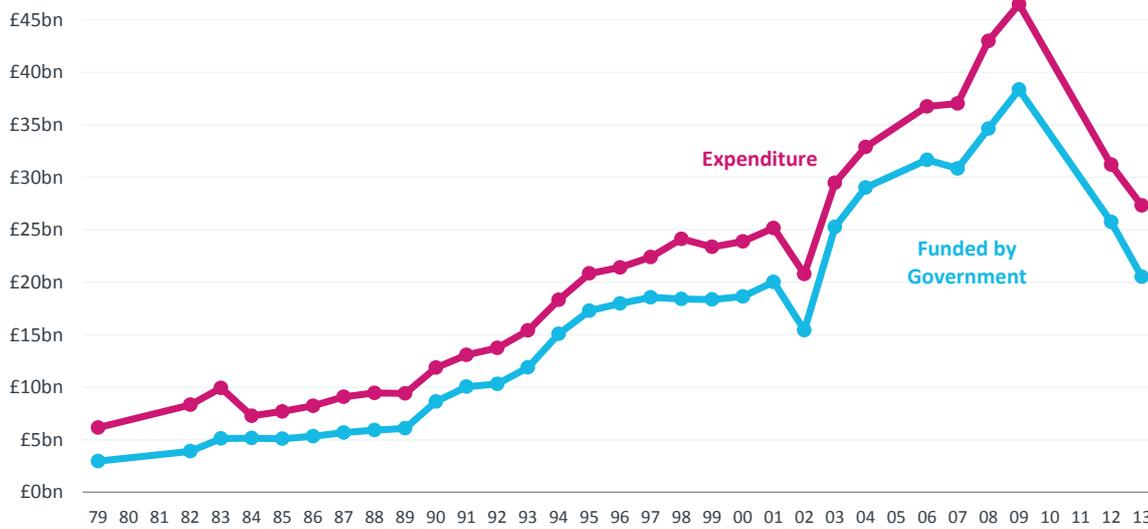
Figure 8.4: Number of NDPBs by department, March 2012 and March 2014



Source: Institute for Government analysis of public bodies reports, full directory, 2012 and 2013.

All departments except DfE had the same number or fewer NDPBs in March 2014 compared with March 2012 as a result of the Government’s reforms of ALBs. Simply counting the number of bodies, however, cannot capture the full complexity of the landscape: bodies are merged, new executive agencies established, and functions brought within departments or moved between bodies.

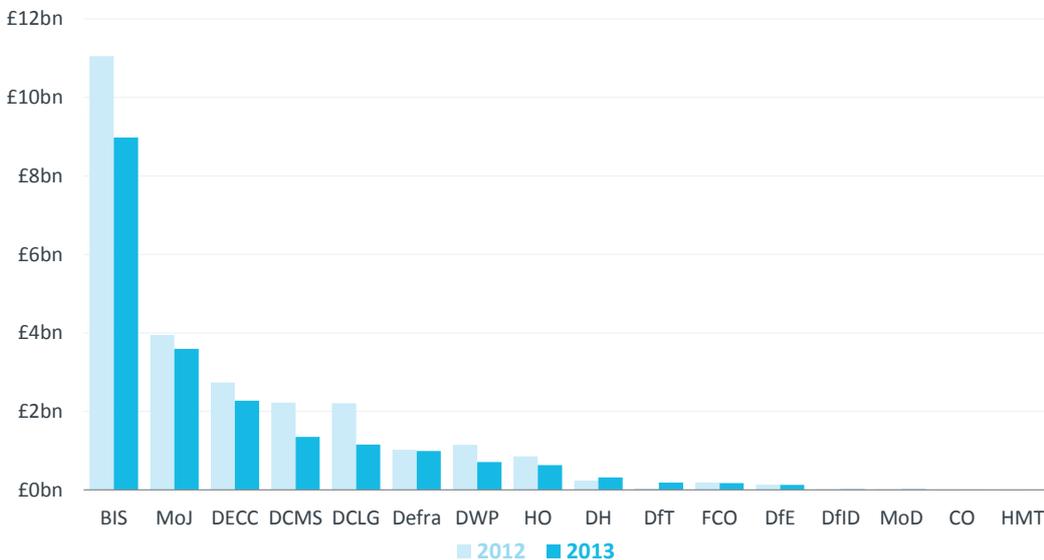
Figure 8.5: Total government funding for and expenditure of executive NDPBs, 1979-2013



Source: Institute for Government analysis of public bodies reports, summary tables, 1997-2013. Excludes total NHS spending.

Government funding of executive NDPBs fell from £38.4bn in 2009 to £20.5bn in 2013. In every year since 1979, executive NDPB expenditure has been higher than the government funding received, reflecting the fact that many also receive funding from other sources (including income from user fees, charging for services and – for museums and galleries – fundraising efforts).

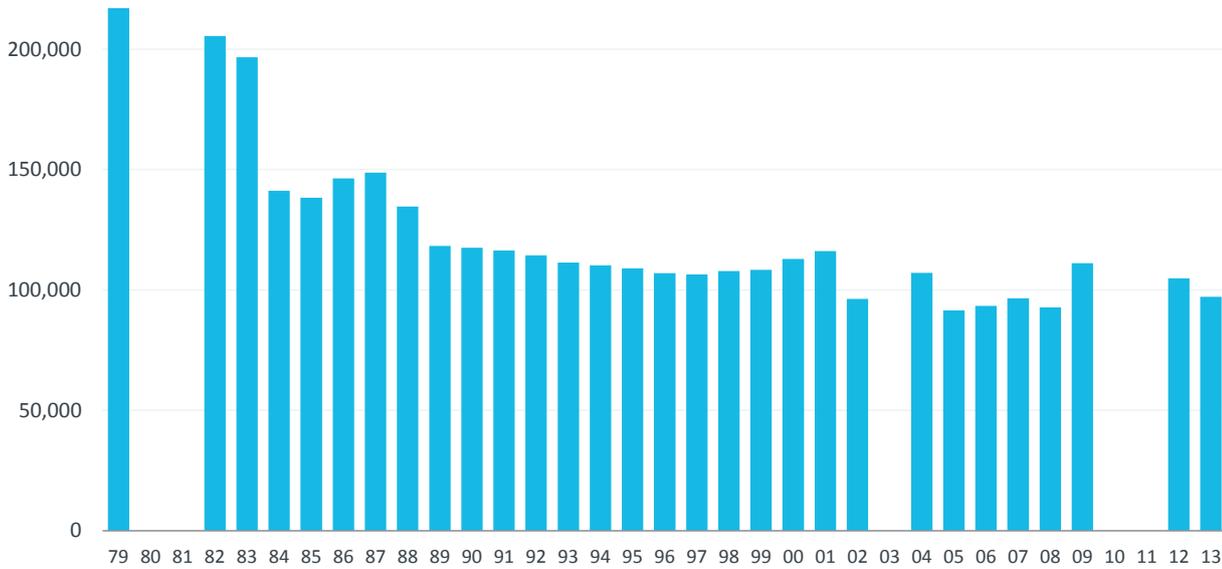
Figure 8.6: Government funding of NDPBs by department, 2012 and 2013



Source: Institute for Government analysis of public bodies reports, 2012 and 2013.

Looking at all NDPBs, most government funding went to NDPBs of BIS in the year to March 2013 (including more than £5bn to the Higher Education Funding Council for England and more than £4bn to the Skills Funding Agency), followed by MoJ (more than £2bn to the Legal Services Commission, an executive NDPB that has since been abolished) and DECC (more than £2bn to the Nuclear Decommissioning Authority). All but six departments received less funding for NDPBs in 2013 compared with 2012 (the exceptions being DH, DfT, DfID, MoD, CO and HMT).

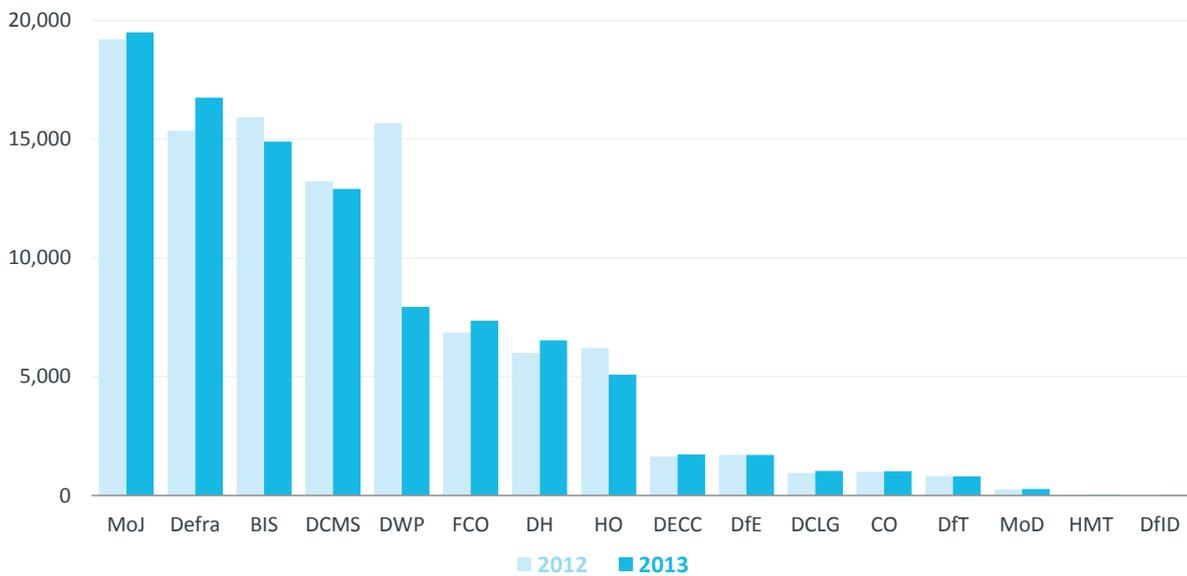
Figure 8.7: Total number of executive NDPB staff since 1979



Source: Institute for Government analysis of public bodies reports, summary tables, 1997-2013.

Unsurprisingly, given the reduction in the number of bodies, headcount at executive NDPBs has fallen since 1979 – from more than 200,000 staff to just under 100,000. This means that each executive NDPB has a higher average number of staff – there are fewer, but bigger bodies.

Figure 8.8: NDPB staff numbers by department, March 2012 and March 2013

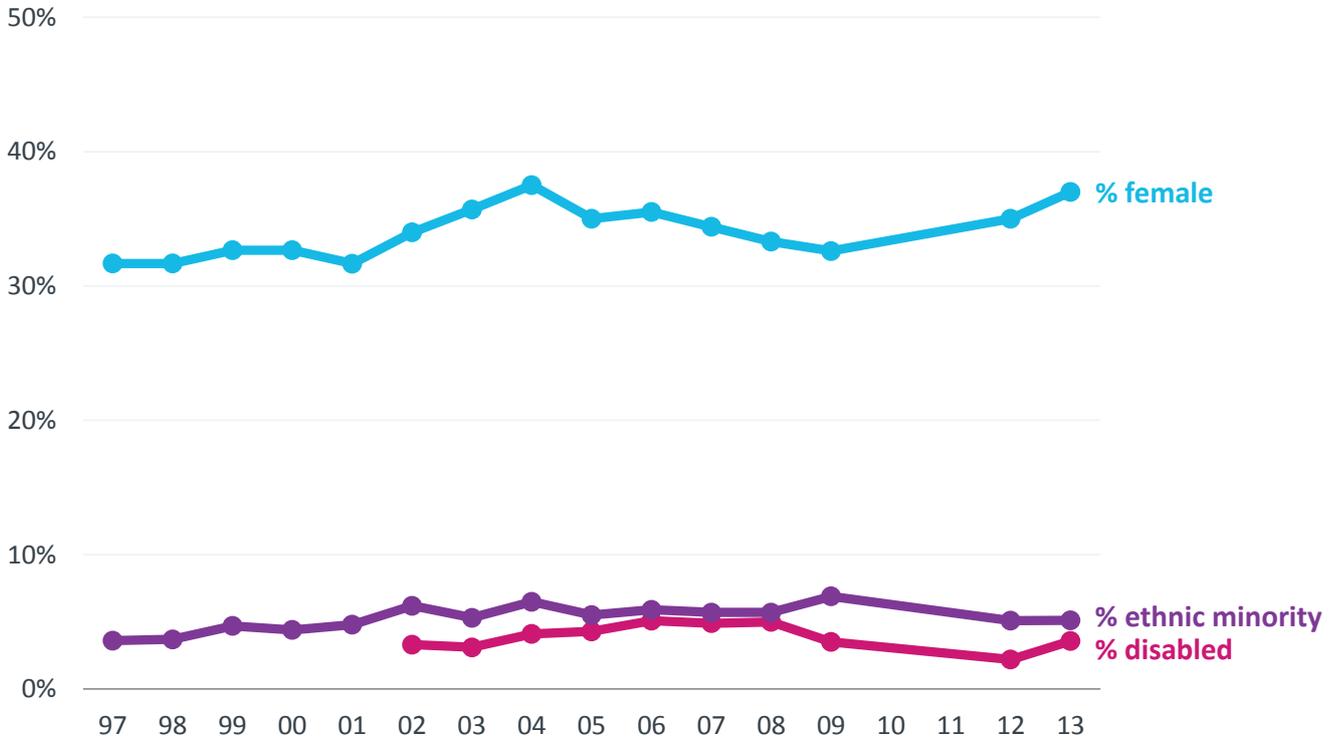


Source: Institute for Government analysis of public bodies reports, full directory, 2012 and 2013.

Looking at all NDPBs, MoJ has the most staff, followed by Defra. Some big 'reductions' in staff numbers can be explained by reclassifications – at DWP, for example, the Child Maintenance and Enforcement Commission (with its 7,898 staff) is no longer classified as an NDPB, having been brought inside DWP.

Diversity of chairs and boards: little change, but decline in declared political activity

Figure 8.9: Diversity of NDPB chairs and board members



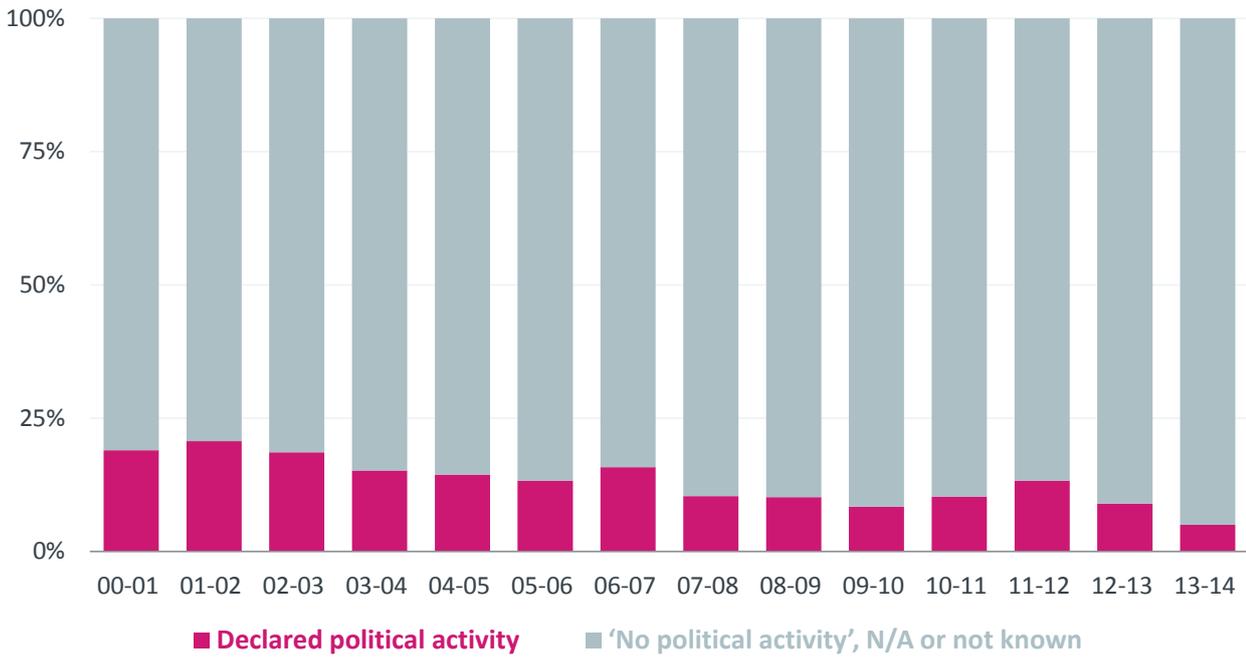
Source: Institute for Government analysis of public bodies reports, summary tables, 1997-2013.

The percentage of women on the boards of NDPBs peaked at 37.5% in 2004 (after a low of 31.7% in 2001). In 2013, it was 37%, higher than all but one year under Labour.

Only 5.1% of chairs and board members were from an ethnic minority in 2013, the lowest since 2001 (4.8%).

In 2013, 3.6% of NDPB board members had a disability, up from 2.2% in 2012 (the lowest on record) and slightly higher than 2009, but still short of the 5% of 2006-08.

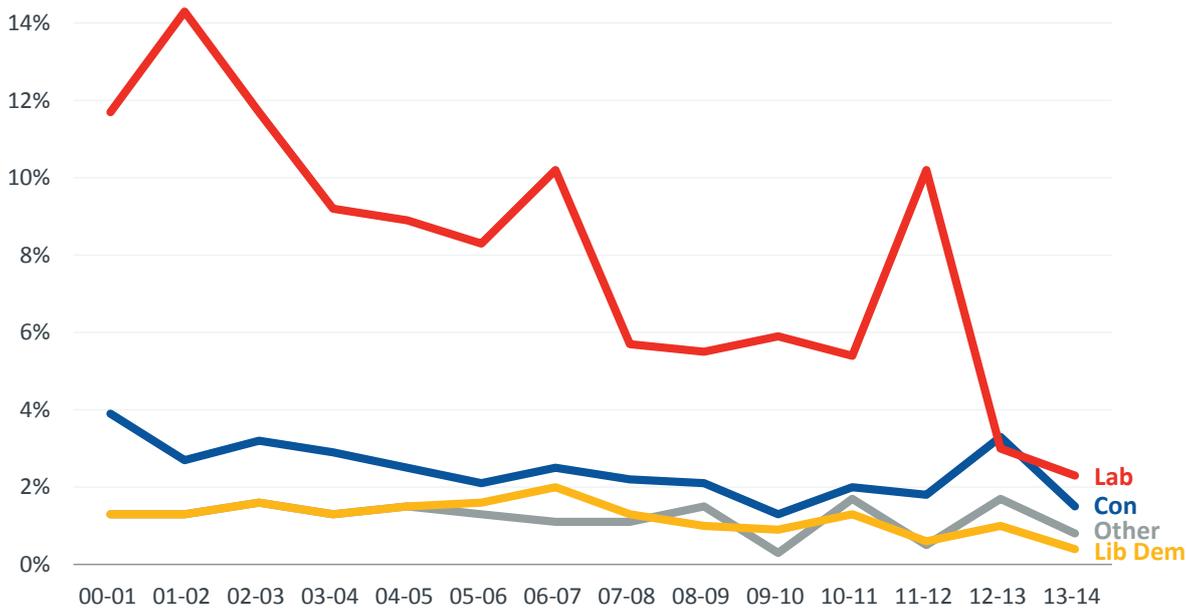
Figure 8.10: Diversity of ministerial appointments – declared political activity



Source: Institute for Government analysis of *Annual Survey of Ministerial Appointments and Reappointments* (Commissioner for Public Appointments, 2013-14).

Only 5% of people appointed by ministers to public bodies in 2013-14 declared political activity, a percentage that has declined from a high of 20.7% in 2001-02 and more than halved since 2011-12. More of these have been Labour in every year, with the sole exception of 2012-13 when there were more declared Conservatives.

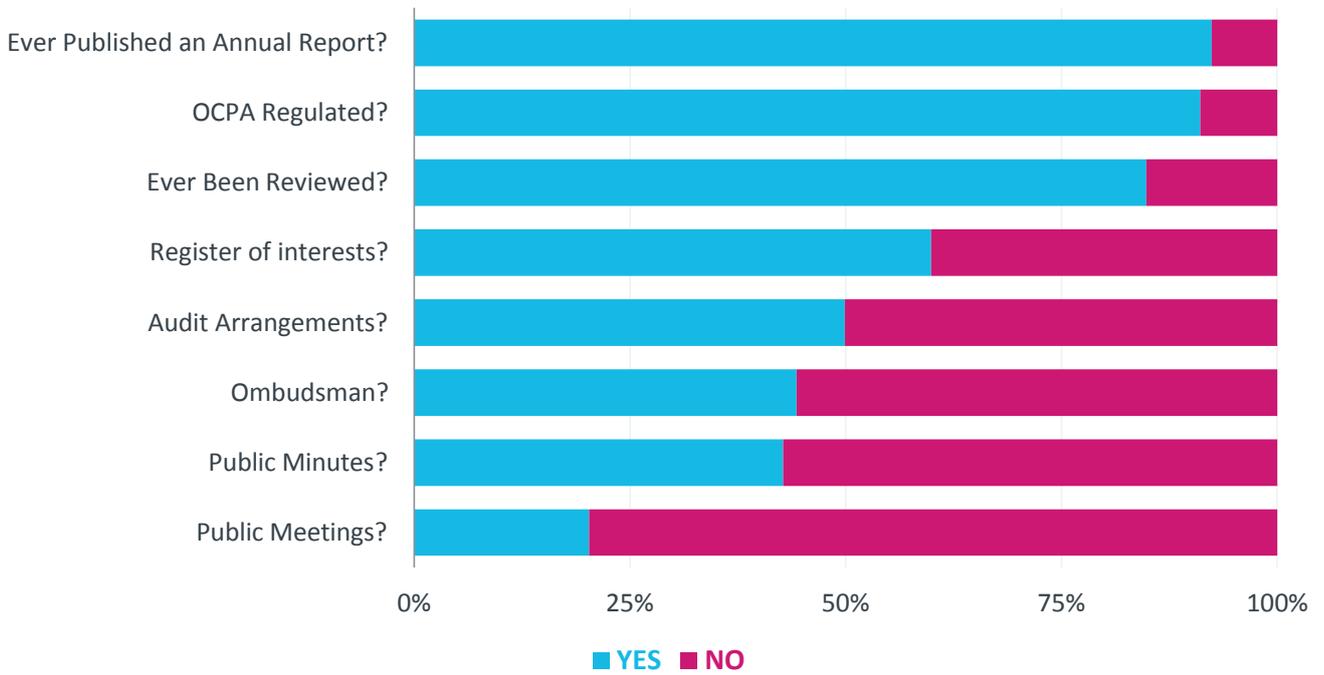
Figure 8.11: Diversity of ministerial appointments – declared political activity



Source: Institute for Government analysis of *Annual Survey of Ministerial Appointments and Reappointments* (Commissioner for Public Appointments, 2013-14).

Transparency and accountability: some ALBs have never been reviewed

Figure 8.12: Transparency and accountability of NDPBs, March 2014



Source: Institute for Government analysis of *Public Bodies 2013*, full directory.

As of March 2014, under 50% of NDPBs make minutes of board meetings available to the public, while under 25% hold public meetings. Additionally, just under half have audit arrangements or recourse to an ombudsman (although some bodies will not provide services that require one).

As part of the Reform Programme, the Government says it has reviewed more than 900 bodies (which led to many being abolished or merged) and has established a formal review process including triennial reviews for the future. However, as of March 2014, 68 NDPBs do not appear to have been reviewed, although a number of these are national museums and galleries that are executive NDPBs of DCMS.