

PUBLIC BODIES BILL – BRIEFING FOR PROSPECT MEMBERS

Please feel free to use any of the information in this briefing for letters to MPs, newspapers or blogs.

Prospect is a trade union which represents 122,000 professionals, managers and specialists across all sectors of the economy including defence, agriculture, heritage, energy, transport and communications.

We represent 37,000 members in civil service departments, agencies and non-departmental public bodies, many of them covered by the government's Public Bodies Bill. We have deep concerns about the bill, which are outlined below.

The bill gives ministers, not Parliament, the power to decide the future of a huge range of bodies covering every area of public life – from justice to the environment and from consumer protection to regional development – with little or no Parliamentary or public scrutiny.

The Bill grants extensive powers to ministers to:

- abolish
- merge
- modify the constitutional arrangements
- modify the funding arrangements
- modify or transfer the functions of, or
- to authorise delegation

of a significant number and range of public bodies.

As the bill stands, when ministers draft their orders they will not be required to take into account any representations, Parliamentary resolutions or recommendations from parliamentary committees.

There is also no requirement on ministers to consult with interested or affected parties before an order is made.

The government's rationale for the bill was outlined by Cabinet Office minister

Francis Maude in August 2010. "These reforms are intended primarily to increase accountability, but will also support the aims of the spending review by reducing costs and support our ambitions for a Big Society by encouraging alternative, devolved or non-state delivery models."

WHY PROSPECT IS OPPOSED TO THE PUBLIC BODIES BILL

Neutering Parliament

Parliament plays a vital role in safeguarding rights and freedoms. It is parliamentary scrutiny that allows bills to be amended and gives interested parties, the public and the press time to consider the implications of proposed laws.

We agree with the House of Lords constitution committee which said that the bill "...strikes at the very heart of our constitutional system, being a type of ... legislation that drains the lifeblood of legislative amendment and debate across a very broad range of public arrangements."

The committee said the government had not made the case as to why the vast range of statutory bodies affected by the bill should be abolished, merged or modified by force of ministerial order, rather than by ordinary legislative amendment and debate in Parliament.

Lord Knight of Weymouth said: "This skeleton bill is an insult to parliamentary scrutiny - and I am afraid that the insult is doubled by ministers claiming to act in the name of increasing accountability."

Potential move of functions from independent to political control

The wide-ranging powers in the Bill may lead to the abolition of organisations and offices which play the key role in holding public bodies or central government to account. The Bill makes no provision for safeguarding the continued independence of these bodies.

Unsound economics

Cutting the number of quangos will not necessarily lead to a reduction in their costs because:

- 65% of NDPB costs are grants that are passed on to others. They fund

universities, legal aid and other core government functions

- nearly 80% of NDPB expenditure is located in just 15 NDPBs (out of nearly 800 executive and advisory NDPBs).

Many of these bodies save the government much more than they cost. The Sustainable Development Commission has 60 staff and receives £1m in government funding. It says "moves towards greater sustainability made to date are saving government £60-70 million every year, and further progress has the potential to save hundreds of millions more."

Advisory bodies account for nearly half of all arm's length bodies but most do not even have their own budgets and simply offer a way of bringing expert advice to policy-makers at lower cost than they would through consultancy contracts.

The Public Administration Committee's report, *Smaller Government: Shrinking the Quango State*, said: "At the outset, both accountability and value for money were considerations, but the extent to which quango reform would yield significant savings was probably exaggerated.

"This created a false expectation that the review would deliver greater savings than it has been able to realise. Consequently, the government appears unsure about the extent to which the reform will result in significant savings for the taxpayer."

Mergers and reorganisations bring significant costs and disruption. A March 2010 report from the National Audit Office, *Reorganising central government* said: "With 90 reorganisations in four years, UK central government machinery is in a constant state of change. At approximately £200 million per annum, the costs are far from negligible and the reorganisations inevitably involve disruption and loss of service." <http://bit.ly/aymAGx>

Threat to independent scientific advice

The government's actions will do real damage to a host of scientific and environmental bodies that were specifically set up to protect the public interest in everything from nature conservation to health.

The outgoing head of the Royal Society, Lord Rees of Ludlow, said the abolition of hundreds of public bodies could prevent ministers from receiving independent scientific advice that is critical to good policymaking.

"We have to watch carefully to ensure bodies that perform valuable services are not abolished without assurances that these services will be continued elsewhere."

Schedule 7

Schedule 7 of the bill, which lists 150 organisations which can at any time be brought within the scope of the bill, has become known as 'death row'. These bodies, by definition, must be independent of government. How will they be able to retain their independence when a minister can abolish them by order?

Accountability

It is ironic that a bill professing to increase accountability gives such draconian powers to ministers. It gives ministers unacceptable discretion to rewrite the statute book, with inadequate parliamentary scrutiny of, and control over, the process.

These bodies are already accountable to ministers, Parliament and the public. Will private sector providers have to follow Nolan's seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership?

Lack of consultation

In a House of Lords debate on the bill, Lord Faulkner of Worcester said: "The minister heard, over and again, complaints about the almost complete lack of consultation. Bodies which have served the community well, without a breath of scandal attached to them, which were seen by those who deal with them daily as helpful and supportive, which were in many cases established by an Act of Parliament after extensive debate in this House and in another place, and which were fulfilling a role which cannot be performed as cost-effectively or efficiently by others are all being tossed on to a bonfire with little more than a sentence in a departmental press release."

We agree with Baroness Royall of Blaisdon who said: "We need constructive discussions because this is a bad Bill. It is badly thought out, badly structured, badly executed, bad for the constitution, bad for public bodies and bad for government."

Consumer protection

The voice of the consumer may be weakened if the Bill is implemented. The

government wants to:

- abolish the watchdog Consumer Focus – which currently has strong legislative powers to protect consumer rights – and transfer its powers to Citizens Advice, which is a charity and does not have these legislative powers
- transfer the consumer enforcement functions of the Office of Fair Trading to Trading Standards Services funded by local councils
- pass the Consumer Direct helpline, currently overseen by the OFT, to Citizens Advice.

Consumer Focus was created as the voice of the consumer to protect the consumer in energy and other areas, including postal services. It is a statutory body with a board and a chair appointed by the Secretary of State. It is answerable to Parliament and is audited by the National Audit Office.

In October 2010, Consumer Focus helped win back £70m for consumers who had been overcharged by npower.

House of Commons library briefing paper at <http://bit.ly/hoebTn>

Links to reports/evidence etc

Constitution Committee – Sixth Report. Public Bodies Bill

<http://bit.ly/frfH7H>

Public Administration Committee – Fifth Report. Smaller Government: Shrinking the Quango State

<http://bit.ly/gnKFyR>

Prospect's evidence to the Public Administration Select Committee

<http://bit.ly/gKMfjw>