

Public Administration and Constitutional Affairs Committee

Oral evidence: [Public Bodies, HC 553](#)

Tuesday 21 October 2025

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Members present: Simon Hoare (Chair); Markus Campbell-Savours; Charlotte Cane; Sam Carling; Peter Lamb; John Lamont; Mr Richard Quigley; Michelle Welsh.

Questions 64-107

Witness

I: Sian Jones, Director, Value for Money, National Audit Office.

Written evidence from witnesses:

Examination of witness

Witness: Sian Jones.

Q64 Chair: Good morning, colleagues, and welcome to this session as we continue our dip into the waters of public bodies. We are delighted to be joined by Sian Jones, who is director of value for money audit at the National Audit Office. Sian, you are welcome and thank you for finding the time to see us.

I will kick off with a philosophical question, if I may. We are living in an age of high expectations by the electorate—perfectly legitimately—of public service and public sector delivery. Social media have created a far more direct route to democracy. Against that backdrop of expectation and appetite for delivery, are public bodies or arm's length bodies still the right way to go about it? Do they still have a role to play, or is there an argument to be deployed for a much broader and deeper review of how the governance of the UK is delivered?

Sian Jones: That is a very big question. In terms of context, arm's length bodies do most of the heavy lifting for Government. They deliver the majority of Government policy, at the front end. To give some fiscal context, the 10 largest ALBs in '23-24 received about £340 billion in funding. As you say, what we are talking about here is big money.

Chair: Sorry, there was a crackle on the computer. Is that billion or million?

Sian Jones: Billion. The 10 largest ALBs get that amount, which is basically 92% of total ALB funding. As I am sure the Committee has heard, not all ALBs are created equal: there are big ones and very small ones. That being said—I am sure that you expect this kind of answer from an auditor—when we look at ALBs or their management, what concerns us is not so much that they are an ALB, but whether they have been set up in the right way for the right reason, so that they have the right arm's length accountability. As I am sure you have read and heard from other witnesses, we often find that the accountability and governance can be quite confused. Things like framework agreements, which are the bread and butter of how Departments are meant to manage ALBs and hold them to account, often are not up to date or do not contain the right information. To summarise, when those kinds of governance arrangements and that meaningful thought going into the set-up do not happen, we are at risk of ineffective delivery.

Q65 Chair: People have been pointing that issue out certainly since the start of the coalition Government back in 2010, if not before. I do not seek to overdramatise this, but one can say, "The house is on fire. The house is on fire. The house is on fire," and the next question is, "Has anybody called the fire brigade?" "No. We just kept saying that the house was on fire." One can reiterate and regurgitate the problem or the challenge, but nobody ever seems to wrestle with it, particularly either effectively or energetically, do they?

Sian Jones: Departments would take the management of their own ALBs seriously. The Cabinet Office—its role was the bulk of what we looked at back in 2021—would certainly say that it takes that seriously. Since our report, the Cabinet Office has been taking on board our recommendations, which are around some of the issues that concern you and the Committee—sponsorship and getting more grip on who spends what and when in terms of updating framework agreements. I would say that people understand and diagnose the issues and challenges, and they are taking steps to address them. Part of the challenge is that it is not one challenge; it is many challenges in many different places. The challenge will probably depend on the type of ALB, the type of policy and so on. It has many heads.

Q66 **Chair:** Does it depend on the leadership of the ALB itself—the appetite?

Sian Jones: I think that is part of it. What we tried to do in our 2021 report was look at the whole cycle of set-up, from start to evaluation. We felt that was a nice clear way of unpicking where things went well or not. The key problem for us was that we looked at 24 business cases for the set-up of ALBs in a certain period against the three tests, and the majority did fit those three tests, but when you look at the full guidance of what the Cabinet Office and Treasury say they want to see in a business case to set up an ALB—that it is a decision of last resort, that there is financial analysis of the costs and benefits—many of those things were not present in some of those business cases. Sometimes they felt like a paper exercise. In response, we basically challenged the Cabinet Office to look more closely at the business cases that Departments put together. In some cases, from an NAO perspective, that is quite difficult, because we are auditing delivery of policy and, in many cases, decisions to set up ALBs sit above and beyond that.

Q67 **Chair:** Sitting here, it doesn't feel like a solution of last resort. It almost feels like, "There's a problem and Ministers want it off the desk; let's create something." That might just be my perception. When was the last time that you are aware of that a business case was chucked out?

Sian Jones: I don't recall. You would have to ask the Cabinet Office and the Treasury. Certainly, the ones we looked at were all ones that ended up going through.

Q68 **Chair:** We have been told there is no definitive number for the number of public bodies.

Sian Jones: Yes, that is true. It is more about who classifies ALBs as what. The Cabinet Office, which lists ALBs on a website—by the way, the information that the Cabinet Office publishes has got better, which is a good thing—has three different categories of ALB: executive agencies, non-departmental public bodies and non-ministerial departments. As you know, those are all at different lengths of the arm in terms of their independence. The Cabinet Office does not include public corporations—the BBC, local government, devolved Administrations, parliamentary bodies. Then you have the ONS, which categorises public bodies for the



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purposes of how their accounts are audited. When we looked at it, the Cabinet Office had 300-odd and the ONS had 800.

When I think about those numbers, I often reflect, "What's the 'so what?' point?" Does it matter that there are different numbers, if we know why? I think it does matter, because it is already a very complicated landscape with different things going on, and different bodies set up in different ways at different times for different reasons. The more clarity that one can bring to that kind of situation, the better. Certainly, I think our position would be that it would be much easier and cleaner if we could say, "ALBs are X, Y, Z; that these are the prime characteristics of each; this is why they have been set up; and this is how they are monitored and held to account by Departments and Parliament."

Q69 Chair: It may have been an accidental omission, but it is interesting that you did not say as part of your answer to why it is important that it is using taxpayers' money.

Sian Jones: Of course—absolutely. At the NAO, that is at the heart of all the things that we look at and do and are mindful of. This comes back to the fact that not all ALBs are the same. I don't think you can say—I certainly wouldn't, from my audit and personal experience, having been in the job 20 years or so—that all ALBs are bad or all ALBs are good. They all need to be held to account in the appropriate way and if there is poor performance, much like when there is poor performance in Departments, we would want that to be challenged so that the taxpayer gets the best value for money.

Q70 Chair: Do you think the taxpayer—the man or woman on the Clapham omnibus—would have a legitimate head-scratching moment? This is not a criticism of your answer, which was just a statement of fact and situation, but here we are in 2025 with a very large and sophisticated civil service and a long tradition of democratically accountable governance in this country, yet there are still quibbles and debate about what is and what is not, how we define, how we account, how many there are, how one evaluates, and so on. Would most people not say that was pretty basic, table-stakes type stuff? Would they be wrong?

Sian Jones: I don't think they would be wrong. As with any model of how to deliver, there are pros and cons to take into account. You expect to see those developed in business cases and conversations. As you and the Committee know, Chair, in the pro column are independence, should that be needed; ability to get in greater technical expertise; and ability to be freed from the departmental policy requirements and focus on delivery. Those are just a few of the reasons that people point to ALBs as the appropriate model.

On the con side, as you say, is the Clapham omnibus example. It is more difficult to explain to a member of the public that there is a Department that delegates these deliveries to X, Y or Z, and that there are different lengths of accountability, and so on. I do not think that necessarily means that it is de facto a waste of money, carte blanche, 100% of the time.

Chair: When you have to start explaining something, you have lost the argument.

Q71 Mr Quigley: Previously, the NAO has flagged up inconsistencies in the way that public bodies are set up. In particular, those that perform similar roles have different governance arrangements, for example on independence from their sponsor Department. You touched on that in your previous answer, but why do you think that has happened? Is it still the case?

Sian Jones: I could not tell you definitively whether that is still the case. I suspect, given the nature of the set-up process, which we have talked about, that it is still not as clear as it could be. As to why that has happened, as an auditor, my response would be that I am not entirely sure, but I can tell you how and where that has come from.

Sufficient thought and conversation are needed before the set-up of an arm's length body. Ministers, the Secretary of State and accounting officers decide that X issue needs Y solution, and I think that sometimes the length of the arm, which is what type of body it is, is not really on their minds. What is on their minds is, "This is a great policy. We need to deliver it and we want to deliver it because we believe in making a difference." This seems quite boring and managerial, but as an auditor I would say that it is really important. Do you want something very close to the Department—an executive agency would mean that you are very close—or something like a non-ministerial department, like HMRC or the Charity Commission, which are autonomous set-ups and have their own ALBs?

That is perhaps not a priority, but it is fundamental to effective management and running of that body. If you classify something one way and six months later say, "I want my monthly performance stats" or, understandably, "The Minister wants to know X; Parliament wants to know Y," it is very difficult, if the framework agreement, which has been drafted based on the type of body, does not include that. It needs to be reframed around how accountable they are and in what way they should be accountable. Do they need to be independent because they are an ombudsman or because of technical issues, or do we need to have them closer? I do not think those conversations are being had to the extent that they should be.

Q72 Mr Quigley: Does the NAO have its own conclusions about when an ALB is the most appropriate way to deliver a Government service? Do you have any conclusions on the point you just made about the lack of thought in setting them up?

Sian Jones: Those are very much my personal reflections. I have not audited the types of ALBs and directly linked them to effectiveness, so I cannot give you any specific examples. I would say, though, that it is about having a clear aim, isn't it? "I can account for why I've set this body up. I needed technical expertise to go above and beyond civil servants' pay grade in order to deliver it; I needed them to be very focused on



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delivery, because this thing needs to be done in the next two to three years; and I was comfortable with their autonomy because they were going to be adjudicating." I guess it is about explaining your workings.

- Q73 **Mr Quigley:** To return to the Chair's question about setting up ALBs, do you think any are still being set up without the relevant business case being answered?

Sian Jones: I'm afraid I cannot say. We have not looked at business cases since our report. To go back to that report, we found that the majority of them were hitting the three tests, but it was just that the information in them—things like cost-benefit analyses that we felt were pretty important—was not complete in all cases.

- Q74 **Mr Quigley:** So effectively the Cabinet Office are allowing them to be set up without—I do not want to put words in your mouth—the full business-case test being completed.

Sian Jones: The tests were complete, but there was not a comprehensive run through of the areas that were meant to be touched on in a business case.

- Q75 **Mr Quigley:** If you were a parliamentarian, would that concern you?

Sian Jones: I am very sorry for this answer in advance, but it does depend. It would depend on what the result was. I would be more concerned if there wasn't clarity in the framework agreement as to how a body was going to be held to account. If the entity responsible for overseeing it could not immediately call up its spend, its performance, its achievements, and how it was being monitored and governed, that would be more concerning from an audit perspective.

- Q76 **Mr Quigley:** Is it fair to say, then, that some of the information that has not been completed is probably not necessary, but the Cabinet Office have just left it as, "This is the old pro forma—crack on. As long as you pass the test, you're okay"?

Sian Jones: You would have to ask Cabinet Office that.

Mr Quigley: That is a fair answer.

Sian Jones: We would say it is very necessary because it gives you the ability to think through why and what you are doing in a bit more of a detailed way. But yes, I take your point.

- Q77 **Chair:** If you were to ring an alarm bell on that issue, what would be the Cabinet Office's response?

Sian Jones: As I say, they responded very constructively to the issues we raised in our report. The business-case analysis was front and centre in that report. I was looking at the progress against the recommendations in advance of this session, and I would say that they accepted all the recommendations and have either implemented them or partly implemented them and are working on them. So I can say that the Cabinet Office responded positively to the report's recommendations. If



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you go on the public bodies website, you will see that they have done a lot of work to demystify what is, as I said, already a complex landscape, by drawing out analysis. You will find that is much more accessible than it was in the past.

Q78 Chair: What has been your and the organisation's response to having to make those recommendations in the first place?

Sian Jones: In terms of whether that was something we expected to see?

Chair: Yes. If there is a rubric for a business case and things are given the green light but without the tests of the business case being demonstrably met from the get-go, which most people would say was a fairly basic thing, not an eccentric request or expectation, were you surprised or disappointed that you had to make those recommendations to the Cabinet Office?

Sian Jones: In my experience of auditing, particularly when it comes to central Government, it is very easy to forget that real life is messy and delivery is not 100% or gold plated. We would have hoped and expected to see a better standard of business case in those cases, but is also fair to say that many things that we consider to be the bread and butter of the effective running of government, even outside ALBs—such as governance and sponsorship—are probably not as focused on as we would like to see.

Q79 Chair: I am thinking of a series of questions that Mr Lamb asked in a different session. I cannot quite remember all the details, but it was somebody in the Cabinet Office effectively saying, "Well, it will get through, but we haven't got the time, so I will sign it off, we'll spend the money and then retrofit the sign-off process as per the rules." Are we right to be concerned that there is—I don't know whether a lack of seriousness is the right term—a lack of the gravity of the need to tick all the boxes as set out before the green light is lit? We are not dealing here with private money, private investors' money or money raised on the stock exchange; we are dealing with hard-earned tax dollars from the British public.

Sian Jones: I could not diagnose what the Cabinet Office was thinking in these cases. All I can say is that this is what we found. Obviously, you would expect to see processes followed, but in some cases they are not, and it is our job to report on those.

Q80 Markus Campbell-Savours: Does the Cabinet Office do enough to ensure consistency across Government? If not, what more should it be doing?

Sian Jones: I believe we are talking about sponsorship and consistency in the way ALBs are managed. The Cabinet Office does have a role in ensuring that Departments are consistently managing ALBs in the right way. It might be useful to give you some context. I mentioned earlier that the Cabinet Office recognises these three types of bodies as ALBs. I said 300-odd; I think 304 is the actual figure. Those are sponsored by 22

Departments. It is not the case that all Departments have the same number of ALBs.

I pulled this out to give you some context, as part of this discussion: the three Departments that have the most arm's length bodies are the Ministry of Justice, which has 66; the Department for Culture, Media and Sport, which has 35; and the Department for Environment, Food and Rural Affairs, which has 30.

Q81 Chair: Could you share that table with us? That would be very helpful.

Sian Jones: Yes, of course. It is not just that all ALBs are not created equal. Different Departments have different amounts of ALBs that they are concerned with. In the case of the Ministry of Justice, I am not very close to that Department, but I would say that that is probably because of probation, panels and things like that. For the Department for Culture, Media and Sport, it is probably museums and so on. I can certainly share the list with the Committee.

Sponsorship is something that we think is really crucial but possibly undervalued. In our report, we found that effective sponsorship is totally critical but can be really under-resourced. We heard from an ALB official, who said that sometimes it feels like Departments will send a member of a sponsorship team to meet the chief executive of an ALB, and they are a junior member of staff. That is not to say, "Let's bring in a hierarchy and match type for type," but equally, sponsorship is a skill. It takes knowledge of that ALB and an ability to understand what kind of levers you are trying to pull. It is also about people management, trust and all the difficult things that we think about and reflect on.

I would say there is variable quality across Departments—we did find that in the 2021 report. We have not done a specific report on sponsorship, but I imagine the same issues persist, simply because it is logical that there is going to be variation. People are not good at the right things. You will find that some Departments have professional units with people who are fully trained up, structural engagement, clear escalation routes and understanding. You would hope that those will be in the Departments with the most ALBs, because they have the most experience of them. Others might have under-resourced or understaffed teams, which do not spend sufficient time on supporting ALBs. It is about understanding the importance and then probably finding variable quality. It is about those generic skills—it is about relationship management, capability, continuity and clear roles and responsibilities.

The framework agreement should essentially say, "This is how the relationship between the Department and the arm's length body is managed, with quarterly PIs. This is the governance structure." Effective sponsorship probably depends on people who understand what their powers, roles and responsibilities are, and on top of that, good relationship management and so on. You basically want open lines of communication. When something goes wrong, you want to be able to have that conversation very early on. It is a really big area and a really important



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skill. We recommended in our report that the Cabinet Office set out common standards, because we felt there should at least be a baseline of continuity and consistency.

Q82 Markus Campbell-Savours: So the Cabinet Office is not setting common standards yet.

Sian Jones: It has published a code of practice for sponsorship of ALBs, which actually is pretty good. Again, that reflects what I was saying about its response to our recommendations. Obviously, we welcome the code, but it is all about the day to day—how is that being lived across Departments, and how are the sponsorship teams supporting ALBs in the right way? That is a really difficult and complicated job, but it is probably more variable than it could be.

Q83 Markus Campbell-Savours: What is the Cabinet Office's more active role in ensuring consistency of sponsorship? It has produced guidance. There is a hope that the framework agreements can be pulled into a position where there is greater clarity on what the governance and transparency arrangements are. Is there somebody in the Cabinet Office tasked with ensuring a consistent approach to management of arm's length bodies?

Sian Jones: No, that is not my understanding. I think the Cabinet Office would say that the Departments are responsible and best placed, because they know their arm's length bodies.

Q84 Markus Campbell-Savours: What is your organisation's view on that approach?

Sian Jones: I am probably agnostic. If it works, it is a good approach.

Q85 Markus Campbell-Savours: Does it work?

Sian Jones: There is an ideological question here about the idea of central control over devolved control. Cabinet Office has a very difficult role to play, because it is at the centre, and it is supporting Departments, but sometimes Departments are best placed to deliver. You had probably better ask Cabinet Office its views on that.

Q86 Chair: It is not my place to answer Mr Campbell-Savours' question, but it does not work, does it?

Sian Jones: What does not work?

Chair: Unless I have misheard what you said, I take from your answers that if you are a Government Department that has a significant number of significant arm's length bodies, there is the incentive to have in place a unit or a team—call it what you will—as the delivery monitor. If you are a smaller Government Department, or a large Government Department, that happens to have fewer ALBs, almost by definition, you do not. Our infamous man and woman on the Clapham omnibus do not really care in which Department their £1 of tax is being spent, or whether it has 30 ALBs or three; they want to know that the money is being spent as wisely and efficaciously as possible and that somebody has eyes over that, to hold people to account. They are not really interested in the scale or quantum,

are they? They just want to know the rectitude, the probity and the appropriateness.

Sian Jones: Of course.

Chair: The current system, while it ticks over, does not necessarily work to the optimum that one might have a hope of expectation for.

Sian Jones: Like I said, we have not audited the sponsorship arrangements, so I cannot give you any definitive answer on that. It is just my reflection that sponsorship does tend to be variable. It was variable back in 2021, and one would hope that the Departments with the biggest ALBs were more mature at that, and vice versa, but I do not know. Equally, it could be Departments with a small number of ALBs, but their ALBs are very big and risky, and the Departments are all over them. In answer to your question, of course what matters is the bottom line: delivering public services for the public. We are both in the same place: we want that to be done in the best possible way.

Q87 **Chair:** Do you think that the NAO as an institution has enough buttons and levers in this area?

Sian Jones: That is a very big question. We pretty comprehensively audit the accounts of both Departments and ALBs, either singly or where they are consolidated, and we carry out value-for-money studies—six a year, which is pretty comprehensive. The C&AG has independent ability to go in and look at topics that he feels are concerning or warrant a look. That is a very big question, but what I can say is that we have a pretty comprehensive and independent role in looking across the piece at Departments and at arm's length bodies.

Q88 **Chair:** You would define yourself as resourced adequately to fulfil that function.

Sian Jones: You would have to ask our chief operating officer that question.

Q89 **Chair:** In the absence of the chief operating officer, let me ask you, from your experience: do you think you are adequately resourced?

Sian Jones: I can only say that I deliver along with my team, and the NAO has a great, organisationally professional staff who deliver great work. I do not know what benchmark I would compare that with in terms of being adequately resourced, so I cannot give a quantitative answer to the question.

Q90 **Charlotte Cane:** Earlier, you said that Departments take the management of their ALBs very seriously, but you also touched on the importance of the framework giving them access to information that allows them to do that. In practice, therefore, how seriously do you think they are taking the oversight of their public bodies?

Sian Jones: Departments take that very seriously. All the public servants I have met are very committed to delivering on their aims and objectives.



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Clearly, it is within Departments' gift and prerogative to be able to manage those arm's length bodies, because without that they will not be able to deliver an account to Parliament of their policy delivery.

It is difficult to evaluate critically what that might look like across the piece. The framework agreement point, I agree—it is something that we would have expected to see in a better position. Off the top of my head, I cannot remember the percentage, but a certain significant percentage of them were not up to date. That comes back to my point, without wanting to labour it, about the importance of things that, on the surface, can feel quite paper or bread and butter, but to us at the NAO and I am sure to you in the Committee, are about building the basic blocks for effective delivery of Government. That is not just about having a framework agreement that sits in a metaphorical filing cabinet—I am showing my age.

Chair: Some of us still actually have a filing cabinet.

Sian Jones: It is about there being living and breathing documents and understanding how important they are. I also empathise—as someone who is a public servant who has a million and one things to deliver—that sometimes, on the surface of it, being updated may not feel like the most important thing. Again, I am theorising, but to us that is, along with things like governance arrangements and business cases. To us, those are the bread and butter of what makes Government tick and deliver the best value for money.

Q91 **Charlotte Cane:** Is anything in place to have a cyclical review of the frameworks?

Sian Jones: Yes. Since our report, I believe that the Cabinet Office has now put in place a review regime, but I can check the details of that for you.

Q92 **Charlotte Cane:** That would be useful, thank you. What does good oversight from the sponsor team look like?

Sian Jones: I think it looks proportionate. There is something about having the right data, so that we know which ALBs need the support and when. To go back to my point about the good sponsor team, that sponsor team needs to know the ALB and what the Department's role is, so that it knows how far it can go in not breaching the independence while also being that support and challenge. It needs a very mature skillset from that side of things, and it needs good relationship managers. It needs a good ability to understand what is going on and to report back to the accounting officer, Minister or Parliament. It also needs to give the ALBs breathing space, and that will vary, depending on the ALBs.

Again theorising, if I were a sponsorship manager and an ALB was struggling, for whatever reason, I would expect to be regularly catching up with that ALB to understand what was going on, to make sure I knew exactly what was happening, and to give that support and challenge. Equally, with an ALB that had been very well managed and was sailing,



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hitting all its targets, I would expect to put in a proportionate arrangement based on that.

Sorry, that is a very generic answer, but those things can only be dealt with in generalities, because they depend on what you are managing, who you are managing and what areas you work in. I hope that gives you some sense.

Q93 Charlotte Cane: Yes. You are asking the team to have quite a range of competencies, experience and understanding of the ALBs. Do you think that the sponsor teams are clear about that, and do they have the resources to do it?

Sian Jones: Back in 2021, we said that they did not always have those resources. Lots of Departments said to us that they would like more guidance or good practice so that they could understand what good looked like. I have not looked at sponsorship specifically since that point, but from my experience of other audits—when we talk about things like sponsorship in the round and look at other issues—I would say that it is probably still variable, just by the very nature of the number of Departments and of ALBs. It is logical to assume that, at the very least, some places are doing it better than others. What I cannot tell you is where that sits or the specifics.

Q94 Charlotte Cane: In addition to lots of ALBs all doing different things, a range of them have not only their framework agreement, which is their governance from the sponsor Department, but another structure that gives them another set of governance—for example, they might be a registered company or charity, or have been set up by Parliament. How confident are you that the sponsor teams understand the implications of the different kinds of, as it were, third-party structures that the ALBs have?

Sian Jones: That is a good question. I would say again, it is probably variable, but I cannot give a scientific or audited answer. I think that comes back to the business case. If you have set up an exotic type of ALB, for example, which is not the norm, what is the reason for doing so?

Q95 Chair: Please give us an example of an exotic ALB—that sounds very exciting.

Sian Jones: Oh, I don't know—I was going to call it an exotic vehicle, which sounds even more exciting. I guess, Flood Re, the insurance company. I do not know whether that is particularly exotic, but it felt exotic.

Chair: That is a strange definition of exotic.

Sian Jones: From an auditable perspective. I think that we would call them exotic when they are outside public operations or whatever—when they have a peculiar and not common set of characteristics that are rare. In that case, exotic in the sense of the dictionary definition. We would then expect, as you said, the framework agreement to align with the special types of characteristics of that body. It would depend on the

quality of the sponsorship team whether they knew that that means that we need to do X in a Y and Z way.

- Q96 **Charlotte Cane:** You talk about the sponsorship teams knowing the ALB and what it does, and understanding that. Do you see any issues with people staying long enough to build up such experience, or with a good handover when new people come into the team?

Sian Jones: Again, that is a really good question. We did not comment on this in detail in our 2021 report, but there was a previous report that took the same kind of high-level look; that said there was often a high turnover in sponsor teams that undermines the institutional knowledge and continuity, and talked about professionalising sponsorship. That was a 2016 report, so we are talking almost ancient history.

Again, who knows what this looks like now? The chances are that turnover is consistently an issue when it comes to institutional knowledge and not passing it on. One would hope that things are put in place, but, with the best will in the world, that does not always happen. I would not be surprised to see that continuity could be a problem.

- Q97 **Charlotte Cane:** Yes. I trained as an auditor and there was always a permanent file, so you had a back history that you could go to. I often wonder if something like that would be useful to have.

Sian Jones: Indeed—just to make sure that people are not starting from scratch when they come in.

- Q98 **Charlotte Cane:** Yes. I think you have already answered that it does vary between Departments. We have also touched on the oversight from the centre. There are now guidelines, but is anyone taking an overview of whether they are being followed? Should that be the Cabinet Office or do we wait for an audit report to see if it is being followed?

Sian Jones: You know yourself that there are a number of assurance arrangements in place. The Cabinet Office say that their role is to set the guidance and Departments, as the entities that know their ALBs best, should be responsible. Then you have the internal audit function that will look at that.

As you say, we come in and do the accounts, as well as the value for money audits. You also have numerous reviews that have happened over the decades, including the triennial reviews that Departments run on ALBs in a cycle. I am trying to recall what we said in the report about them; I think we said that the Cabinet Office had said that all public bodies should have been reviewed by X date, but it was a highly ambitious target and I do not think they got there.

A review was launched in April this year to look at all arm's length bodies. I do not think that has reported in full as yet, but, as we know, we have seen some high-profile announcements. NHS England's is probably the biggest one. There are various business-as-usual and systematic reviews that look at these things, but what you are talking about is essentially the

difference between what the Cabinet Office expects its role to be and what Departments see their role as.

Q99 Charlotte Cane: What tools do Ministers have to influence how the ALBs are run? And how mindful are the ALBs themselves of what the Minister wants?

Sian Jones: I cannot answer how mindful the ALBs are. Ministers at the Cabinet Office and Treasury are partly responsible for improving the creation. At the very outset when we talk about business cases, they have a role in why we are creating this model and how and when.

Coming back to the characteristics of an ALB, the operational independence is a critical feature of their design. You have a slight conflict there in terms of the work not being compromised by sectoral industries. But obviously Ministers do have oversight of some of the bodies. The executive agencies I mentioned earlier are line managed by Departments. The arm's length bodies' chief executives, even if they are not line managed, report to the accounting officer who reports to Ministers.

Talking about various arm's length bodies, I can appreciate that perhaps the longer the arm, the more frustrating it may be to be able to have that connection or ability to oversee the performance. But I guess chairs of bodies can be summoned to Parliament. There are controls, but there are also limits. What is important is the clarity so that Ministers and other stakeholders can feel comfortable that they know what is going on and know enough to understand how their sector is performing.

Q100 Sam Carling: Apologies for my lateness; I was in a Bill Committee meeting.

Chair: Sorry—a Bill Committee and a Select Committee?

Sam Carling: Yes.

Chair: You have won the lottery of life!

Sam Carling: I am back in Bill Committee later today. I have half an hour for lunch.

Chair: Your cup overflows.

Sam Carling: I just want to pick up a couple of points from Ms Cane's questions. When there are serious performance problems in arm's length bodies, are sponsor Departments properly equipped to step in? We have seen some real issues at the Office for National Statistics on that front.

Sian Jones: I am afraid I do not have an auditable answer for you because I have not looked at that specifically, but I would refer back to the issues we talked about earlier. It depends on the issue and the quality of the Department. In most cases, you would expect Departments to be on top of things but, as we have seen, that is not always the case.

Q101 Sam Carling: Thank you; that is helpful. We hear anecdotal evidence that



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sponsor teams are generally becoming a bit more interventionist and are seeking closer monitoring of arm's length bodies' day-to-day activities. Does that chime with your perspective? If it does, is that an inherently good or bad thing?

Sian Jones: I have not heard that, so you are obviously more clued up than me. That is interesting. These things ebb and flow, depending on the pressures of policy deliveries.

It is great if Departments are taking a more active sponsorship. I guess "interventionist" may not always mean just active. I come back to the point about proportionality. We did a really interesting report, which we delivered in June last year, looking at proportionality in applying standards to small bodies. That was about financial audit and functions.

We spoke to loads of small bodies and asked them, "How are you feeling about the burden?" Their biggest concern was that it sometimes did not feel meaningful; it felt like they were going through the motions because lots of the things did not apply to them. Obviously, the truth is somewhere in the middle. We are huge supporters of accountability, and accountability means that processes need to be followed, but again it is the point about proportionality.

One thing we have not talked about enough is the ability to assess risk. Are Departments in a position to say, "The riskiest profile of ALBs is X, because this or that is happening, and as a result we need to be more interventionist"? As a point of general principle, on being interventionist all the time, it feels like there needs to be some kind of measured, proportionate and balanced look at that, but you are obviously hearing more than I am.

Q102 **Sam Carling:** Thank you for that. That is a really helpful perspective. I just want to move on to public body review and closures. Public bodies have been subjected to a whole series of review programmes over the years—tailored reviews, triennial reviews and so on. What effect, if any, have they had on the public bodies landscape?

Sian Jones: That is a big question. The majority of ALBs were set up pre 1972, so a lot of the bodies that are still around were set up a long, long time ago. Anecdotally, the bodies that have closed have been the ones that were created more recently. That said, I suppose that means that the ALB landscape gets smaller, but of course bodies are shut and new ones are opened, so it is not a zero-sum game. We will wait to see the results of this latest review.

Coming back to what we discussed at the start, which I appreciate you did not get to hear, it is not about ALBs per se. We are on the side of, "Are they set up mindfully? Are they doing a good job? Are they being managed in the right way? Are they delivering the best value for money for the taxpayer?" The ALB landscape is always shifting; we just want it to be a bit clearer and cleaner, with a bit more grip at the centre and good, healthy support and challenge from Departments to make them flourish and do their best.

Q103 Sam Carling: The Government has indicated that it would like to see a number of public bodies close—most Governments tend to make that indication. Is there any evidence on the effect that abolishing arm's length bodies and either merging them or bringing their functions into a Department has on the carrying out of those functions?

Sian Jones: We did what we used to call a short guide, which is essentially a factual run through of all the things you could expect to see when you close arm's length bodies or merge them. I can talk about those in a minute. We did a very recent report on the merger between FCDO and DFID, which are obviously two Departments rather than ALBs.

That report is really interesting for running through the various issues—technical, practical and cultural—that you need to wrestle with when you make that decision. It is not a case of just saying “closed” and the next day everyone is—as I am sure you are aware. The report looked at all the areas. I will not go through them all because they are pretty detailed.

It is things such as legal, financial, HR data, operational transitions. It is like TUPE-ing across staff—all the things that are practical and operational, but those are the people doing the job. You want to ensure that they are still being paid, that they know what their terms and conditions are and that they know where they are going to turn up to work on a certain day.

Then it is looking at the more strategic level. Are the funding and budgets mapped out? Does the closure or merger of an ALB mean that that budget is just taken into the Department and unit? Or is that also going to be a cut? What does that look like? What are the savings assumptions and are those going to play out? What do we expect to save? Are we indeed doing it because we expect to save money or because—I don't know—that ALB is no longer needed because it has delivered what it needed to deliver?

Then, I guess, what are the risks for that service? Will that service be interrupted when the changes, transitions, mergers or closures are happening? What are the continuity plans for whoever is in receipt of that service being delivered? As we have come back to, that is the most important thing.

That is not to dissuade; that is a decision that is made. But there are a lot of things that immediately need to kick into place that are strategic, technical, practical and operational, to ensure that there is no disruption of service, and that it delivers what it is meant to deliver, whatever that is intended to be.

Q104 Peter Lamb: I think the previous three Governments have entered office committing to do some variation of a bonfire of the quangos, and each time it has been little more than a wastepaper basket fire, while new arm's length bodies are being set up all the time. Why haven't Governments closed more public bodies, in your opinion?

Sian Jones: That would be a question for the Government. We all eagerly await the results of the recent review, but you would have to ask them.

Q105 **Peter Lamb:** You didn't sound as though there were specific challenges or problems associated with merger, as long as you can get the continuity plans in place.

Sian Jones: Certainly, the points I was making were, as you say, around just being mindful and understanding what you needed to do. I do not think there are any particular technical or operational reasons. It is about Government deciding what route they want to take and going from there. That is obviously a decision for them.

Q106 **Peter Lamb:** There are no specific reasons you can think of why we haven't seen more Governments following through on their commitments in this area.

Sian Jones: I couldn't tell you; I'm sorry.

Q107 **Chair:** When the international family of national audit offices get together for their Christmas jamboree, or whatever national audit offices around the world get together for, are you struck by any stellar comparable example to which the UK could look to improve and do better?

Sian Jones: That is a really good question—and not just for the image of the Christmas jamboree.

Chair: I have this marvellous idea of auditors doing the conga round some ballroom.

Peter Lamb: Staring at their own shoes.

Sian Jones: I couldn't possibly comment on that. As you know, we do a lot of work with our international colleagues. I cannot recall any good practice examples; that does not mean they are not out there. Observationally, from meeting different supreme audit institutions, that a lot of this could be cultural. You would go to different departments in different countries and a lot of the things that occur there might work there but may not work here. Obviously, that does not mean that you should not be doing international comparisons. We did not do them for this report, so I have not got any specific good practice to share with you.

Chair: I apologise; I think the autumn sun is interrogating you. Colleagues, have you any further questions for Ms Jones? My closing observation is that the word "variable" has been used quite a lot. That is not a criticism. It has been used quite a lot in your answers to colleagues' questions.

Given that it is all taxpayers' money, the essay question that I am keen that we as a Committee take forward in further exchanges is, "Is variability justifiable or sustainable, given the pressures on the public purse, the cost of living and so on?"

"Variability" is an understandable word but it has caused some concern in my mind, not from your point of view, but in terms of how HMG approaches these things. We can take that up with the Cabinet Office when they appear before us. In the meantime, Ms Jones, diolch yn fawr,



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as a Welsh man to a Welsh woman. Thank you very much indeed. We are grateful to you for your time and for answering our questions.