

Public Administration and Constitutional Affairs Committee

Oral evidence: Public Bodies, HC 553

Tuesday 6 January 2026

Ordered by the House of Commons to be published on 6 January 2026.

[Watch the meeting](#)

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

Questions 161-192

Witness

[I](#): Joe Hill, Policy Director, Re:State.

Examination of witness

Witness: Joe Hill

Chair: Good morning, colleagues, and welcome back. I hope everybody had a good Christmas break. Happy new year to everybody, including to our witness this morning, Mr Joe Hill, who is the policy director of Re:State, which was formerly called Reform—I can understand why you changed your name. You are very welcome. Thank you for finding the time to appear before us today to help us to better understand the arms' length body landscape. We will open the 2026 questioning session with my friend and colleague Mr Sam Carling.

Q161 **Sam Carling:** Thank you very much, Chair—it is a great honour. Joe, can you start by summarising the current public bodies landscape as you see it?

Joe Hill: Yes, of course. I will start by quickly contextualising this, because there has been a lot of talk recently about whether or not Britain has been in an ungovernability crisis, particularly in the wake of Paul Ovenden's piece on the stakeholder state in *The Times* last week. This subject is such a crucial part of that problem and discussion.

It is really crucial that Governments and Ministers who are elected to deliver ambitious agendas have the tools and power at their disposal to be able to that, and that when they succeed or fail, Parliament and the public can understand who was responsible for that and why, so that we can



HOUSE OF COMMONS

learn lessons in the future. But the truth of it is that the public sector in this country is really quite unaccountable, in many ways, for the things it does and the decisions it makes. There are various reasons for that. We have a very centralised system with quite weak local government compared with other countries, particularly comparator nations like those in the G7. Even within Whitehall, the majority of people and jobs in central Government are not, in a classic fashion, directly accountable to Ministers—they are not appointed by or fireable by Ministers. The number of jobs that are is relatively small in the grand scheme of things.

This subject, public bodies, is what we call Whitehall's wild west: some of the most unaccountable parts of the British state. We are talking about a sector of 400-plus organisations—no one has a specific working figure—spending £350 billion-plus of taxpayers' money every year. Plenty of things work well and go right in that sector every single day—otherwise, we would be in a much bigger crisis than we are currently in—but very big, high-profile failures often happen in this part of the public sector, and when they do, we find that questions about exactly who was responsible and why are often blurry and grey, and there is not a clear answer.

Ultimately, the answer is that the buck does stop with Ministers. Parliament is sovereign, Ministers ultimately have the power to exercise their agenda, and we do not have a constitutional settlement that has competing centres of power in this country. Many public bodies are set up to be, in some sense, a check and balance on Executive power, but ultimately they do that at the pleasure of the House and under legislation that is set out by parliamentarians, so the question of how you reform public bodies and the public sector is really crucial.

There is a very varied landscape within that. You have things all the way from NHS England—which is soon to be not on the list—at the top of the range, with 14,000 staff and £150 billion of public spending a year, down to the Low Pay Commission, which has about eight full-time members of staff and public spending of about £1 million a year, and everything in between. This is a sector, and we should think of it that way. The key question for the Government, and for yourselves in this hearing is how we steward that sector most effectively. What should be in it and what should not be in it? What should be more directly accountable to Ministers? What should not exist at all? How do we create the dynamics and levers to make that work?

Q162 Sam Carling: Thank you; that is really helpful. Some of the issues you have touched on around accountability are very much things we have found in some of our inquiries, particularly on the ONS and otherwise. As you also touched on, there are around 300 arms' length bodies, but there are broader classification issues, as your written evidence goes into, around how many overall public bodies there are under all the different umbrellas and names. What is your best assessment of that?

Joe Hill: I think that the way the landscape is classified is a sort of accident of history, and what goes into that arms' length body bucket of bits of the public sector and public bodies that are more deserving of



HOUSE OF COMMONS

Government attention and scrutiny, and what does not, has to do with a lot of historical classifications relating to how they were set up and why, which was done over decades, in many cases, under many different pieces of legislation. It is very complex and labyrinthine, and it is very hard to make sense of it through the top-down categories that do and do not exist. Plenty of high-profile, really important public bodies do not meet the definition of an arm's length body in a traditional sense.

There are also probably very large parts of what we should think of as the public sector that would not fall into the descriptions at all. For example, there are many charities that are entirely funded by the taxpayer through one source or another—often multiple different sources—that would not fall into the classification of public bodies, but if you asked the public who is really in charge of them and how, they would think it probably was Ministers and elected representatives.

There is no single straightforward way of making sense of it, but the Government do have a clearer view of the 300-odd arm's length bodies, and a set of definitions that govern them, and there are accountability frameworks and rules around them.

Q163 Sam Carling: Do we know enough, then, about the public bodies we have? If we do not, how do we improve that? For example, should the Cabinet Office collect and publish information around all public bodies—despite some of the issues you just touched on—rather than just ALBs?

Joe Hill: Yes, I think it should be doing a fuller, more comprehensive review of the whole public body landscape. We will maybe come on to this, but the Government do have an agenda of reviewing and reforming the arm's length body landscape, which they have a better understanding of. I think that is going slowly; we are not seeing much progress on that.

There probably are some trade-offs here. Do you focus on delivering your existing commitments to the arm's length bodies that you do understand and have a bit better mapped, or do you embark on a broader exercise to map all of the wider public bodies, which may delay the delivery of that exercise? On balance, if it becomes one and not the other, delivering on their existing commitments around arm's length bodies is likely to be a more valuable exercise.

Q164 Chair: You have talked about the accountability of Ministers. When constituents write to us on a particular issue, they expect a Minister to have control and discretion over a particular policy area, and often get very miffed when they get passed over to somebody they have never heard of who works for an organisation they did not know existed.

At the recent Liaison Committee meeting just before the Christmas recess, the Prime Minister referred to this sort of thicket that had been created over many decades, which effectively inhibits Ministers from delivering their agendas directly. I suppose two questions arise in my mind from that. First, do you have any sympathy with the suggestion that ALBs were set up and have continued to be set up to provide a protective cloak for Ministers, so that they can avoid taking difficult and/or contentious



HOUSE OF COMMONS

decisions? Do you have any sympathy for the second thesis that Westminster and Whitehall are not particularly good at training Ministers as to how to take a decision, how to call for evidence and how to stick to that decision, such is the reliance on ALBs to do such a lot of the public policy work?

Joe Hill: I probably have sympathy with both those suggestions, which I will take in order. I should preface this by saying that there are very good, legitimate reasons to want some public bodies to be independent of Ministers, to varying extents. The Government use three tests to assess whether something should be a public body, along with a general presumption against it unless it is a last resort: one is whether it requires technical or expert advice; one is whether the decisions the public body makes should be seen to be taken separately to Ministers; and one is whether it should be independent enough to provide credibility around facts, figures and independent evidence. I would say that the first of those—

Chair: Why can't Ministers do that, with an army of civil servants to advise them and the ability to call upon expert and informed opinion for a task-and-finish approach?

Joe Hill: It depends on a set of choices. The first of those tests in particular—the technical expertise one—does not, to us, meet the bar of something that should be a reason or an excuse for making something a public body. Historically, that has been stretched quite broadly beyond what technical expertise and advice might mean to mean any specialist domain knowledge and information. Actually, there are plenty of examples in the state: the then AI Safety Institute, which is now the AI Security Institute, was not set up as a separate public body but has deep domain expertise. That shows that you can incubate that in a ministerial Department, so that would not be a good reason.

To go back to your question, it is definitely the case that these bodies have been set up for often very political reasons, which are slightly detached from what the best outcome is for the public and for the delivery of services. Does it provide some level of cover for decision making and separation from Ministers so they do not have to worry and can say, "Well, I wasn't involved; it's someone else"? That is absolutely one reason it is done, and I think there are plenty of others.

The establishment of bodies is also often used as a signal that the Government are doing something in a tricky area. They want to show an interim step and they say, "We will set up an independent football regulator," for example, before having a clear view of what that will regulate and how it will regulate it. There are probably plenty of other examples, but definitely yes to the first question: these bodies are often set up to provide some level of cover to Ministers, and I do not think that is sufficient. To your example earlier, I do not think that actually matters at the ballot box.



HOUSE OF COMMONS

However, to the other two tests, there are still a couple of good reasons why you would want public bodies to be independent—in the case of the OBR, for example, for the establishment of facts and figures and to give credibility to markets that figures are being developed by professionals and people do not have their fingers on the scales. The Regulatory Policy Committee might be another example.

Q165 Chair: My personal thinking on the OBR waxes and wanes, but notwithstanding the independence of the Bank of England, a close relationship between a Treasury and a central bank is demonstrably a beneficial thing. The Treasury has thousands of very clever people who look at all sorts of things on a daily basis, and we have things like the UK Statistics Authority and everything else. Doesn't it just sort of hollow out the expertise at the centre to say that we need a nursemaid like the OBR to provide some form of imprimatur?

Joe Hill: Yes. I think it probably also provides a lot of benefits in that imprimatur, and there is a trade-off there about how much expertise you are willing to slightly outsource. I do think, maybe to build on your question—and I do want to come back to your second question, Chair—that often the creation of public bodies has become an excuse for Departments not to retain the right kind of expertise themselves to hold those public bodies to account for the delivery of their functions. You can see that in plenty of the larger delivery Departments. Indeed, a key part of the rationale for bringing NHS England back in house is that we have ended up in a situation where you have policy teams for primary care in the Department of Health and Social Care who are man-marking policy teams for primary care in NHS England; however, the NHS England policy teams are significantly better paid than the civil servants in the Department's policy teams. There are plenty of examples of that, which is a bit of a problem.

To your second question, I think that Whitehall probably could do a bit of a better job at not just trying to smooth over a lot of the edges and cracks in terms of difficult advice and decisions and trade-offs for Ministers, but presenting those very frankly to them. There are a huge number of ways the policymaking process has gone wrong because people do not want to have difficult discussions about challenging trade-offs in areas where it is a bit zero sum and everyone cannot get what they want. I know from experience, as a former civil servant, that people have a tendency to say, "Well, can we just find a form of words that helps us get around this and paper over the cracks?" It is tricky to consistently use Whitehall to make up for some of the training and challenges you might have with new Ministers, particularly when churn in ministerial appointments is quite high so you are likely quickly training people up and then having them re-take decisions that were taken quite recently by their predecessor. That seems to me a more substantial point, but it is a difficult one for Whitehall to address.

Q166 Chair: A constituent raised with me yesterday the fact that the water company that provides him and his wife with water is responsible to six or seven different bodies and organisations, all creatures of government but



HOUSE OF COMMONS

entirely at arm's length from it. One will often have a different type of agenda from the other, whether in respect of fees or environmental outputs and so on. Who should take a basic look at this and say, "These things have grown like sediment"? Sediment will often cause a blockage of the flow over time, but we seem to add layer upon layer, and a lot of these organisations then diverge into things that they were never intended to do. Should it be No. 10? Is it the Cabinet Office? Is it Parliament? Who should be doing that check and balance of, "Do we still need it? What is the rationale for creating it?"?

Joe Hill: If a Government were to take your thesis and this agenda very seriously, they would need a real drive and energy, and a central approach to solving the problem. I would say that that does not characterise the current Cabinet Office-led approach. The current approach, building on previous waves of the review process, which we might get into later, is driven by the ministerial Departments that sponsor these organisations in part. The Cabinet Office sees itself, as it talks about in its written evidence to the Committee, as facilitating that process but not being an agent or driver of it or a decision maker.

The problem is that that accretion has happened on the watch of ministerial Departments. It is a kind of collective-action problem or a tragedy of the commons. It is very easy to lay another duty on a regulator, to give the regulator a slight nudge to look at something, or for a regulator to go and do that themselves. The same would be true of public bodies that are not regulators. It is hard for them actively to say, "We're not going to do that any more. We don't want to do that. We have told a load of stakeholders we were doing this in the past, but no longer," and to then roll back. So over time you create a ratchet effect, and the only way to break such an effect is through really targeted, driven, systemic programmes driven by someone at the centre.

The answer to the question about the Cabinet Office and No. 10 is a bit agnostic, depending on how you architect those Departments. I would say that those bits of Government do not work very well under their current set-up and arrangement. Generally, you want a more powerful and structured centre, which does not currently exist. I want something else more powerful at the centre of Government, be that a department of the Prime Minister or something, with the ambit to drive this.

Chair: Thank you; that is very helpful.

Q167 **Sam Carling:** You flagged inconsistency in the ways that ALBs are established, with those that perform similar functions often having different status or classification, and often different governance arrangements. Is that mostly a legacy problem? Or is it still happening with new public bodies?

Joe Hill: I would say it is both a legacy problem and still happening with new public bodies. The decisions about what is set up as an Executive agency, a non-departmental public body or a non-ministerial department seem to be really quite inconsistent, based on pretty vague guidance from



HOUSE OF COMMONS

the Cabinet Office. It is inconsistent and vague to the point that I am not sure that the distinctions matter that much any more. I do not think that what the Government does is based on those distinctions. For example, you can find independent regulators that are constituted as any one of those three types of organisation, with no clear justification for it. The 17-odd new public bodies that the Government plan to set up or merge and create from previous ones are, similarly, a spread of those organisation types. I do not think there is a consistent approach.

We recommended in our paper taking a more consistent approach based on the kind of relationship the Government want to have in working day to day with public bodies. That is the crux of it. Regulators, inspectorates, advisory bodies and delivery agencies—these are the different kinds of relationships. Something that looks like an Executive agency, a non-departmental public body or a non-ministerial department not only to constituents but, frankly, to experts like us is very confusing and not helpful.

Q168 Sam Carling: Sure. The guidance is vague, but the Cabinet Office and the Treasury can both veto the establishment of new ALBs, so why is there still so much inconsistency? Could any other safeguards be put in place that are more effective than what we have right now?

Joe Hill: In researching a paper we published last year called “Quangocracy”, which is referred to in our written evidence, we spoke to several senior officials, none of whom could name a public body that had been vetoed or where those powers were used. I am sure one exists in the historical sense of it. I am sure there are also plenty of ideas that were pre-vetoed based on a quiet word and did not quite reach that point. But generally when policy proposals reach the write-round process in government there is enough steam behind them. It is quite hard for Departments, even powerful Departments like the Treasury, to exercise some of their vetoes. They do, but often it involves watering down what that public body will do rather than an explicit veto.

An unwillingness to use veto powers gets to the heart of this. The current guidance and tests are based on the idea that public bodies will be set up as a last resort. In recognition of some of the themes we have talked about, these are easier to set up than they are to close down. If you accept that premise, you should have a general bias against their creation, because you are trying to counteract the bias in the system. That is just not applied. It is difficult to see.

The appointment of some heads of public bodies is contingent on pre-appointment hearings with Select Committees and parliamentary assent or Royal Assent. There are various different models. You can add more layers into it. If you were to try and standardise the statutory footing of public bodies, one thing you might want to look at is whether the establishment of all public bodies should require parliamentary consent in a separate way to the use of an Act of Parliament to establish them. We would say that in some cases the use of primary legislation to establish public bodies poses

an additional constraint on closing them down and bringing them back in house in future, because parliamentary time is short and oversubscribed.

Q169 Sam Carling: That is a useful couple of ideas to think through. In some of the evidence we have seen, you commented on a shortage of resource in the Cabinet Office and the teams that examine ALBs. I put a similar query to a senior civil servant at the Committee's last session, and the response was essentially that they feel the Cabinet Office is able to do what it needs to right now, because most of the work really needs to be done in the Department. What is your response to that?

Joe Hill: I think that theory is part of a broader theory about how the Cabinet Office needs to slim down and be smaller and more professional, which we would agree with. But when it comes to this specifically, it is not quite realistic about the incentives in ministerial Departments to actually drive these reviews to a head and take difficult decisions. To the earlier point about layers of accretion and sediment, it does not fully recognise how much this is a collective failure and needs a collective response in some areas of Government.

Often the problem caused by lots of public bodies with slightly competing mandates working in the same area, adding sludge and sediment into the system, is not one that a specific Department can solve. Unless you have a co-ordinated response, as has been recommended for some of the water-related bodies in the independent review this year, you do not get the benefit from just letting individual Departments and bodies crack on at different paces with different names. You have a lot of expertise in ministerial Departments—not as much as there should be, but a lot of expertise in policy areas and the public bodies that they sponsor—that you need to draw on. But the key thing we are lacking here is not actually expertise; it is drive, focus and a sustained, concerted effort, which does need to be held in the Cabinet Office or somewhere similar.

Q170 Sam Carling: That is helpful, and I agree. How effective would you say departmental oversight is at the moment of the public bodies they cover? What are the key issues with that? Do you want to add anything more?

Joe Hill: We would say that departmental oversight of public bodies is varied, but generally speaking it is not as strong as it needs to be. It is primarily a mismatch in capability and resourcing.

Once you have outsourced too much expertise and decision making to public bodies, you find that ministerial Departments lack a lot of the depth of expertise and knowledge to be able to understand where they are going wrong, what they are doing and how to hold them to account for any challenges—and also, how to bring them back in house. You have effectively created a powerful stakeholder group for the continuation of the existence and the ways of working of that public body. You need to find some other way of building that expertise in Whitehall, alongside closing things down and bringing public bodies back in house. That isn't there.

We talk in our paper about how we estimate, based on incomplete freedom of information request data, that there are about 250 civil

servants across Whitehall who work on sponsoring these bodies directly. This is a sector of thousands of people. From similar FOIs, we think there are about 5,000 officials who work in ALBs alone who work on their external communications and engagement and public affairs. There is clearly a shape and size mismatch there, and Whitehall needs to get more robust in its approach.

Q171 Sam Carling: If it was 250, that would be fewer than the number of ALBs, right? You would have less than one person sponsoring each one.

Joe Hill: Yes.

Sam Carling: That is a problem. Do you think there is enough clarity around the respective roles of Departments and ALBs? Do Departments really know what sponsorship should look like and all the functions that they should be carrying out?

Joe Hill: Yes on paper, but often no in practice. This is a really tricky area to make strong policy recommendations on, because so much of it is not to do with the letter of the rules, the framework agreements or the guidance from the Cabinet Office and the Treasury; it is to do with what terms like “operationally independent” really mean in practice. That term in particular means quite a lot of different things to quite a lot of different people in public bodies, Ministers, civil servants and special advisers across Whitehall.

There is a bigger question at stake. Lots of this is very heavily codified, and not a lot of that is practised. There is certainly, in many public bodies, a general feeling that they are independent and should do what they need to—independent of what Ministers want—in a way that is not supported by the framework agreements or the legislation.

Q172 Sam Carling: Okay. What is the key issue with the sponsorship teams? Is it the level of seniority and expertise? Is it a question of resourcing? How could we improve the sponsorship teams?

Joe Hill: There are plenty of ways. Often, these are overseen by senior officials who only work on it part time, and the senior sponsor for an ALB in a Government Department is not quite experienced enough. Often, the teams are really quite small. One senior sponsor we talked to estimated that their sponsorship teams spent about 20% of their time on applying the guidance around arm’s length bodies and on tailored reviews of the ALBs that they sponsor, and about 80% of their time on the public appointments to lead those ALBs.

Now, the public appointments process, and Ministers appointing good figures to lead these bodies and sit on their boards, is a key way that they oversee that, so it is not a binary distinction of 80% of the time being spent on something else that is entirely useless, but that balance does feel off. One of the useful things the Cabinet Office should do is take a really good hard look at what it is expecting centrally, and how it can rationalise that down to the most important things, to see that they actually get

done, rather than having a long list that will be partially done to varying extents in different guises.

Q173 Sam Carling: Is there essentially a need for clearer definitions of things like “operationally independent”, and some of the other terms that we are seeing?

Joe Hill: Yes, but I think that is hard to do in the abstract without individual cases. The Government need to go through some of the public bodies that they have routine run-ins or difficulties with and actually re-establish what the relationship should look like in legislation and in practice. It is a lengthy and complicated process and it involves taking on, frankly, quite a lot of strong vested interests in some public bodies about their work. A central approach and a steer towards what operationally independent means probably would not be very helpful.

Q174 Sam Carling: You talked quite a lot in your evidence about the duplication—“man marking” is the term you used—of ALB functions by Departments. What do you think the solution is to that? Is the correct answer always to close the ALB, or is it to find some other way?

Joe Hill: There are a few different options, some of which include genuinely deciding that some public bodies, if we want them to be independent and to exercise independent operational scrutiny, should be protected and should be appropriately resourced to do that—and that we do not always need the same level of resource and responsibility in Government Departments.

Having said that, I think those are a small number of cases. In the vast majority of cases, the bias is the other way: Departments have a man-marking responsibility or team, but not nearly enough to really understand what is going on in those public bodies. At a time when the civil service has grown quite a lot, the headcount of public bodies has expanded enormously. These are very well-resourced organisations compared with the people who are trying to man mark them.

Q175 Peter Lamb: To continue the thread about dealing with overreach and the departure from independence, we recently had an issue where we had to pass new legislation to empower the Justice Secretary to override decisions taken by the Sentencing Council. Whatever your view on that particular decision, it does seem ridiculous that we had to pass a whole new Act of Parliament to give back powers to the Secretary State that they technically already had. What is your view?

A lot of these issues seem to come down to a combination of an absence of democratic accountability and independent remit setting by organisations. Outside of one or two institutions, such as things like the Electoral Commission, should a ministerial override not simply exist in all of these forms, where Ministers choose to intervene in a decision because they do not believe it is in line with the public interest, or to set out a remit for an organisation that appears to have developed its own, independent of Government’s desires?



HOUSE OF COMMONS

Joe Hill: Yes, I believe so. In practice that would require a big, sustained legislative effort, because the footing on which these public bodies exist is defined through a large number of Acts of Parliament. You would need to change that to give consistent override powers, or to pick a few specific areas, such as the Sentencing Council, where the Government have felt that they do not have the powers they need. But yes, I think they should have that mandate and accountability. As long as we have a system where Ministers are going to be held to account for success and failure, ultimately they need to have the ability to say no. You might want that to look different in different cases. You might want to have different levels of checks and balances around it: what do Ministers have to justify publicly in writing, or write to the House about, for example? What needs a resolution in both Houses? These are different ways you might do that.

Q176 **Peter Lamb:** I hope we can find a simpler way of doing it, because Government is slow at the best of times, and no doubt we will end up with an arm's length body in charge of reviewing all this stuff. What is your thinking as to why that has not happened so far? Is there a reluctance from Government to do this because, in some ways, arm's length bodies are a Pandora's box where you put the decisions that you do not really want to be held accountable for?

Joe Hill: This goes back to the Chair's earlier question. That is one of the reasons, but there are plenty of others. It is easy to underestimate how much a modern, democratic, G7 country's Government do day to day. Obviously, it has been convenient over several decades—starting with the Next Steps agencies, and on to the present Government—to decide to outsource some level of expertise, decision making and operational independence to public bodies. It is much easier to do that than to face up to a lot of the actual difficult challenges and trade-offs that come from running them.

To take water regulation, for example, which is a really hot topic and a bunch of public bodies are involved in it, there are some really difficult trade-offs involved in repairing water infrastructure around how much cost you pass on to consumers in bills, how much cost you cover through taxes and how much, as seems to have been the case for a long time, the sector says, "We'll just keep bills low. Let's not focus on repair and infrastructure." You then reap the challenges of that, as we have in the water sector.

These are really political decisions. It is often convenient for Ministers to get someone else to be involved in making them, but ultimately the buck does stop with them. I think there is an element of gun-shyness about it, so once you have pushed all this out, God knows what you might find in some of it when you bring it back in.

The time to do that sort of big exercise would really be right at the start of a change of Government, as we have had. You can comfortably say, within the first year or two of a new Government, "Well, we're trying to undo what's happened in the last few decades. We've just come into power"—



HOUSE OF COMMONS

you can pass those failures on to other people. As time goes on, that excuse is maybe more challenging.

Peter Lamb: I recall your organisation making that argument 15 years ago.

Joe Hill: That is good to know.

Peter Lamb: Two Governments later we are still in the same place.

Q177 **Chair:** Before I bring in Charlotte Cane, let me slightly recalibrate the essay question, if I may. We are not very good in this country—in fact, in most mature democracies—at going back and asking “Why?”. The bodies started to be created with the good intent of creating nuclei of expertise, speeding up decision-making processes and so on. In broad terms, the public do not understand that: they think it is Ministers of the Crown who deal with the important issues that affect their daily lives, not people who they have never heard of. Most people would throw their hands up in horror to think that there was operational independence. Often, these bodies will become lobbyists back to Government to do things, rather than implementing what Government want them to do.

There is a broad consensus that there are quite a lot of things in our country that are not working—that have not modernised at pace or whatever—so has the ALB experiment failed in broad terms? Is it time to think of a better, more streamlined, more accountable way, probably spurred by our good friend social media where there is a greater expectation of direct democracy and accountability, and is now the moment to seize it, rather than saying, “We’ve had these things knocking around for 30 or 40 years. They’ve always been with us. They’re part of the landscape like Stonehenge”?

Joe Hill: Yes, I think the ALB experiment has certainly not lived up to what it promised. Counterfactuals are always really tricky. If, as part of new public management and the decades-long consensus that we should make the state a bit more business-like, operational independence had not been preferable to direct ministerial involvement—

Chair: Can I say to those in the Public Gallery that, although it is always lovely to see people there, the acoustics in this room are not very good? The slight whispering between yourselves is distracting to the Committee and off-putting for the witness, so I ask for silence in the Public Gallery, please.

Joe Hill: I think it has not lived up to the expectations. As I was saying, counterfactuals are really tricky. If we had not gone through this attempt at modernisation, would we still have the same public administration approach that dominated before the ’70s? It is very hard to say. I am reminded of a quote, which I think is attributed to Winston Churchill—

Chair: It is usually Winston Churchill—or Oscar Wilde.

Joe Hill: Democracy is the worst form of government except for all of the others.

Chair: It is Churchill.

Joe Hill: I think we have learned that Ministers may not be the best executors of big operational functions of government all the time, but that ultimately, the idea of operational independence will not hold up when there are big failures. We do need to re-inject a bit more democracy into the delivery of public management and systems.

At the end of a crisis or failure, if Ministers are going to be held to account for what has gone wrong, they should rightly have more of a say. That is not just a principled approach; in practice we are likely to see significantly better outcomes in many cases from more democratic involvement. The problem for a lot of the public sector is that it does not have feedback loops in the way that market-based systems do, based on price and quality of what is provided.

I hesitate to suggest that elections or even direct democracy in Parliament would be an equivalently useful process. It seems to me that the bureaucratic state or the stakeholder state's feedback loops have been significantly worse than many more democratic approaches would be. We lack a compelling alternative theory to new public management, which would help us to navigate through that. You can see the emergence of it somewhere.

It is very difficult to see a world in which we try to inject more democracy into public services that does not involve significantly more localism—in particular, regionalism. To me, that is another key part of this. You can see the growth of the next stage agencies and public bodies and this whole workforce of central Government happening alongside the decline in scale, capability, resources and workforce of local government. That was a mistake. There were clearly big challenges in the '70s in how local government worked and was, but we have gone too far and we need a different approach.

Q178 **Chair:** That is a strong point. Maybe the impetus for combined authorities, Metro Mayors and so on, and increases in devolution, provide absolutely the right time for a fundamental root-and-branch review. That would be another hook on which it could hang.

Joe Hill: Absolutely. The tricky part, which has always been the tricky part when there is such an over-centralised system, is that real responsibility will come only when we devolve fiscal measures to regional or local government more extensively than we have. There is a lack of belief in Westminster and Whitehall that that can be realistically delivered. I am optimistic that it can. I am sure the Committee will read our next report on this subject very excitedly.

Chair: We are hoping for advance copies.

Joe Hill: Absolutely.

Chair: Good. Thank you.

Q179 Charlotte Cane: That line of argument is interesting, but unfortunately my questions do not follow on easily. Going back to your suggestion that Ministers may well need override powers, they do have a variety of formal and informal mechanisms to influence the ALBs. In reality, how big a constraint are the arm's length bodies on Government?

Joe Hill: That varies by arm's length body; it is hard to give a meta-view of all of them. There is an important, interesting kernel here, which in our research we have called a big legislation and practice gap in this area. There are plenty of parts of the public body landscape where Ministers have strong override powers and consultation powers, all the way up to using legislation to take powers away from public bodies. There are plenty of ones they can use executively, which are not practised.

If you talk to Ministers after they have left office, they say, "I wasn't aware I could do that. No one ever told me I could do that." The consensus in the system seemed to be that that was not right, despite it being legal. There will probably be some examples where that was a convenient excuse for Ministers, having left office and realised that they probably should have done some things that they didn't do. Hindsight is 20:20.

We have created a lot of powers that Ministers almost culturally can't or won't exercise. Sometimes that is because those are quite heavy-handed or ultimate powers to use. They do not have the day-to-day management power to get different decisions out of public bodies. Their only recourse is often to ask a more senior Minister or the Prime Minister for support in firing the executive of a public body, which is quite a big and public step. Sometimes that might be one they want to take.

I think the chair of the CMA was removed last year or the year before, based on a dispute with Government over strategy. Ultimately, they will do that. They do have that power, but it requires a level of willingness to go to the mattresses and say, "We care about this enough to take that ultimate decision." Otherwise, we need some more proportionate levers of control over what public bodies do.

Q180 Charlotte Cane: I hear that, although if you have the nuclear option, as it were, the other side knows that as well. There is room in the middle for quite a bit of influence and control.

Joe Hill: Absolutely. I think that is where our earlier point about the mismatch in capability and capacity is really important. Many public bodies have become very active public stakeholders and campaigners for their own continued existence and ways of working. There is a long list in our paper—I am not sure it all made its way into our written evidence—of job adverts we have collected for public affairs jobs at public bodies, which are paid for by the taxpayer, that talk about hiring people to campaign and lobby Ministers, special advisers and senior officials about the size of the budget they will have for opinion research and Government-influencing research. To me, that is probably a step too far than the softer internal Government influence on the nature of relationships we would want to

see. That strikes me as appointing people to advocate for your agenda as a public body and the status quo.

Q181 Charlotte Cane: In your report you also talk about the possibility of mission creep in arm's length bodies. How big a problem do you think that is? Do you have any specific examples?

Joe Hill: Yes, absolutely. We think it is a big problem, but in defence of public bodies, this is a big problem for lots of Government and the state, not just public bodies. We published an essay on something that we call "everythingism", which is a theory of how bits of the state keep tacking on small adjustments to their policy and work in a way that is, in the micro-sense, very small and easily justified, but in the collective sense, represents significant accretion and some of the functions we talked about earlier.

Broadly, you can see this in the proliferation and numbers of strategic steers that most of the sectoral regulators have had over the past decades. This is quite well captured in the independent review of water, and some of it is also talked about in John Fingleton's nuclear regulatory taskforce's final report. I will not try to recall exact specifics for you, but there is pretty strong evidence to show that, over time, the number of things that public bodies want to be responsible for, or for which they are made responsible by Government—Government can themselves do mission creep by adding more missions—really only trends upwards.

Again, it is easy to say, "We will ask them to look at cost of living. It is the key thing, so most regulators should also look at cost of living." It is interesting that the Government, as part of pursuing their growth agenda and regulatory reforms, have asked all regulators to have a growth duty. We would be supportive of regulators taking decisions for more growth, but my experience, from talking to regulators, is that they are approaching their growth duties often as a kind of mission creep, so they say, "Oh, let's just do another PDF about all the good things that we do for growth and publish it online."

I think there are a few different areas where we see this mission creep. It is clear that there is some, but it is not uniform; it is more apparent in some ways than others. You would definitely want the missions of public bodies to change over time, as policy priorities change. I think there are two important questions. First, is that being driven by the Government themselves, or is it often driven by a bit of activism from some of the public bodies? Secondly, is it just an ever-expanding remit of what its mission is, or are there actually some strategic choices to say, "We are no longer going to do x, so we can pursue y"? I think that in both those cases it is not quite the case.

Q182 Charlotte Cane: Do you think there is a risk of mission creep becoming outright politicisation?

Joe Hill: Yes, definitely. Maybe the biggest risk is in slightly more subtle politicisation. Everything is political, in quite a strong sense. Thinking back to when I was an official and what we would have used as examples of



HOUSE OF COMMONS

good operational independence and key policy decisions that Ministers should take, one of the examples we said was that Ministers would not want to be involved in, and that they would not be the right people to lead, big statistical collections and the oversight of data collection and publication.

As the Committee has noted, one of the things that has been a challenge, particularly with the Office for National Statistics, has been how that operational independence in practice has been applied where its resourcing is targeted at the creation of new statistical measures and maybe the neglect of some really fundamental ones. Operational independence strikes me as something that feels really clear, but when it goes wrong, it feels really political. Some of these choices about where to focus public time and public money are, by their nature, very political, particularly when they are zero sum and they imply a trade-off and that we are going to do more of x and less of y, but we are only going to talk about more of x and not the less of y.

Q183 Michelle Welsh: There have been quite a few reviews of public bodies, some of which were tailored reviews, some triennial reviews. It would be interesting to know what effect you think any of those reviews have actually had on the public bodies landscape. One of the reasons I ask that is, why have more not been closed as a result of the reviews? There is a general feeling that some are not meeting the needs and the purpose of what they were originally put there to do. If these reviews are taking place, what actually is their effectiveness?

Joe Hill: I agree that the reviews have not been a consistently useful approach and measure for evaluating the condition of public bodies and whether they should continue to exist and how. Equally, it is difficult to imagine a process for doing that consistently across the whole of the public body landscape that does not involve some level of standardisation about what the process is and how it is executed.

Reviews have failed when they have been done because your time has come round and it is your turn to review one of your public bodies; then, the Department, the public body, the Cabinet Office, the Treasury and everyone, including the Ministers involved, are just going through the motions of it. Although the process is very clear on paper in the guidance around the review process and the conclusions are meant to be taken very seriously, the reality is that closing a public body, merging it, bringing it back in house or other big strategic decisions about its ambit are big and very political decisions that would require Ministers to do quite a lot of work building a consensus among some of their colleagues and being willing to advocate publicly for the result. The process is quite a bureaucratic and officials-led one; in reality, it would focus a lot on whether public bodies are complying with their duties under "Managing Public Money", for example, and other core bits of guidance.

A process like that can produce lots of helpful official recommendations, some of which are often not implemented or used, but the big decisions you are talking about, such as whether we should close some more public



bodies, I think need a longer political lead-in and a clearer desire from Ministers to say, “We think we know which the blockers are,” as the Government have talked about in the Liaison Committee and the speech back in March last year from the Prime Minister. We have our own theory of that. Whether it is through the review process or outside of it, they are driving that to its natural conclusion, as they have done with NHS England. It is going to be a lengthy process, no doubt, to bring it back in house, but there is a theory there and a practice, which was not born out of a particular tailored review or the current review process. They had just identified a problem and wanted to do it. I think it is very hard, absent that, for a quite official-led review that is going through the motions to come out with something that big.

Q184 Michelle Welsh: You have mentioned NHS England a couple of times. There are other public bodies that surround NHS England, such as the Care Quality Commission, the General Medical Council and the NMC, all of which have been heavily criticised recently. There is an ongoing argument that they are all linked to NHS England. Are reviews more effective when we pull everything together—for example, health? Does that make sense? We have made a big sweeping decision about NHS England, but around that are other public bodies that a lot of people feel—I am not saying this is correct—are not doing necessarily what they were set up to do in the first place, because they are essentially scrutinising themselves. Does getting rid of NHS England—dismantling it—actually resolve the problem, if we do not look at those other public bodies that feed into it?

Joe Hill: Great question. I think this comes down to the tricky question of prioritisation and trade-offs. Even if the Cabinet Office were constructed in a more ideal state with significantly more resource, it probably cannot do everything all at once, so where should it focus its attention? You could definitely take a sectoral approach. Particularly when it comes to the health regulators, which have complex overlapping responsibilities, you would need to think of them as a whole. For quite some time, Re:State—Reform, as it was then—has advocated in several research papers for bringing NHS England back in house and then regionalising more of healthcare delivery. We think that you can take some of those decisions in a quite stand-alone way, but I would say that when it comes to regulators in particular sectors, where they overlap is a key example of where you do need to take those decisions as a whole.

If we are talking about prioritisation, I think the Government need to make those decisions not based on the neatest possible sector-by-sector approach, but on where their core political and delivery priorities are, and what the right approach to that is. We have argued, for example, that a key area of focus would be bringing Homes England back in house as part of the delivery agency for such a key, high-profile, publicly recognised moral commitment to home building. That would be a great example of where the Government should focus next but is not clearly following the NHS England example.

Q185 Michelle Welsh: As you will be aware, the Government launched their own review programme earlier in the year, based around four principles

for arm's length bodies. What is your view of those? Are they an improvement on the three tests that have previously been used? Will the application of the principles bring about the greater change that we require in that landscape?

Joe Hill: My understanding is that the new principles do not replace the tests but will operate alongside the tests. The Cabinet Office is going to have a bit of a think about whether or not it would change the tests to incorporate more of the principles.

Chair: It is accretion again, isn't it?

Joe Hill: Yes. I think that the tests—as we have already discussed, so I will not labour the point—themselves were probably too broad. Simplifying the tests and saying that the technical-function test is no longer a useful test for whether something should be an arm's length body would be the single most helpful way of limiting the scope and making this exercise easier.

Having said that, the addition of some of the principles is welcome. I would particularly support the principle that stakeholder engagement is no longer a sole rationale for the creation of a public body, because as far as I can see, that has been the rationale for the creation of a very large number of public bodies, and the continued creation of many more under this Government. Until we are willing to reduce the number of tests and codify some of these principles as anti-tests or things that they have to prove they are definitely not doing before creating a public body, the process probably will not change that much.

Alongside that, in their review programme you have the tests and the principles, and then the actual practice of it. Given that this is being done at the same time that the Cabinet Office is shrinking—a lot of resource and expertise is being hollowed out of the Cabinet Office—I am pessimistic about the Government's ability to deliver their review programme as it is set out. I think that it will be very dependent on the individual Department's wherewithal, desire to get involved, and feeling that it has the political support to close public bodies and bring them back in house. Historical evidence is to the contrary, so I would be surprised if, with new principles, the programme is delivered as planned.

Q186 **Chair:** Some of the tests should be pretty basic, shouldn't they? One is value for money. Another is what, if any, good they are doing in the public realm. And then there is that slightly mischievous question: if they were to disappear from the governance landscape, would anybody care or notice? Those are not quite the saloon bar of the Dog and Duck-type questions, but they are three of the most obvious ones, which most people in this country would say have to be table-stake questions.

Joe Hill: Yes. In designing a process like this, the Government need to be very introspective and realise that their previous tests and principles—and the tests they will likely use in the future—have generally been gamed, or weakly applied in the best of cases. So the Government need to find ways of designing tests that are very yes/no—very hard to interpret and make



HOUSE OF COMMONS

vague. Obviously, value for money is critical in the creation of these. Having said that, the business case process is one that is very open to gaming.

Chair: Not just the creation, but the continuance.

Joe Hill: Yes, absolutely. A long, hard look at the duplication that exists, and the value for money of that, is key. Tests that are clearly yes/no—for example, “Is it sufficient that this public body for the publication of independently verified statistics and information, as with the OBR, should be independent?”—are really important. The further you get away from that, the easier it is for the system to game these tests.

Q187 **Chair:** Can I challenge you on something you said in response to Ms Welsh? You suggest that getting rid of these things is all frightfully difficult; there is a process, it takes time, and it requires energy, will and so on. When Wes Streeting got up in the House of Commons and said, “I am abolishing NHS England,” there was not a single person who went, “Oh, no, please don’t.” It was greeted with almost universal acclaim, because the Government had created a Frankenstein’s monster that they had no political control over; it was not doing what it was intended to do, in accountability terms. This one is not an arm’s length body, but people said that HS2 had gone too far—forgive the pun—down the track, and Prime Minister Sunak said, “It is costing too much money; we are going to stop it.”

Decisions are difficult only if you make them difficult. This speaks to one of the questions I raised with you earlier, about training people to take decisions. As a society, we are becoming increasingly decision-taking averse. If we can keep the ball up in the air, not taking a decision is better than taking the wrong decision, if that makes any sense. Pat McFadden, when he was CDL, gave evidence to this Committee saying that he was, as it were, going to champion, or not chastise, civil servants for trying things even if they failed—not to let failure inhibit innovation.

If we have the political will and clear underpinning messages, it is not that complicated to say that something was set up to do x, y or z, and it has broadly done it, but its continuance is no longer efficacious; and that we are going to take this monitoring role—or whatever it happens to be—back in house, where we have very good civil servants, who are accountable to Ministers on a daily basis. These things are surely either as simple or as difficult as one chooses to make them.

Joe Hill: Yes, absolutely. For the avoidance of doubt, my description of them as difficult, hard to do and avoidable is a historical, descriptive view, rather than a forward-looking, prescriptive view of what the process should be.

I agree with the sentiment about decision aversion. I have given evidence to a different Committee on how the common characterisation of Government as very risk-averse is very misleading, given the amount of risk that the Government carry in the failure of organisations they choose not to close, or decisions not taken. I completely agree with that.



HOUSE OF COMMONS

The NHS England example is useful and maybe illustrative of where this can or cannot be difficult, depending on how the case is made. There is a high-profile, publicly understandable political argument for the closure of NHS England, as one of the biggest or most well-known and highest-profile public bodies. That is crucial for broad political support for that view. It is often harder to build such a strong consensus around significantly smaller and less well-known public bodies, because it can sound to a casual observer like you are closing something that appears to do a useful thing, and it can seem a bit rash to close it. I wonder if the case for NHS England's closure was broadly understood much better than some of the smaller and more challenging bodies.

Q188 Chair: With respect, I do not agree. If a Government PPS resigned in a state of high dudgeon, I would often quip that somebody you have never heard of has resigned from a job you did not know existed. If an organisation that you have never heard of has been abolished, but the job it was doing has been taken back into ministerial control and civil service delivery, people in the main would probably go, "And?", would they not?

Joe Hill: Absolutely. Where it is often more challenging is not around the taking and public communication of the decision, but around challenging internal governance, clearance, prioritisation—Ministers coming to work and saying, "The thing that we are going to spend time on today and for the foreseeable future is how we do this"—rather than announcing our new strategy on x. That is often where these initiatives fall apart, rather than at the Dispatch Box in the House or in the newspapers.

Chair: A Government should be able to walk and chew gum. It can do two things at the same time.

Joe Hill: Certainly. There are lots of public bodies that they should close and bring back in house, and it does not have to be the main focus of all of Government indefinitely. The closure of those has been difficult and challenging for structural reasons in Government to do with the incentives for officials and Ministers. We should not underestimate how tricky it sometimes is to push through those.

Q189 Chair: Mr Carling mentioned the Treasury, which could make it clear to every sponsoring Department that if they provided a clear rationale for abolishing body X, the money that it cost to run would be reallocated back to that Department, rather than accrued as a saving to the Treasury. Might that act as an energising incentive, particularly when budgets are under pressure?

Joe Hill: Definitely, yes. It has been a few years since I was an official at the Treasury, but generally the process that you are describing is the default for how public budgets work anyway. The Treasury would have to take an active decision to recoup savings to the Exchequer rather than leave them with a Department, but you could formalise that and make clear your expectation. The tension, as you have acknowledged, is always that the public finances are also under pressure, and the Treasury might want some. But you can envisage cost-sharing and saving mechanisms. I



HOUSE OF COMMONS

suspect that those incentives, particularly in the case of many smaller public bodies, would not be strong enough. Often, the public bodies that are most challenging and that have the biggest impacts are financially quite small; the challenge is their wider impact on the economy, which is harder to quantify.

Q190 Richard Baker: I shall try to get through my questions before hypothermia finally sets in for all Committee members and yourself, Joe—and good morning to you.

As we have discussed, there have been periods when Government have been successful in closing a large number of public bodies. That progress has stalled, and the Government want to close more, but what evidence from previous experience of closing public bodies is there on the effect that abolishing arm's length bodies and other bodies, and either merging them or bringing their function into Government, has had on their areas of delivery?

Joe Hill: This is a difficult one to establish objectively because, quite often—if we think about the UK Border Agency or Jobcentre Plus, for example—the big decisions to bring the delivery of those functions back in house to ministerial Departments coincide with other big policy changes about the immigration system or the welfare system, injections of additional funding, and significant ministerial and political scrutiny.

It is hard to disentangle how much just the in-housing of some decisions has had on performance but, broadly, the previous rounds of bringing public bodies back in-house have been driven by a sense that things were operationally independent but operationally underperforming, and that Ministers needed to have more day-to-day control to deliver their agenda.

Broadly, if you think of a bigger pattern, having created independent public bodies and having brought them back in house, it is telling that very few have then been made independent again. That might look quite strange publicly, but it is telling that most of those decisions to bring bodies back in house have stuck and have stayed. That is certainly an indicator of how Ministers and officials feel that performance has improved.

It is quite telling that organisations like the Passport Office, which have had very challenging histories, particularly with backlogs, are in many cases now real exemplars of customer service delivery in Government and of really high performance. It is very hard to tell, because of countervailing forces at work, but it is broadly positive.

Q191 Richard Baker: It is interesting to hear that the experience has been broadly positive, although more work perhaps needs to be done in establishing some of the definite outcomes of those experiences. However, arm's length bodies often have relatively narrow and specialist functions, so they can have considerable expertise, and I think that people appreciate the fact that they often have very clear remits. Is there a risk that that area of expertise and focus is lost if the functions return to the Department, and if it is more difficult to attract expert staff to those



areas?

Joe Hill: I think that is a risk. So many of the challenges that Government have are about talent, skills and deep sector expertise, so this is a challenge they should think quite seriously about. On balance, I think it is less of a challenge than people think it is, and that is for a few reasons.

First, you can build deeply expert and capable workforces in Government if the Government are willing to flex civil service pay and terms and conditions in ways that they have not always done historically. I talked about the AI Security Institute earlier, and that is a powerful example, but there are others.

I would also say that a lot of the benefits of that approach are presentational or brand based, rather than being deep-capability based. The rationale for that would be that, if you look at how the workforces of many public bodies have grown and what that growth has looked like, it has broadly drawn on the same sources that civil service workforce growth has drawn on. The careers of many people who work in regulators, in particular, were built in the civil service beforehand in other areas of policy. These things may look very expert and focused, but in the case of many of them—as independent reports into, for example, the Care Quality Commission suggest—they are not. There is often a presentational benefit to having a thing with a name on it. You can recreate that in Government—again, like the AI Security Institute. The talent and workforce mix is not a given.

Q192 **Richard Baker:** Finally, attention typically focuses on arm's length bodies, rather than the wider public bodies landscape. We would like more attention to be given to public bodies. If it was, what should that focus be?

Joe Hill: I think I touched on this in a previous answer—I am sorry, I cannot remember which Member's question it was, but I will not labour the point too much. There is considerable delivery risk, financial risk and probably value-for-money and inefficiency risk across much of the wider public body landscape as well. There are trade-offs to be made about how the Government focus their time and effort. They have an existing public bodies review programme under way, particularly focused on ALBs, which I am not confident they will successfully deliver and resource. On balance, I would like to see that delivered and driven to a conclusion, rather than another step back—"Let's do a five-year strategy. Let's map everything"—by which time it would probably be out of date.

Chair: It could be worse: we could have a royal commission.

Thank you, colleagues. I understand that there is a morgue that is possibly a wee bit warmer than this room where we might have our meeting next week. Mr Hill, you have been a superstar to sit here with heaters blowing out cold air, and we are grateful for your insight and observations. They will be very useful and valuable as our inquiry moves forward.