

The Quango Debate

Research Paper 96/72

14 June 1996



This Paper looks at the current definitions of Non Departmental Public Bodies and quangos, and summarises current concerns. It replaces Library Research Paper no 94/67 (except for the historical outline).

The first Nolan Committee Report recommended external scrutiny of ministerial appointments to executive NDPBs and NHS bodies and the government has subsequently appointed Sir Len Peach as Commissioner for Public Appointments. The second Nolan Committee Report has investigated local public spending bodies and recommended a number of improvements to lessen central control. This paper examines the Nolan recommendations and the Government response. An Appendix looks at the Public Appointments Unit of the Cabinet Office and some statistics on NDPB are given in a final Appendix.

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Summary

The term 'quango' has been in use since the 1970s to describe hundreds of bodies associated with the Government but not forming a constituent part of a government department. The official term Non Departmental Public Body was developed in the 1980s to define such bodies. The debate on quangos was rekindled in the 1990s and accountability, propriety and patronage have formed the main issues for discussion.

The first report from the Nolan Committee in May 1995 examined the topic of quangos and considered that appointments should continue to be made by Ministers but that advisory committees with an independent element should provide some external scrutiny. It also recommended a Commissioner for Public Appointments to oversee the process. The Government have accepted these recommendation, and in April 1996 the new Commissioner, Sir Len Peach, issued a Code of Practice for Public Appointments procedures which is now being implemented.

The Nolan Committee have now examined the issue of local public spending bodies in their second report published in May 1996. They considered that it was not for the committee to comment on the provision of local services but expressed concern that local responsibility for services was being weakened by upward accountability to central government.

The Public Appointments Unit administers the Central List of potential appointees. Although the Commissioner is now responsible for guidance to the Civil Service the PAU continues its role in advising the Head of the Civil Service on appointments requiring the approval of the Prime Minister. Statistics on the numbers of public bodies, appointments to them and their expenditure are given at the end of the Paper.

Part I

Background and Definitions

Classifications

Research Paper 94/67 (May 1994) *Quangos and Non Departmental Public Bodies* details the origins of the term NDPB (non-departmental public body) and discusses the definitional problems of the term 'quango'. Briefly, the word was coined in the 1970s to cover hundreds of bodies associated with the Government but not actually constituting part of a government department. In turn, the Government began developing its own definition to cover these 'fringe bodies' and from the 1980 Pliatsky Report¹ was drawn the now standard categorisations of NDPBs

NDPBs are divided into three types:- Executive, advisory and tribunals etc. NHS bodies are treated as a separate category. A number of bodies commonly referred to as quangos do not fit into the NDPB definition. The introduction to the annual edition of **Public Bodies** [HMSO 1996] sets out the definitions as follows:

NON-DEPARTMENTAL PUBLIC BODIES

5. An NDPB is a body which has a role in the processes of national government, but is not a government department or part of one, and accordingly operates to a greater or lesser extent at arm's length from Ministers. The four types of NDPB are as follows:

- **Executive bodies** : These bodies normally employ staff and have their own budget, but in a few cases bodies are included which exercise administrative or regulatory functions in their own name but are supported by staff supplied by the sponsoring department. This group includes a number of bodies classified as public corporations for public expenditure control and national accounting purposes.
- **Advisory bodies** : This group consists mainly of bodies which are set up by Ministers to advise them and their departments on matters within their sphere of interest. It also includes certain Royal Commissions. Generally, advisory NDPBs do not employ staff or incur expenditure on their own account.

¹ *Report on Non Departmental Public Bodies* Cmnd 7797 January 1980

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- **Tribunals** : This group also includes *bodies with licensing and appeal functions*. It covers only bodies with jurisdiction in a specialised field of law. In general, these bodies are serviced by staff from the sponsoring department. There are two types of tribunal system: standing tribunals which have a permanent membership, and others that are covered from panels so that the actual number of tribunals sitting varies.
- **Other bodies** : These comprise the boards of visitors to penal establishments in Great Britain, and boards of visitors and visiting committees in Northern Ireland.

EXCLUSIONS

6. The term "non-departmental public body" and many of the classifications used in this publication derive from Sir Leo Pliatsky's "Report on Non-Departmental Public Bodies", January 1980, Cm 7797, and the trends shown start from the baseline defined by Pliatsky. There are wider definitions of public bodies or QUANGOs (Quasi Autonomous Non-Governmental Organisations) which sometimes include voluntary bodies, private companies or local bodies to which Ministers do not make appointments.

The tables exclude the following:

- central government departments;
- non-ministerial government departments such as the utility regulators (OFFER, OFGAS, etc);
- agencies established under the Next Steps Initiative to improve management in government and to deliver better services to the public;
- advisory bodies where the majority of members are civil servants, or working groups with membership from the wider public service;
- the general criminal and civil court system;
- local authorities and bodies controlled by them;
- training and enterprise councils: these are non-profit-making private sector companies, limited by guarantee, working under contract to the Employment Department Group;
- universities, further education colleges, city technology colleges and grant-maintained schools. These educational establishments are not part of the processes of national government;
- housing associations: these are non-statutory, independent bodies run by volunteers; and
- agricultural marketing boards and port and harbour authorities.

NB: Since 1993 *Public Bodies* has used a new subdivision of NDPB comprising of boards

of visitors to penal establishments.

Interest in quangos was rekindled in the 1990s in particular by Professor John Stewart in *Accountability to the Public*² who popularised the term 'The new magistracy' to describe an alleged take-over of local government by a non-elected elite.³

f) The accountability of the new magistracy

In 1888 responsibility for the administration of counties was taken away from the magistrates, a lay appointed elite, and given to elected councils. A new magistracy is being created in the sense that a non-elected elite are assuming responsibility for a large part of local governance. They are found on the boards of health authorities and hospital trusts, Training and Enterprise Councils, the Board of Governors of grant-maintained schools, the governing bodies of colleges of further education and Housing Action Trusts.

There is no sense in which those appointed can be regarded as locally accountable. indeed the membership of these bodies is largely unknown locally. Nor are they necessarily subject to the same requirements for open meetings, access to information and external scrutiny that local authorities are subject to. Accountability such as it is rests upon the accountability of these bodies to central government, although even that appears uncertain in the case of the governing bodies of, for example. hospital trusts and grant maintained schools.

John Stewart and Howard Davis developed these ideas in "*The Growth of Government by Appointment : implications for local democracy*" (1994) characterising new bodies such as UDCs, TECs, GM schools as local appointed agencies. Further work by John Stewart for the Commission for Local Democracy report "*The Quango State: an Alternative Approach*" (1995) also concentrates on local appointed bodies, while appreciating the differences between GM schools, TECs and NHS bodies:⁴

The relationship of appointed bodies to central government can vary substantially. In the health authorities there is what can be described as a hierarchical relationship through the Health Service Management Executive to the Department for Health. TECs have had a contractual relationship with the Department of Employment. Grant maintained schools and colleges of further education receive their finances from national funding agencies and are subject to controls by the Department for Education, but cannot be described as being in a hierarchical or contractual relationship to central government.

Related to this difference is the extent of discretion available at local level, which depends both upon the

² European Policy Forum, December 1992

³ p. 7, *Accountability to the Public*

⁴ pp7-8

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relationship with central government and the legislation governing the appointed body.

The status of these bodies varies considerably - in itself a cause of the difficulties of definition. A distinction can be drawn between public bodies although in a variety of forms - and bodies constituted as private companies such as the TECs or as voluntary bodies such as housing associations.

The appointed bodies differ in the extent to which they are subject to what Weir and Hall describe as "auxiliary provisions" designed to ensure accountability. This phrase covers many of the provisions which apply to local authorities. Some do not apply to these bodies at all, such as surcharge or the requirement to appoint monitoring officers, although the requirement to appoint accounting officers in certain bodies may be held to be equivalent. These bodies also differ in whether they are subject to the jurisdiction of Ombudsmen, whether they come within the remit of either the National Audit Office or the Audit Commission and in the provisions governing access of the public to meetings and to information. Thus while district health authorities are required to hold their main meetings in public, health service trusts are only required to hold one meeting in public each year, while urban development corporations can and mostly do hold all their meetings in private.

Finally, appointed bodies differ in the method of appointment. Broadly there are four groups:

- Where appointments are made by a Government Minister (e.g. UDCs)
- Where appointments are made by an intermediate body such as the regional health authority (e.g. certain members of the DHAs);
- Where the bodies themselves make the appointment (e.g. TECs, colleges of further education);
- Where local authorities make the appointment (e.g. joint boards in metropolitan areas or local authority companies).

Many of the bodies combine different methods of appointment. DHAs for example have their chairmen appointed by the Secretary of State, the non-executive members are appointed by the regional health authority and in turn these appoint the executive members.

Another type of classification has been attempted by Stuart Weir and Wendy Hall for Democratic Audit.⁵ They define Extra Governmental Organisations (EGOs) as "executive bodies of a semi-autonomous nature which effectively act as agencies for central government and carry out government policies"⁶ and classify them as 1) recognised executive NDPBs, 2) NHS Bodies, and 3) non-recognised EGOs:⁷

Extra government organisations

WE HAVE IDENTIFIED three main categories of executive body for audit: the government's executive NDPBs; NHS bodies; and the 'non-recognised' executive bodies, most of which operate at local level. We cannot use the term 'quango' to describe these bodies, as it is altogether too loose. Nor can we simply describe them as 'executive bodies' without risking confusion with the government's narrower categories of 'executive NDPBs' and 'executive agencies'.

We have therefore adopted the term, 'extra government organisations', or EGOs, to encompass the three categories of public agencies that we audit In this report.

As Table 1 shows, there are 5,521 'extra government' executive bodies, or EGOs, in the United Kingdom - roughly one for every 10,000 people. Of these, there are 443 at national level; 355 at regional level; and 4,723 at local level. The great mass of them 4,534 - are 'non-recognised' bodies. The full breakdown is as follows:

⁵ *EGO Trip: Extra government organisations in the United Kingdom and their accountability*

⁶ p.8

⁷ pp8-9 EGO Trip

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TABLE 1 EXTRA GOVERNMENT ORGANISATIONS IN THE UNITED KINGDOM

	<i>NATIONAL</i>	<i>REGIONAL</i>	<i>LOCAL</i>	<i>TOTALS</i>	<i>BOARD MEMBERS</i>
Executive NDPBs^a	261	66	31	358	3,960
NHS Bodies	18	289	322	629	4,221
Non-recognised EGOs	164	-	4,370	4,534	57,238 - 65,030 ^b
TOTALS	443	355	4,723	5,521	65,419 - 73,211

a Executive NDPBs for all government departments, excluding OFWAT, plus English Partnerships (created November 93), Funding Agency for Schools (April 94) & 8 Northern Ireland bodies which fulfill local government functions

b This figure assumes an average 11.87 board members for housing associations, based on a 40 per cent survey of 'regularly funded' associations in the UK (Kearn, A (1990) 'Voluntarism, Management & Accountability', Centre for Housing Research, Glasgow)

Source: Public Bodies 1993; Departmental Annual Reports for 1993

Recognised executive NDPBs	350
'Non-recognised' NI NDPBs	8
NHS bodies	629
'Non-recognised' bodies	
Grant-maintained schools	1,025
City Technology Colleges	15
Further Education Corporations	557
Higher Education Corporations	164
Registered housing associations	2,668
Training and Enterprise Councils	82
Local Enterprise Companies	23
TOTAL	5,521

For a full count of what are popularly known as 'quangos', one must include the Office of Water Services executive NDPBs (10), officially-recognised advisory and quasi-judicial NDPBs (1,031 in all), existing 'executive' agencies (94), and police authorities (52). This brings the total of 'quangos' in the shadows of British government to at least 6,708 public bodies.

[pp8-9 EGO Trip]

*The Governance Gap: Quangos and Accountability*⁸ by John Plummer surveyed TECs, LECs, Housing Associations and NHS Trusts finding that these quangos viewed accountability largely in terms of obligation to Government rather than to customers or citizens. A subsequent report⁹ by Chris Skelcher and Howard Davis surveyed the membership of such bodies and found a considerable level of overlapping membership [p71]:-

The extent of multiple appointments:

Just over half the members in our survey currently hold a position on more than one local appointed body (figure 8). Within this overall picture there is a much higher level of multiple appointments among members on TECs, Careers Pathfinders, City Challenge and UDCs (figure 8.2). In each of these cases approximately three-quarters hold at least one additional local appointed board position. Even at the other end of the scale four in every 10 FE governors hold multiple appointments. These multiple appointments are as likely to be held by ordinary members as by chairs (figure 8.3).

Skelcher and Davis suggest that the local appointed sector could develop into a 'self-perpetuating and interlocking elite' [p78]. It is important to note that only around 200 of the appointments listed on Public Bodies are full-time, and only about 170 are paid more than £50,000 per annum. 37% of appointments receive remuneration in addition to expenses.¹⁰

The first Nolan Committee Report¹¹ concentrated on two areas in its chapter on quangos:- executive NDPBs and NHS bodies (para. 4.11); and did not consider wider definitions of extra governmental organisations. However, in its second study the Nolan Committee examined 'local public spending bodies' which they define as follows:¹²

3. Local public spending bodies are 'not for profit' bodies which are neither fully elected nor appointed by Ministers, but which provide public services, often at local level, which are largely or wholly publicly funded. These bodies are not necessarily in the public sector, as it is traditionally understood. It is a fact of life that today public services are not provided wholly by the public sector, and that the boundaries between sectors may not be entirely clear. The legal status of the group of bodies which we are considering varies considerably. For example, TECs and LECs are companies limited by guarantee. Registered housing associations form part of the voluntary sector; often they are charities. What this group of bodies has in common is not that they are public or private sector, but that they each spend a great deal of public money - more than £15 billion a year in all; and that they are all subject to special regulation; housing associations through non-departmental public bodies which act as funders and regulators; the education bodies by the relevant Secretaries of State and funding councils; and TECs and LECs through very detailed operating agreements.

⁸ 1994, Joseph Rowntree Foundation/Local Government Chronicle

⁹ *Opening the Boardroom Door: Membership of Local Appointed Bodies*, Joseph Rowntree Foundation/Local Government Chronicle 1996

¹⁰ *Review of Guidance on Public Appointments*: Report by the Public Appointment Unit January, 1995, para10

¹¹ *Standards in Public Life First Report* May 1995 Cm 2850

¹² p.5 *Standards in Public Life Local Public Spending Bodies* Cm 3270 May 1996

Current Concerns

As illustrated above, much of the concern in the 1990s about quangos has been about an alleged threat to local government. Moreover, in Scotland and Wales there have been fears about the alleged exercise of power by a non elected elite, unrepresentative of the local political culture.

The basic concern about quangos still stem from issues of patronage, accountability, and propriety. A major source of criticism of quangos in the 1970s was the opportunity given for political patronage, and the concern became widespread in the late 1980s and early 1990s. Similarly the question of accountability and propriety has taken on a new resonance in the 1990s. These issues are discussed fully in Library Research Paper 94/67.

The main topics which have led to critical scrutiny of quangos are grouped as follows:-

- a number of surveys indicated a preponderance of business people on the boards of NDPBs or quangos, sometimes with links to the Conservative party.¹³
- Difficulties in obtaining information on the names of people appointed to public boards, as no central database existed in England. (The Welsh Office publishes a list at regular intervals).¹⁴
- Concerns about the secrecy surrounding the appointment of NDPB and quango members, and the lack of publicly available guidelines on the qualities required for such posts.
- Concern about the lack of information on political affiliations of appointees.
- Debate about accountability of NDPBs/quangos; whether accountability to Ministers, was sufficient, or whether accountability downward to the public/local people should be strengthened.
- Variety of legal forms of NDPBs/quangos, with differing requirements on public accountability e.g. access to meetings or minutes, audit, surcharge of members, and levels of remuneration. The relatively lax scrutiny was contrasted with the requirements placed on local authority councillors. See in particular *EGO Trip* which examines individual quangos and details scrutiny and audit requirements.

¹³ *Financial Times* 14/1/93, *Quangos and Political Donations to the Tory Party* by George Howarth MP, 1993; Democratic Audit, *EGO Trip* 1994; Commission for Local Democracy *The Quango State: an alternative approach* 1995

¹⁴ Appointments by the Secretary of State for Wales (Welsh Office March 1996). It is not entirely clear why there are not similar lists for Scotland and Northern Ireland. See below p.15 for the Review of Guidance for Public Appointments suggestion of an Internet database

- Concerns about the propriety of individual conduct by a number of NDPBs. In particular, the PAC issued a special report in January 1994¹⁵ which drew attention to failure in financial and administrative systems in a number of public bodies as well as government departments.
- lack of a system of registers of interests for NDPBs/quango members.

Some of these concerns relate to questions of democratic accountability rather than propriety or ethical behaviour, but there is considerable interrelation in the issues.

¹⁵ *The Proper Conduct of Public Business* HC 154 session 1993/94

Part II

Nolan and the Government response

Background

In response to concerns about the lack of accountability of quangos, government ministers have emphasised the ideals of the Citizens Charter and the direct responsibility of each body to the consumers of its services.¹⁶ In addition, the accountability of the NDPB to the sponsoring Secretary of State has been stressed, who is in turn accountable to Parliament.¹⁷

Some measures to regulate patronage were, however, undertaken. In April 1994, the Department of Health issued a Code of Conduct and Code of Accountability for the NHS. All members of NHS authorities and trusts are now required to subscribe to the Code, and there is a procedure for reporting breaches. It also clarifies the requirement to declare interests; public registers of members relevant private interests are to be established. The Treasury issued a *Code of Best Practice for Board Members of Public Bodies* in June 1994, developed from the Cadbury Code for Corporate Governance of 1992,¹⁸ which recommended the establishment of registers of interests for Board Members. The Treasury Code was prepared against the background of criticism in the Public Accounts Committee report on the lack of general responsibility of Board members of executive NDPBs and similar bodies. A *Scottish Code of Best Practice for Board Members of Public Bodies* was issued in September 1994. The Codes have no legal force.

Ian Lang, the then Secretary of State for Scotland, set up a five-person advisory body in August 1994 to make recommendations on appointments to health boards and trusts, chaired by the Lord Provost of Edinburgh.¹⁹ The appointment of chairmen to boards on trusts, however, remains the responsibility of the Secretary of State who also retains a power of veto over the recommendations. In practice, it is not expected that the veto will be used. Virginia Bottomley, then Secretary of State for Health, published new guidelines on NHS trust appointments in February 1995, including greater advertising and the setting up of selection panels in each region to create a pool of potential candidates.²⁰ NHS Chairman and Board Member appointments remain the responsibility of the Secretary of State.

¹⁶ William Waldegrave *House Magazine* 17/5/93

¹⁷ Speech by Ian Lang, then Secretary of State for Scotland addressing the Eglington Management Centre Seminar on Reinventing Government 7/2/94. Similarities with the position of Next Steps agencies are clear. See Library Paper 96/2 The Individual Responsibility of Ministers

¹⁸ The Financial Aspects of Corporate Governance December 1992

¹⁹ Norman Irons, an SNP member

²⁰ Appointment of Chairmen and Non Executive Directors to NHS Authorities and Trusts: Guidance on Appointments Procedures Dept of Health Feb. 1995

When the Prime Minister, John Major, announced the creation of the Nolan Committee on 27 October 1994 he included, within the terms of reference, members and other senior officers of NDBPs:²¹

In the present atmosphere, there is public disquiet about standards of public life, and I have concluded that action is imperative. I have listened carefully and have reflected upon the points raised by right hon. and hon. Gentlemen in all parts of the House in framing my recommendations

I have decided to establish a body with the following terms of reference:

"To examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure highest standards of propriety in public life".

For these purposes, public life should include Ministers, civil servants and advisers, Members of Parliament and United Kingdom members of the European Parliament, members and senior officers of all non-departmental public bodies and of national health service bodies, non-ministerial office holders, members and other senior offices of other bodies discharging publicly-funded functions and elected members and senior officers of local authorities. That is a wide-ranging-list, and it is intended to be so.

The Nolan Committee published a paper on 6 December 1994 setting out the issues on which they proposed to report by the beginning of May 1995²². Amongst the areas of concern was:

The big spending Quangos, including NHS trusts, looking at issues such as the method of appointment, possible conflicts of interest and standards of conduct of members and officers.

A considerable amount of the oral evidence presented to Nolan was concerned with quangos. David Hunt, then Chancellor of the Duchy of Lancaster, presented oral and written evidence.²³ It included a copy of the Treasury *Code of Best Practice for Board Members of Public Bodies* and the NHS *Codes of Conduct and Accountability for NHS Boards*.

The main part of the evidence was the *Review of Guidance on Public Appointments*.²⁴ This inter-departmental review had been commissioned by the Prime Minister in May 1994. The review did not propose fundamental changes but favoured more open advertising of posts, more open selection mechanisms and more information for members of the public about appointees. It considered whether it would be right to set up a central register of names which would be publicly available, but concluded that the potential for an Internet database should be examined (para 55). It concluded tentatively that public disclosure of details of political offices held by appointees might be made where relevant (but asked for the views

²¹ HC Deb. 27/10/94 c.758

²² *Issues and Questions*

²³ Dep 1085-7

²⁴ Report of the Public Appointments Unit, Cabinet Office, January 1995

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of the Nolan Committee) and that the special position of the Chief Whip's Office be downgraded so that it is no longer automatically consulted before significant public appointments are made.²⁵ Instead Whips of all parties should be invited to make recommendations to the PAU list or departmental lists. The review's summary was later published as Annex 2 to Cm 2850 with the Nolan Committee's comments on each recommendation.

These review findings were accepted by Ministers as the basis for future appointments and for a revision of the 1992 Cabinet Office guidance.²⁶ In his written evidence to Nolan Mr Hunt stressed that the Government did not believe that there was a class of appointments which was specifically political; that current monitoring procedures were adequate; that there was no need to institute a general system of advisory bodies to assist in the selection of appointees; that the Government should remain responsible for the selection of members of public bodies and that it was not necessarily right to apply the same requirements on standards of conduct and propriety etc. to public boards as apply to local authorities whose members could only be controlled by law and accountability to electors.

Some other witnesses to the Nolan Committee however, wanted more radical change, for example, the creation of a Public Appointments Commission as suggested by Tony Wright MP.²⁷ He also noted the paucity of appointments made from the PAU list, and the very limited number of posts publicly advertised between April 1992 and December 1993. Much of the other oral evidence on quangos dwelt on the question of whether public appointments had become politicised.

The Nolan Recommendations

The recommendations of the First Report of the Committee on Standards in Public Life²⁸ were summarised as follows:

Principal conclusions

Appointments

Appointments to the boards of executive NDPBs and NHS bodies should be made on the basis of merit, to form boards with a balance of relevant skills and backgrounds.

Responsibility for appointments should remain with Ministers, advised by committees which include independent members.

A Public Appointments Commissioner should be appointed, to

²⁵ except where political considerations apply - see Appendix 1 of this Paper

²⁶ *Guide to Public Appointments Procedures*

²⁷ Volume II of Cm 2850 - Transcripts of Oral Evidence pp487-8. See also his *Beyond the Patronage State*, Fabian Society, 1995

²⁸ Cm 2830 May 1995

regulate, monitor, and report on the public appointments process.

The process should be open and departments should have to justify any departures from best practice. Job specifications should be published, and a wide range of candidates should be sought. The suitability of each candidate should be assessed by an advisory committee.

Propriety

It should be mandatory for each executive NDPB and NHS body to have a code of conduct for board members, and a similar code for staff

A review should be undertaken by the Government with a view to producing a more consistent legal framework governing propriety and accountability in public bodies including executive NDPBS, NHS bodies and local authorities.

Openness and independent monitoring are important safeguards of propriety, and should be extended. In particular staff should have a confidential avenue to raise any concerns about issues of propriety.

The responsibilities of accounting officers for propriety as well as financial matters need to be emphasised. Audit arrangements should be reviewed to ensure that best practice applies to all public bodies.

Appointments

The Nolan Committee found that studies prepared for the Committee by researchers at INLOGOV at Birmingham University did not clearly demonstrate political bias in the making of appointments (para. 22). It considered that the responsibility for making appointments should continue to rest with Ministers (para. 29). It rejected a totally independent body:

26. One way of allaying such concerns would be to give the responsibility for making appointments to an impartial and independent body. An analogy can be made with the civil service. Appointments made by departments and agencies are overseen by the Civil Service Commissioners, with the Commissioners themselves taking a direct role in the more senior appointments. On the other hand, it is argued that, in order to retain accountability to Parliament, a Minister must retain responsibility for making appointments and, where problems arise, for terminating them.

27. Proponents of an independent appointing body find it problematic to devise an appropriate means of democratic scrutiny. Tony Wright MP supported such a body but saw difficulties in giving the House of Commons a direct role in major appointments as its "partisan character will always triumph over its collegiate character". We did not feel that any of our witnesses or correspondents had presented a convincing proposal for providing public accountability other than through the established route of Ministerial accountability to Parliament.

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28. There are other potential difficulties with an independent body. It would need to be widely accepted and seen as authoritative, a position that may not be quickly or easily achieved when it could be called upon to make appointments to politically controversial posts. If Ministers were taken out of the final selection process, it might diminish their ability to persuade people in senior positions in other walks of life to take on a substantial and often not well remunerated commitment.

29. In conclusion, we do not find the case for change proven. Some of the arguments for a wholly independent and impartial appointments system are persuasive, but there are practical difficulties which cannot be overcome at present. Accountability to Parliament is an important constitutional principle which we have no wish to weaken.

Instead the Nolan report favoured the extension of the advisory committees currently being used for NHS appointments to all executive NDPB appointments. The advisory panel was to include some element of independence (para. 48). It diagnosed the main weakness in current Government policy on appointments to NDPBs as a lack of external scrutiny:

Monitoring and Scrutiny

52. The main weakness both in the current arrangements and in those proposed in the PAU review is the absence of effective external scrutiny. Select Committees can of course examine departments' public appointments in the same way as any other aspect of government activity, but in practice they lack the tools to do this in detail and they have many other priorities. The Public Appointments Unit appears to have little role in monitoring the working of its central guidance beyond that necessary to produce its annual report, which is largely a statistical summary of appointments. Indeed, the recent review found that, in practice, the way appointments were made varied considerably across departments. There is no mechanism for the regular review of the work of individual departments and no means of identifying failures of system or practice.

53. We believe that an independent body is needed to undertake the continued standard setting and monitoring that will enhance and sustain public confidence in the appointments process. The PAU review recommended that compliance should be monitored every five years through departments' normal internal audit procedures. This would be useful, but we believe that an external monitoring regime would act as a more effective discipline on departments and command greater public confidence. A more specialised approach focusing specifically on appointments is likely to be more effective.

We therefore recommend that a new independent Commissioner for Public Appointments should be appointed, who may be one of the Civil Service commissioners.

The responsibilities of the new Commissioner were to include all public appointments to executive NDPBs, including NHS bodies. The report envisaged that the PAU would be placed under the control of the Commissioner and that one of the first tasks would be to produce up to date guidance for departments. Annual Reports from the Commissioner and each Secretary of State on appointments procedures were recommended. The report came out in favour of the declaration by members of any significant political activity by them in the last five years (including office-holding public speaking and candidature for election) by

candidates which would not be made public until the appointment was made (paras. 64-68). A draft Code of Practice for Public Appointment procedures was published in the report emphasising the need for a wide field of candidates, appointments on merit, and publicity for the appointments made, with sponsoring departments holding lists of names.

It was envisaged that the Code would be finalised by the Public Appointments Commissioner (para. 72). Evidence from the PAU and David Hunt, then Chancellor of the Duchy of Lancaster, had emphasised the 'proportionality' test i.e. that a process which is suitable for a full-time highly paid post may not be appropriate for a part-time one day a month position. The Nolan Committee accepted this principle providing that it was applied with vigour and recommended that departures from the Code on the grounds of proportionality should be documented and capable of review (para. 72). The Commissioner should provide a definition of proportionality to guide departments.

Propriety

The report noted that the highest standards across all areas of the public sector should be the aim:

77. We therefore agree in principle with the Audit Commission and several other witnesses that there should be a presumption in favour of using the most rigorous safeguards more consistently across the public sector. While not all practices can be simply transferred from one context to another, variation from the best practice should be based on a conscious choice, capable of being justified in public.

"... where local government rules are more rigorous, or where sanctions are stronger, there should be a presumption in favour of extending the same principles. ... the onus should be on those who oppose such measures to show why they are inappropriate. Equally, ... where the NHS and other bodies have stronger requirements, there should be a presumption in favour of extending those requirements into local government." (The Audit Commission, written evidence)

"Our view is that the same standards should operate across the public sector, and we would not oppose the imposition of the possibility of surcharge in the case of NHS boards." (Chris Robinson, Chairman of the National Association of Health Authorities and Trusts)

78. Although it is not easy to draw effective comparisons across a wide range of different organisations, a clear overall pattern emerges from the evidence we received. As we note in Chapter 3, the new Civil Service Code will supplement an ample body of long-established and often mandatory codes and conventions covering central government. Local authorities have an extensive statutory framework of safeguards, which has been updated considerably since the Poulson scandal in the 1970s. By contrast, although there is comprehensive central guidance for NDPBs, it seems to be interpreted very flexibly and is underpinned by an ad hoc collection of individual statutes.

It noted that failure to declare an interest by local authority members had been a criminal offence for many years whereas it had only been in the past year that conflict of interest issues had been addressed in NDPBs and NHS bodies (para. 80). It recommended a Government review with a view to producing a more consistent legal framework governing propriety and accountability in public bodies, including executive NDPBs, NHS bodies and

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local authorities (para. 81).

The report also recommended that the adoption of a code of conduct for board members be made mandatory for each executive NDPB and NHS body, with an accompanying code for their staff (para. 91). Compliance with the code should be a requirement of appointment and disciplinary procedures should be adopted by sponsoring departments for cases of infringement (para. 96).

The report did not offer detailed recommendations for the content of these codes, but noted that they should be 'as rigorous as those which apply to Ministers and Civil Servants' (para. 92). It considered the example of local government monitoring officers (under the *Local Government and Housing Act 1989*) and recommended that the role of executive NDPB and NHS Accounting Officers be redefined to emphasise their formal responsibility for all aspects of propriety.

A review by the Treasury of the arrangements for external audit of public bodies with a view to applying the best practices for all was recommended (para. 109), as the report noted that there were some significant differences across the public sector at present:

106. There are other differences, and while some are relatively minor, others are more significant. In particular, the public auditors have a power to apply to the courts to surcharge individual members and officers of local authorities but not those of NHS bodies or NDPBS. There may be good reasons for maintaining differences in the audit regimes for different public bodies, but the current variation seems to be the result of the introduction of measures on an ad hoc basis. The C&AG also told us that he could see little logic in the way in which he was appointed as the auditor for some NDPBs but only had inspection rights for others. In addition some of these inspection rights are set out in the statutes which create or govern the NDPB but others have to be negotiated with the sponsor department, taking up resources which could be better employed elsewhere.

107. We believe, in principle, that the propriety of all public expenditure should be capable of review by the appropriate public auditing body. We see much merit in the Comptroller and Auditor General being granted inspection rights over all public expenditure. Where such rights do not already exist, this could be achieved through contract terms or grant conditions attached to public funding. Care would be needed to ensure that no unnecessary bureaucracy would be introduced and, in particular, that duplication of effort by different auditors would be minimised.

As an initial measure the report recommended that the Audit Commission rather than, as at present the Minister, be authorised to publish public interest reports on NHS bodies at its own discretion, rather than Ministers who have discretion. (paras. 104-106)

A review of the legislation governing the types of NDPBs which the Ombudsman can investigate was suggested (para. 11) and "whistle blowing" procedures were commended:

116. In Chapter 3, we propose that each government department and agency nominate an officer to provide a clear route for staff concerns about improper conduct. This will be supported by a further route of appeal to the

Civil Service Commissioners. The NHS guidance suggests that NHS bodies might wish to designate such an officer.

We recommend that each executive NDPB and NHS body that has not already done so should nominate an official or board member entrusted with the duty of investigating staff concerns about propriety raised confidentially. Staff should be able to make complaints without going through the normal management structure, and should be guaranteed anonymity. If they remain unsatisfied, staff should also have a clear route for raising concerns about issues of propriety with the sponsor department.

The report noted that the Government's *Code of Practice on Access to Government Information* (1994) applied to those NDPBs subject to the jurisdiction of the Ombudsman, with Cabinet Office guidance recommending that the same principles be applied to other executive NDPBs. The NHS also had a *Code of Practice on Openness in the NHS*. It recommended that executive NDPBs develop and publicise their own codes; that sponsor departments encourage best practice, and that the Cabinet Office should produce guidance on good practice (para. 123). It did not recommend a requirement for board meetings to be open to the public (para. 122).

Finally, the value of induction training on public sector values and standards of probity and accountability was emphasised with a recommendation that new board members make a commitment to such training (para. 125).

The Government Response to Nolan

The Government welcomed the great majority of the Nolan recommendations on quangos.²⁹

Appointments

The Government accepted that appointments to Executive NDPBs and NHS bodies should be made after advice from an advisory panel with an independent element from July 1996. It accepted a new Commissioner for Public Appointments, with the functions outlined by the Nolan Report, but making clear that re-appointments would not be within the Commissioner's remit. It did not entirely agree with the Nolan plan for the Public Appointment Unit, agreeing only to transfer its advisory and guidance functions to the Commissioner and retaining its role in advising on appointments in which the Prime Minister has an involvement, and administering the central list of potential appointees.

The Government response accepted that Secretaries of State should make annual reports and that candidates should be required to declare significant political activity "noting that the underlying intention is systematic record-keeping and monitoring of the political activities of

²⁹ The Government response to the First Report from the Committee on Standards in Public Life, Cm 2931, July 1995

candidates for appointment in so far as they are a matter of public record"³⁰

The Code of Practice for public appointments procedures was accepted, but it was noted that a 'proportionality' test should apply:³¹

In both guidance and audit, the Government would therefore expect the Commissioner to have regard to cost-effectiveness and the impact of procedures on potential appointees. Subject to these important considerations, the Government agrees that it should be open to the Commissioner to offer definitions of proportionality on the basis of consultation with departments. Once sensible criteria for appointments processes have been defined, any cases in which they are not followed should be clearly documented and capable of review by the Commissioner.

Propriety

The recommendations for Government reviews into the legal framework governing propriety and accountability in executive NDPBs, local authorities and NHS bodies and into the external audit of public bodies were accepted. A joint Cabinet Office/Treasury review covering both aspects was proposed, with preliminary conclusions by the end of 1995.³² The Government invited further comments on these issues, in particular in regard to "local spending bodies" (i.e. grant maintained schools, TECs, housing associations and higher and further education bodies).³³

Codes of Conduct for each executive NDPB and NHS body were accepted³⁴ and departments would be asked to ensure that Codes were adopted based on either the Cadbury Code or the Treasury Model. The response made clear that registration of interests would be essential.³⁵

The Treasury Code is due for review in the light of experience, and the revision will strengthen the requirement for all executive NDPBs to establish a register of interests of board members, where they have not already done so, which should be open for public inspection and published.

Codes for the NHS bodies were already in place:³⁶

Consultation was proposed on extending the principles set out in the new Civil Service Code to staff in executive NSPBs; the general recommendation on mandatory codes of conduct for

³⁰ Recommendation 43

³¹ Recommendation 44

³² See page 30 below

³³ Recommendations 45 and 52

³⁴ Recommendation 46

³⁵ Recommendation 46

³⁶ Code of Conduct and Code of Accountability for England, April 1994.
Code of Conduct and Accountability for Scotland, April 1994.
Code of Conduct and Accountability for Wales, January 1995.

staff of executive NDPBs; and NHS bodies was accepted.³⁷ The monitoring of compliance was likely to be the responsibility of the Chief Executive, subject to the outcome of work on Recommendation 50 (Re-definition of accounting officer role to emphasise responsibility for propriety). An audit of compliance for staff might be the responsibility of the audit committee of the board. The Government response noted that the penalty of dismissal for non-compliance already exists.³⁸ Recommendations on the re-definition of the role of accounting officer and the publication of public interest reports were still under consideration, but the response pointed out that the propriety role for NHS bodies was already incorporated in the Accounting Officer memorandum for Chief Executive of NHS Trusts Health Authorities in England and Wales which came into effect on 1st April 1995. The 'whistleblower' recommendation was also accepted: that is each executive NDPB or NHS body should nominate an official or board member entrusted with the duty of investigating staff concerns about propriety raised confidentiality. The proposal was to reflect these provisions in a new model NDPB Staff Code, and to consider whether the existing Codes of Conduct for NHS bodies in England and Wales needed to be revised and strengthened.

The Government response welcomed the Nolan Committee's recognition of the advantages of a non-statutory approach to openness, and the need for flexibility. It highlighted existing Codes, including the Code of Practice on Openness in the NHS, which was being monitored, and noted that the Government would consider issuing further guidance to reinforce existing best practice. It also accepted that NDPBs outside the jurisdiction of the Ombudsman and the Code of Practice on Access to Government Information should be asked to introduce their own Codes of Openness, based on the Government Code. It was expected that many such bodies would adopt Codes by the end of 1995.³⁹

Recommendations on induction training were largely accepted although the Government response noted that the background and experience of those who had served previously on other boards might obviate the need for formal training.⁴⁰

Conclusions

The Nolan recommendations on quangos, and the Government response, tended to be overshadowed by the debate over MPs' financial interests, and the employment of ex-ministers. In the initial debate on the Nolan Report on 18 May 1995, Ann Taylor, for the Opposition, noted that the Nolan recommendations on changing the appointments procedure would make a difference but said "it is important to realise that it is not, in itself, the answer to the growing problem of the quango state. The Chancellor [of the Duchy of Lancaster] and other Ministers must acknowledge that public anxiety is not just about who serves on quangos; it is also about their power and spending ability."⁴¹ Lord Nolan also acknowledged a criticism that the Committee had not recommended an independent review of audit

³⁷ Recommendation 47

³⁸ Recommendation 49

³⁹ Recommendation 54

⁴⁰ Recommendation 55

⁴¹ HC Deb c497

arrangements⁴²

The Commissioner for Public Appointments

The Commissioner for Public Appointments was announced as Sir Leonard Peach on 23rd November 1995.⁴³ Sir Leonard Peach is also the Commissioner for Public Appointments for Northern Ireland, and has been appointed as a Civil Service Commissioner as recommended by the Nolan Committee.

The 1995 Order set out the functions of the Commissioner:-

Definitions

1. In this Order, except where otherwise expressly provided,

"audit" means the carrying out of any review by or on behalf of the Commissioner of the appointment procedures and practices followed by appointing authorities in making appointments;

"Commissioner" means the person appointed for the time being by Her Majesty in Council to be Her Majesty's Commissioner for Public Appointments for the purposes of this Order;

"executive non-departmental public body" means any body listed for the time being in the Schedule to this Order;

"public appointment" means any appointment, not being an extension of an existing appointment by re-appointment or otherwise, made by a Minister of the Crown to an executive non-departmental public body or any such appointment to a Trust, Authority or Health Board of the National Health Service.

Functions of the Commissioner

2. (1) The Commissioner shall, in the manner he considers best calculated to promote economy, efficiency and effectiveness in the procedures for making public appointments, exercise his functions with the object of maintaining the principle of selection on merit in relation to public appointments.
- (2) The Commissioner shall prescribe and publish a code of practice on the interpretation and application by appointing authorities of the principle of selection on merit for a public appointment and shall adopt and publish from time to time such additional guidance to appointing authorities as the Commissioner shall think fit.
- (3) The Commissioner shall audit appointment policies and practices pursued by appointing authorities to establish whether the code of

⁴² Speech by Lord Nolan to ACCA, 14/3/96 (Chartered Association of Certified Accountants)

⁴³ Public Appointments, Order in Council 1995

practice is being observed by the appointing authority.

- (4) The Commissioner may require appointing authorities to publish such summary information as may be specified relating to selection for appointment.
- (5) The Commissioner may from time to time conduct an inquiry into the policies and practices followed by an appointing authority in relation to any appointment or description of appointment.

The Schedule sets out 274 executive NDPBs which will fall within the Commissioner's remit. In addition 760 NHS bodies (not set out individually in the Schedule) come within his remit 1995 (reduced to 641 after 1st April 1996 following re-organisation) *Public Bodies* lists 320 executive NDPBs, including 35 executive NDPBs for Northern Ireland.⁴⁴ The Commissioner does not have responsibility for public corporations (eg the BBC), nationalised industries, tribunals, or the appointment of regulators (eg OFGAS). In evidence to the Public Service Committee Sir Leonard Peach estimated that he was concerned with the procedures for over 8,400 appointments, and the annual number of appointments and reappointments was put at between 2,000 - 2,500.⁴⁵ He estimated the total expenditure of the bodies at £40 billion.

The appointment is part-time (3 days a week) and Sir Leonard's salary was set at £65,000 p.a.⁴⁶ The role of the Commissioner is to provide advice and guidance to departments and to monitor the procedures for making appointments to executive NDPBs and NHS bodies. He is required under the 1995 Order to publish an annual report. The Commissioner is supported by a small group of officials in the Office of Public Service.

The Commissioner appeared before the Public Service Committee in January 1996 and the Committee's subsequent report⁴⁷ considered a draft Code of Practice presented to them by Sir Leonard, noting that the sections on reappointments, the announcement of appointments and the recording of information about political activities went further than the proposals in Nolan and the Government Reply (para 12). The Committee's conclusions were as follows:

Summary of Conclusions and Recommendations

26. The Committee's main conclusions and recommendations are as follows:

We agree with the Commissioner that individuals should not, by and large, continue in the same post for a very long time, and that second reappointments should be exceptional and should be thoroughly scrutinised (paragraph 13).

We support the Commissioner's intention to monitor the political activity of candidates, and recommend that the Commissioner should publish in his reports information on any complaints received relating to candidates' or appointees' political activity, including donations. We also

⁴⁴ The discrepancy is partly accounted for by NDPBs to which Ministers do not make appointments, and partly due to the fluctuating numbers of NDPBs

⁴⁵ HC 168 1995/96 oral evidence from Sir Leonard Peach para 2

⁴⁶ Prime Ministers Office Press Notice 23/11/95 *Commissioner for Public Appointments*

⁴⁷ The Code of Practice for Public Appointments HC 168 Session 1995/96

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recommend that the Commissioner review after the first two years of the system's operation, the amount of information that is required from candidates about their political activities and whether it is sufficient (paragraph 16).

We support the Commissioner's view that information about any political experience of an appointee and about any salary attaching to the position should be made public at the time of appointment (paragraph 18).

We agree with the Commissioner that there will be some circumstances where the selection process may not need to be as complex as in others. We recommend that the Commissioner should draw to Parliament's attention in his annual report any attempt by departments which appears to him to deviate from the spirit of the new code (paragraph 21).

We expect departments to follow closely the provisions of the new Code of Practice and the Commissioner's guidance; and we expect the Commissioner to keep the terms of both under review and to include in his annual reports an assessment, based on his audit and on any complaints received, of how the new procedures are working in practice and whether any subsequent revisions to the guidance or the Code are desirable. We recommend that applicants and candidates are made aware of how complaints may be made (paragraph 22).

We recommend that the Government consider whether the Commissioner's remit should be extended to cover a wider range of public appointments in the United Kingdom (paragraph 23).

We believe the Public Service Committee is the appropriate parliamentary body to examine and, where necessary, report to Parliament on the Commissioner's annual reports. We will expect from time to time to meet the Commissioner in order to discuss the development of his responsibilities. In this first report we have, at his request, given our provisional views on the new Code of Practice. We intend subsequently to examine the Commissioner's annual reports on appointments procedures. We believe that there are also wider issues concerning public appointments which will need to be examined, and we intend to return to these in due course (paragraph 25).

The Public Service Committee is likely therefore to take a continuing interest in the work of the Commissioner. It also argued for the extension of the Commissioner's remit:-

23. The Code of Practice only applies to appointments to executive NDPBs and to NHS authorities and trusts. It does not at this stage apply to other public appointments made by Ministers, or by other bodies. It excludes, for example, the large number of Advisory Bodies and Tribunals, and Nationalised Industries and Public Corporations. We note that the draft guidance says that departments may wish to apply the guidance to all their public appointments and the Commissioner's willingness to give advice on its wider application. We believe that there is a case, however, for extending the Commissioner's role formally to other bodies - although we accept that rather difficult questions and issues may also arise in appointments to, say, Tribunals. **We recommend that the Government consider whether the Commissioner's remit should be extended to cover a wider range of public appointments in the United Kingdom.**

The Commissioner's guidance on appointments to executive NDPB and NHS bodies was published in April 1996.⁴⁸ It incorporated the Code of Practice for Public Appointments

⁴⁸ The Commissioner for Public Appointment's Guidance on Appointments to Executive Non Departmental Public Bodies and NHS Bodies April 1996 Office of the Commissioner for Public Appointments

procedures. The Code set out seven principles as follows:-

CODE OF PRACTICE

THE SEVEN PRINCIPLES

2.2 All appointments to executive non-departmental public bodies (ENDPBS) and NHS bodies must be based on the following seven principles.

1. Ministerial Responsibility

The ultimate responsibility for appointments is with Ministers.

2. Merit

All public appointments should be governed by the overriding principle of selection based on merit, by the well informed choice of individuals who through their abilities, experience and qualities match the needs of the public bodies in question.

3. Independent Scrutiny

No appointment will take place without first being scrutinised by an independent panel or by a group including membership independent of the department filling the post.

4. Equal Opportunities

Departments should sustain programmes to promote and deliver equal opportunities principles.

5. Probity

Board members of ENDPBs and NHS bodies must be committed to the principles and values of public service and perform their duties with integrity.

6. Openness and Transparency

The principles of open government must be applied to the appointments process, its workings must be transparent and information must be provided about appointments made.

7. Proportionality

The appointments procedures need to be subject to the principle of "proportionality", that is they should be appropriate for the nature of the post and the size and weight of its responsibilities.

The rest of the Code of Practice applies the seven principles to the public appointment process as follows:

2.3 **APPLYING THE SEVEN PRINCIPLES TO THE PUBLIC APPOINTMENT PROCESS**

Establishing the competencies required to fulfil the mission.

The role and objectives of the ENDPB or NHS body must be set out with an outline of the

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balance of experience and competencies required to ensure that the body is effective. The position or positions to be filled must be then set in this perspective. This information should be documented.

Defining the task (job description) and the qualities sought (person specification)

Job descriptions and a summary of the key qualities sought (a person specification), together with the basis of appointment and any conditions on fulfilment of role, should always be documented, be publicly available, be sent to all candidates and be held for scrutiny by the Commissioner for Public Appointments.

A description of the appointments process should be similarly documented and made available.

Identifying a field of candidates

A wide field of candidates should be obtained by making use where appropriate of:

- advertising - both general and for individual posts;*
- executive search;*
- consultation with interested bodies, which should include recognised consultative/user groups and, for local appointments, the elected local authorities where appropriate;*
- the Public Appointments Unit's central list and departmental databases of interested and appropriate people.*

It should always be possible for anyone to nominate anyone, including themselves, and this should be made clear in all advertising and publicity.

Selecting a short list, and recommending candidates to Ministers

The sifting or selection of candidates should be undertaken or overseen by panels with independent members.

Any candidate recommended to Ministers should have been approved as suitable for the post by a panel, taking up references where appropriate.

Arrangements should be in place to ensure that candidates match the standards of probity required and that no-one is appointed to more offices than can be undertaken thoroughly and conscientiously.

Choosing the preferred candidate(s)

Appointments should be made on the basis of merit, with the aim of achieving a balance of relevant skills and backgrounds on the body.

Candidates should not normally be appointed without having been interviewed either by the advisory panel or by senior officials or, in the case of the most senior appointments, by Ministers.

Reappointments to the same post should not be automatic. The performance of the post-holder should be reviewed. A second reappointment should be exceptional and normally subject to a scrutiny process, including considering other candidates.

Confirming the appointment

All appointments should be announced through press notices and other suitable means - either individually or for minor appointments in batches at least quarterly, and departments should report annually on their procedures.

The announcement should include additional material listing political activity and other ministerial appointments held concurrently, with pay (including fees), if appropriate.

Sponsor departments and individual ENDPBs and NHS bodies should hold and make available lists of their members which outline who they are, length of service and when their term expires.

The rest of the guidance gives further detail on the interpretation of the Code of Practice. As noted in Sir Leonard's evidence to the Public Service Committee there were three areas where the Code and guidance go further than the Nolan recommendations and Government Response:- reappointments, announcements of appointments and recording of information about practical activity.

Nolan did not explicitly mention reappointment, and the Government response envisaged that reappointment would not fall within the Commissioner's remit (Cm 2931 p21). Sir Leonard however expressed himself strongly against second reappointments, in his evidence (para 13), which is reiterated in the Code where they are seen as exceptional and normally subject to a thorough scrutiny process.

The recording of political activity is emphasised in the Code. Although candidates will not be asked about membership of a political party or how they vote, they will be asked whether they have held office in a political party or have spoken publicly in its favour or have stood as a local, Parliamentary or European Parliament election.⁴⁹

POLITICAL ACTIVITY

3.10 Candidates should be asked whether in the last five years they have held office in a political party (or affiliated body) which fields candidates at local or general elections in any part of the United Kingdom, or in elections to the European Parliament. Office holding in this connection means offices which are a matter of public record. They should be asked whether they have spoken in public in support of a political party or have stood as candidates in local, Parliamentary or European Parliament elections. For monitoring purposes. the candidate will need to state the name of the political party concerned.

3.11 The underlying intention of these questions is systematic record keeping and monitoring of the political activities of candidates for appointment in so far as they are a matter of public record. Political activity, affiliation or balance should not be criteria for appointment except where there is a statutory requirement or in the limited instances where the nature of a public body makes it important that individual political parties are represented on it.

3.12 Candidates are not expected to divulge private membership of or association with (including donations to) a political party or trade union, or their voting habits, Their right to privacy in these matters must be respected. If the information is volunteered it may be

⁴⁹ The Commissioner for Public Appointments' guidance on Appointments to Executive Non Departmental Public Bodies and NHS Bodies, April 1996

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recorded but should not be made public without written consent.

3.13 Clearly, an individual who has engaged in political activity may as a result have developed skills or competencies which are relevant for a particular appointment. At interview, such candidates should be permitted to describe or expand on the information they have provided if they consider it will enable them to demonstrate their suitability for the post. The interviewer or interview panel may invite a candidate to provide examples of experience gained or competencies which have been acquired through political activity.

The Public Service Committee report considered the issue of donations to political parties as follows:-

15. The Nolan Committee did not deal with one other type of political behaviour. Donations by companies, trades unions or individuals to Political parties may be taken as an instance of political inclination, albeit one which is not normally a matter of public record. The Commissioner told us this was "a difficult area". It would not be fruitful to ask candidates for appointment about donations made to a Political Party by their employer; but it might be legitimate to ask the Chairman of the company the same question. He said "If there is a complaint that quangos are being filled up by people affiliated to parties then it seems appropriate that should be looked at". His memorandum outlined the complaints procedure he proposed to follow.

16. While we agree that there would be no reason routinely to ask candidates information about donations to political parties, we support the Commissioner's intention to monitor the political activity of candidates, and recommend that the Commissioner should publish in his reports information on any complaints received relating to candidates' or appointees' Political activity, including donations. We also recommend that the Commissioner review after the first two years of the system's operation, the amount of information that is required from candidates about their political activities and whether it is sufficient.

The Code also specifies that press notices announcing appointments should include the information about political activity provided on an appointee's application form, and state the salary to be paid (if any).

The guidance gives details on the audited complaints procedures. Independent consultants will carry out audits on departmental procedures for appointment on the Commissioner's behalf. Each department will be visited every three years, and the Commissioner will publish an account of the audits in his annual report. Summaries of complaints will also be given in the annual report.

On 15 May 1996 supplementary guidance on public appointment procedures was issued by the Public Appointments Unit of the Cabinet Office.⁵⁰ It is intended as complementary to the Commissioner's guidance. It describes the role of the PAU, and the use of its Central List and the procedures for self nomination to the list. An Appendix to this Librarian Paper gives further details on the procedures to be used when a government appointment is made.

Governance and Audit

In March 1996 the review of governance and audit issues promised in the Government's response to Nolan was published.⁵¹ The Report reviewed the legal framework governing property and accountability and the arrangements for external audit in local government, NDPBs and NHS bodies. It also examined the external audit agreements of 'local public

⁵⁰ Supplementary Guidance on Public Appointments Procedures PAU Cabinet Office May 1996

⁵¹ Spending Public Money: Governance and Audit issues Cabinet Office/Treasury. See above p.17 for further background

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spending bodies' comprising non local authority education institutions, housing associations, Teas in England and Wales, and LECs in Scotland. Nolan recommended a more consistent legal framework, and that arrangement of external audit for public bodies be reviewed.

The review did not accept the need for a uniform approach:-

3. The different position of various types of public body must be taken into account in considering any changes. Ministers are accountable to Parliament for executive NDPBs and NHS bodies and have remedies in these cases which do not rely on statutory means of regulating misconduct and financial irregularity. Subject to possible constraints that may be imposed by founding legislation, they can usually remove people they have appointed if standards are not maintained. The Committee of Public Accounts provides powerful support to these systems of regulation and control. In the case of local authorities, which are accountable to their electorates, Ministers can impose consistent requirements only by statutory means.

4. The position of "local public spending bodies" is different again. The Nolan Committee has identified these bodies for the purposes of its second stage-inquiry as further and higher education institutions, grant-maintained schools, housing associations, Training and Enterprise Councils and (in Scotland) Local Enterprise Companies. The education bodies are accountable to specially constituted funding bodies set up by Parliament or, in some cases in Scotland and Wales, directly to Government departments. Similarly, housing associations are accountable to statutorily-based funding and regulatory bodies. TECs provide services to Government departments, and LECs to NDPBs, under formal agreements. Careers Service Companies operate in a similar way.

5. The Government believes that the differences between these bodies, which are tailored to the particular activities they perform and which Parliament has accepted, argue against imposing a single structure on them all. To do so would mean large-scale changes in relationships with Parliament, requiring major legislation. Changes could only be justified if there was substantial evidence that current arrangements were not working, and if there were clear grounds for believing that a uniform system would protect standards more effectively. The Government does not believe that these conditions are met. It believes that the best way forward lies in making incremental improvements to spread best practice rather than in major structural changes.

6. *Other key differences within and between sectors include..*

- *size, where there are particularly large differences between individual executive NDPBs and within the housing association sector;*
- *funding, where some further and higher education institutions attract a good deal of private money, as do many housing associations. Private money is being increasingly attracted in these and other areas under the Private Finance Initiative. Some executive NDPBs finance themselves through levies or charges or money raised by trading activities;*

- *client base, with some executive NDPBs and universities, for example, looking to provide a notional service, housing associations tending to provide a regional or local service and the other bodies providing mainly local services;*
- *administrative structures, where there are differences between the various parts of the United Kingdom; and*
- *organisational complexity, with some local authorities and universities, in particular, setting up companies or participating in joint ventures.*

A number of new proposals were however made: notably the Government would ensure that the C and AG has inspection reports over all executive NDPBs which he does not audit [paras 5-7] and that the Audit Commission should be able to publish public interest reports on NHS bodies at its own discretion [para 5-19]. Both proposals were recommendations from the first Nolan report. Legislation would be necessary to implement the public interest report proposals to ensure consistency in England, Wales and Scotland: It also recommended that the national audit agencies, acting together, should commission an independent review of the interface between the Audit and Accounts Commission and the National Audit Office.

Such a review would appraise the merits of different working methods where a large number of bodies deliver similar services at local level and consider possible rationalisation and joint working [para 52]. A summary of the report was given in a Parliamentary answer.⁵²

Committee on Standards in Public Life

Mr. John Marshall: To ask the Chancellor of the Duchy of Lancaster if he will make a statement on the review of the legal framework governing accountability and propriety in public bodies and the arrangements for their external audit, undertaken in response to recommendations in the first report of the committee on standards in public life. [20036]

Mr. Freeman: The Government have published a consultation paper, "Spending Public Money: Governance and Audit Issues", Cm 3179, which has been laid in both Houses. The paper covers executive non-departmental public bodies, NHS bodies and local government and, as regards audit arrangements, what the Nolan committee has called local public spending bodies. Comments have been invited to a 14 June deadline.

The proposals on personal accountability include a more consistent way of handling conflicts of interest on the part of board members. Codes of conduct are planned for staff of executive NDPBs and NHS bodies. NDPB and NHS board members will be protected from the costs of personal civil

liability on certain conditions. Its proposals make clear that executive NDPB accounting officers, working under their boards, are responsible for propriety in a broad sense, as Nolan recommended. The Government are not persuaded that provisions similar to surcharging in local government should be extended into areas where other sanctions, including the power of dismissal, are available. Further guidance is being provided on openness, taking account of the Nolan committee's standard of best practice as appropriate. Executive NDPBs should make records of decisions available wherever possible, and should publish reports containing at least a summary of their accounts. The Comptroller and Auditor General is encouraged to develop systematic work on comparative performance.

External audit arrangements should support lines of accountability and include an emphasis on regularity and value for money. There should be an element independent of the audited body involved in setting standards, defining audit practice and laying down reporting requirements. Duplication should be avoided. Reports should be addressed outside the audited body on major issues

⁵² HC Deb 7/3/96 c.301-302W

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arising from the audit. The Government will ensure that the Comptroller and Auditor General has inspection rights over all executive NDPBs which he does not audit. He has a key role where Parliament has established Ministers' accountability through legislation; elsewhere, other arrangements are likely to provide better support of accountability. The Government accept the Nolan committee's recommendation that the Audit Commission should be able at its own discretion to publish public interest reports on NHS bodies. Funding bodies should ensure that bodies receiving grants have adequate financial control arrangements. Education and housing funding bodies should as a matter of good practice require external auditors of bodies which they fund to report to them immediately if they find serious financial weakness or irregularity. They should consider ways in which they can draw on the expertise of the national audit agencies on audit arrangements and value-for-money work.

The paper proposes that the audit agencies, acting together, should commission an independent review of the interface between them. The paper gives examples of cases where public bodies audited by the Comptroller and Auditor General should ensure that he has appropriate access to contractors' records. He is invited to consider letting private sector firms compete with NAO audit staff to undertake certain audits, without affecting his statutory position as auditor.

The Government intend to consult further on the most suitable arrangements for the external audit of local authorities and health bodies in Northern Ireland.

The differences between sectors mean that imposing a single, uniform structure would require large-scale changes in their relationships with Parliament, requiring major legislation. The Government believe that the best way forward is to build on, and spread, good practice.

The section on responsibility for audit appointments is set out below:⁵³

RESPONSIBILITIES FOR AUDIT OR AUDIT APPOINTMENTS

	<i>Financial audit</i>	<i>Value for money audit¹</i>
Executive NDPBs (<i>paragraphs 3-10</i>)		
- about half	C&AG	C&AG
- the remainder	Secretary of State (in a few cases, the body itself)	C&AG (in nearly all cases)
Local authorities (<i>paragraphs 11-13, 17, 19, 20</i>)		
(Local Government Finance Act 1982, s12; Local Government (Scotland) Act 1973, s96)		Audit Commission (England and Wales) Accounts Commission (Scotland)
Health bodies, including trusts² (<i>paragraphs 14-16, 18-20</i>)		
(NHS Act 1977, s 98; NHS (Scotland) Act 1973, s96; NHS and Community Care Act 1990, s20 and sch 4)		Audit Commission (England and Wales) Accounts Commission (Scotland) C&AG ²
Further education (<i>paragraphs 23-26</i>)		
(Further and Higher Education Act 1992, s53; Further and Higher Education (Scotland) Act 1992, sch 2)	Institutions ³	C&AG (and funding councils; SOEID in Scotland)
Higher education (<i>paragraphs 27-30</i>)		
(Education Reform Act 1988, s135; Further and Higher Education (Scotland) Act 1992, s53)	Institutions ³	C&AG (and funding councils)
Grant-maintained schools (<i>paragraphs 31-35</i>)		
(Education Act 1993 s154)	Institutions ³	C&AG (and Funding Agency for Schools in England and Welsh Office)
Self-governing schools in Scotland (<i>paragraph 36</i>)		
(Self-Governing Schools Grant and Recovery (Scotland) Regulations 1994, schedule 5)	Institutions ³	C&AG
Housing associations (<i>paragraphs 37-47</i>)		
	Associations	Housing Corporation, Housing for Wales and Scottish Homes
Training and Enterprise Councils⁴, Local Enterprise and Local Enterprise Companies⁵ and Careers Service Companies (<i>paragraphs 54-61</i>)		
	Companies	DfEE, DTI, Welsh Office and Highlands and Islands Enterprise

Notes

1. 'Public Bodies 1995' (see note on page 6) shows where the Comptroller and Auditor General audits executive NDPBs or has inspection rights. In either case he can also conduct studies into value for money (National Audit Act 1983, section 6).
2. The Comptroller and Auditor General audits the summarised accounts of the NHS and under section 8 of the National Audit Act 1983 can conduct value for money studies of health bodies.
3. The Audit Commission may, on request, advise education institutions in England and Wales in connection with the appointment of auditors or arrange for its staff to audit the accounts if appointed by the institution (Education Reform Act 1988, section 220). The Accounts Commission may act similarly with regard to self-governing schools in Scotland (Self-Governing Schools etc (Scotland) Act 1989, section 77).
4. The TEC Operating Agreement requires that the NAO shall have access to TECs', subsidiaries' and training providers' records for examining and certifying the relevant departmental accounts and shall have access to documents held by TECs for value for money examinations of DfEE and the Welsh Office.
5. The Comptroller and Auditor General audits the consolidated accounts of Scottish Enterprise and Highlands and Islands Enterprise, which incorporate those of the LECs with which each has agreements.

⁵³ Cm 3179, p.29

The provisions on conflicts of interest on the various public bodies were also set out in a useful table:

21. The local authority associations in England and Wales and the Local Government Management Board have produced a Code of Conduct for Local Government Employees. It is voluntary for local authorities to adopt but sets out the minimum standards that should apply. The Audit Commission has reported that nearly three-quarters of councils have introduced written codes⁴. The Convention of Scottish Local Authorities has undertaken to develop a code for officials as part of its contribution to the task force.

PROVISIONS ON CONFLICTS OF INTEREST

	<i>Registers of interests</i>	<i>Disclosure of interests at meetings</i>
Executive NDPBs		
Code of Best Practice for Board Members of Public Bodies	✓	
NHS bodies		
NHS regulations		✓
NHS Codes of Conduct and Accountability	✓	✓
Local government		
Local Government Acts (as in note 3 on page 17)		✓
Local Authorities (Members' Interests) Regulations 1992	✓	
National Code of Local Government Conduct		✓

✓ denotes relevant provision.

22. There are clear differences in the form of provisions - statutory and non-statutory - and in the consequences of breaches. They stem from differences in the constitutional position of bodies and their accountability.

23. There are statutory provisions covering registers of interests only for local government. Both local government and the NHS have statutory provisions on the declaration of interests at meetings but, again in both cases, there are further provisions in codes. There may appear to be a case for also covering executive NDPBs by statutory provisions. The Government is not necessarily opposed to this, but questions whether it is necessary to do so unless it is intended that breaches should be followed by disqualification or other penalties. In the Government's view formal disqualification is inappropriate when dealing with sometimes very dissimilar NDPBs, not all of which currently have a statutory basis.

Part III

Local Public Spending Bodies: the second Nolan Report

Accountability

The second Nolan Report examined standards in public life relating to local public spending bodies.⁵⁴ It addressed the issue of accountability indirectly, considering "there was responsibility on national government, and on its agencies and regulators, to ensure that centrally funded bodies are able to respond to local needs, and to have arrangements in place which enable local concerns to be raised."⁵⁵ It considered that it went beyond the scope of the Nolan Committee to comment on the provision of local services, although it noted the importance of meeting local needs:-

19. As we noted in our first report, it is not for this committee to enter into the argument of whether or not local services should be run under the auspices of elected local authorities, rather than those of the elected national government. Yet when local bodies are ultimately accountable to central government, the intermediate mechanisms which enable proper accountability to be secured, and to be seen to operate, need to be very carefully constructed. In particular, there is a responsibility on national government, and on its agencies and regulators, to ensure that centrally funded bodies are able to respond to local needs and concerns, and have arrangements in place which enable local concerns to be raised.

It did set out a 'fundamental proposition':⁵⁶

- *Where a citizen receives a service which is paid for wholly or in part by the taxpayer then the government or local authority must retain appropriate responsibility for safeguarding the interests of both user and taxpayer regardless of the status of the service provider.*

The Committee noted the relatively recent growth of local public spending bodies, contrasting it with the post-war position where virtually all public services were provided by public bodies proper [para 101] and emphasised the responsibility of Government in enforcing accountability [paras 11-15]. It considered that consumer modes of accountability was not necessarily sufficient:-

17. To some extent consumers possess a power of sanction even when they are not paying the full cost of the service, if there is genuine choice and the capacity to go elsewhere. This would be true, for example, of many university courses. Potential consumers might stay away, and as a direct result the university might lose funding. In this case, the sanction exercised by the users (staying away), and the penalty applied by the funder (reduced funding for failing to meet a target number of students) coincide. But the exercise of such sanctions is not always as straightforward as this. If the motives and priorities of the funders are not the same as those of the users,

⁵⁴ *Standards in Public Life: Local Public Spending Bodies*, Cm 3270, May 1996

⁵⁵ Executive Summary para 3

⁵⁶ Executive Summary para 6

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then the ability of the users to influence the decisions of the funders by exercising a collective choice may be extremely limited. If there is no genuine choice - as in the provision of social housing - then the funder might never become aware of the views of the users,

18. Consumers may have the opportunity to influence the service providers through local consultation arrangements. The main real sanction which consumers tend to have against the funders, however, is through the electoral process. But national general elections are a very weak and ineffectual mechanism for seeking to influence the provision of local services. The sanctions which the electorate collectively can exercise over national government will seldom be sufficiently targeted to address specific local problems. The ability of the electorate to influence non-departmental public bodies, such as the Housing Corporation or the Funding Agency for Schools, is particularly limited. There is no effective local sanction which can be used to oblige these bodies to respond to local priorities, however much they may seek to be responsive to them.

The tendency towards upward accountability to Government and Parliament rather than to local authorities was reinforced by concerns about safeguarding public money. An unintended result of this was to weaken local responsibility:-

374. One of the weaknesses of arrangements which provide central finance for local bodies is their tendency to be driven into wholly centralised control by the important need to safeguard public money. That in turn weakens local responsibility and accountability. Giving local bodies the freedom to run themselves, and within reasonable limits to exercise their own good judgement, is an essential component of local accountability. That is why we have stressed the need to set strong frameworks for accountability, and clear guidelines on regularity and propriety, policed through wide-ranging audit, combined with a readiness to intervene swiftly when serious problems actually emerge.

375. We are also very much aware of the concerns which arise about the relationships between these bodies and elected authorities. To some extent these relationships are still in a state of flux following the recent changes, and new ways of working have not yet been fully developed. Yet, even though it may no longer be directly running the services, the views of the local authority, as the only local elected body, must be of significance.

The report recommended that "the Government consider promoting and studying pilot schemes, involving local authorities and others, designed to increase the local accountability of non-elected bodies providing local public services."⁵⁷ The Committee commended experiments such as the 'Public Affairs Forums' run by Bromley and by Kirklees councils which attempt to discuss the policies of local spending bodies, and their impact on the local authority and the local community on a constructive basis [paras 376-377].

⁵⁷ Recommendation 47

Therefore the Nolan Report considered issues such as the development of the 'new magistracy' first raised by Professor John Stewart⁵⁸ but did not wish to take a position on whether such non-elected bodies should take over local government functions.

Central Control

Another central theme of the second report was the excessively detailed central control of local public spending bodies:-

23. Both on regulation and audit, we believe that if the benefits flowing from the autonomy of these bodies are to be fully realised it is no use replacing detailed local control with detailed central control. We believe that clear policy guidelines and operating boundaries for these bodies need to be laid down. We also believe that the sanctions for departure from those guidelines need to be strong and explicit, and that the extent to which failure will be underwritten needs to be strictly limited. On that basis, we can therefore set out a second fundamental proposition, complementing the first:

Central control of autonomous but centrally-funded local bodies should be limited as far as possible to setting policy guidelines and operating boundaries, to ensuring an effective audit framework, and to the effective deployment of sanctions. Government and Parliament should aim to ensure that local mechanisms to influence the activities of local bodies exist, and should give them the support necessary to ensure accountability.

The report noted later that regulators and funders needed to have regard for the costs to the regulated organisations of the provision of information, suggesting a type of mutual charter between regulator(s) and regulated for notice periods over the collection of information [para 373]. Recommendation 46 was as follows:-

R46. Regulators and funders should seek to reduce detailed monitoring and collection of information; to make fewer changes in their requirements and to give adequate notice of such changes; and to place more reliance on audit reports.

The report did not express any opinion on the division of responsibility between the National Audit Office and the Audit Commission (the Accounts Commission in Scotland and equivalent in Northern Ireland) for overseeing local public spending bodies beyond reiterating the conclusions of the first report that there was merit in the Comptroller and Auditor General being granted inspection rights over all public expenditure.⁵⁹ It referred to the review of the Cabinet Office/Treasury consultation paper on audit arrangements and stressed the value of a single external auditor able to address the requirements of the various statutes and funding bodies [paras 20-23].

⁵⁸ See above page 3

⁵⁹ Cm 2850, chapter 4, para 107

Appointments

The report considered that the payment of salaries to board members of local public spending bodies would undermine the voluntary principle, and that compensation for loss of earnings or benefit payments should not as yet be introduced. However the Nolan Committee strongly supported provision for the actual payments of out-of-pocket travel subsistence claims, including childcare [paras 356-363]. Personal liability issues needed to be addressed by Government, especially where an institution had the potential to become insolvent:

R45. The government should seek to ensure broad consistency and adequate protection in respect of the personal liability of all appointed or elected members, directors, trustees or others responsible for bodies providing public services.

The Committee noted that most local public spending bodies renewed their own membership, and were not directly appointed by Ministers:

Appointments

24. A common feature of the boards of most local public spending bodies is that they are responsible for renewing their own membership. In most cases they do so according to a set of criteria imposed by statute or contract (new universities, further education colleges, grant maintained schools and TECs and LECS). In others they have their own rules (housing associations, old universities). They are thus unlike the non-departmental public bodies we looked at in our first report, the members of whose boards are appointed by Ministers, and which will now be subject to a code of practice and rules laid down by the Public Appointments Commissioner.

It did not however, recommend formal external scrutiny of appointment procedures:

25. The principles underlying the Code of Practice apply with equal force to all the bodies covered by this study. However the code as it stands contains numerous references to Ministerial appointments, and is not suitable to be applied wholesale to local public spending bodies. Some elements of it are not relevant, and others would not be proportionate to the size of the smaller bodies. We have considered whether to draw up a similar code for this group of bodies. However the evidence we received indicated that most organisations covered in this report are concerned to establish procedures for making appointments which satisfy standards of propriety, and that the bodies themselves, individually and collectively, are drawing up such codes. We believe that openness about the appointments system is particularly important for governing bodies which have the right to perpetuate themselves and are not subject to formal outside Scrutiny of their appointment procedures. We commend the preparation of codes in the various sectors, and we urge the regulatory and funding bodies to encourage good practice.

26. Best practice, subject always to proportionality for smaller organisations, includes:

- a publicly available written appointments process;

- job descriptions and person specification;
- the use of advertisement and/or consultation with interested bodies and other forms of canvassing;
- the encouragement of nominations (including self-nominations);
- the sifting of candidates by a nominations committee; and
- defined terms of appointment after which reappointments should not be automatic.

27. We considered whether the involvement of an outside element in appointments procedures, whether the Public Appointments Commissioner or some other body, might be appropriate. We conclude that no case has been made for introducing that change. However the Commissioner will increasingly become a source of expertise in this area, and regulators may wish to consider seeking his advice both on the structure of appointment systems and on their monitoring.

The Committee recommended fixed terms of office normally not exceeding four years, and for second reappointments to be an exception:

381. One area where we have identified variations of practice in the different sectors, which do not appear to be justified by different operational needs, is that of terms of office. We believe that all members of boards, whether elected or appointed, should be appointed for fixed terms, and that such terms should not normally exceed four years. We consider it important that regular opportunities should occur for boards collectively, and members individually, to review their requirements and commitment respectively. We commend the widespread practice, which has now been adopted for Ministerial appointments by the Public Appointments Commissioner, to make re-appointment for a third term the exception rather than the rule and for such appointments to be subject to real scrutiny, including the consideration of alternative candidates. We also note that many bodies have a compulsory retirement age for Board members, generally at 70. However we do not suggest imposing an automatic bar on members being reappointed or re-elected for a third term or at any stage. If organisations themselves wish to set a maximum number of terms which a board member can serve, or a maximum age limit, they should be free to do so. An important consideration for any organisation taking decisions on these matters will always be the availability of suitable alternative candidates.

R48. Terms of office, which should be renewable, should not normally exceed four years, and reappointment for third or subsequent terms should be the exception rather than the rule.

Codes of Conduct

A central feature of the first Nolan Report was the publication of a range of draft codes of conduct for the bodies under review. The second report did not draw up individual codes for the local public spending bodies, but noted the development of such codes amongst the bodies surveyed and commented:-

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36. In particular, the code of conduct needs to define the dividing line between the role and responsibilities of the governing body and those of the executive staff. It needs also to complement operating procedures which put in place checks and balances, through line management and audit systems, to minimise the scope for corrupt or improper behaviour. We agreed with those witnesses who felt that each organisation had to adapt general guidance to its own circumstances. That seemed to us to be the most realistic approach.

Conflicts of Interest

The Nolan Committee referred to the suggestion on open registers for public bodies in the Treasury/Cabinet Office consultation paper,⁶⁰ to include direct and indirect pecuniary interests which the public might reasonably think could influence judgment [para 39]. Non-pecuniary interests should also be disclosed if relevant to the subject under discussion:

40. The consultation paper also suggests that non-pecuniary interests which have not been registered should be disclosed at meetings if they are relevant to the subject under discussion. Disclosure would also cover the interests of immediate family members, those living in the same household, and other connected persons, which would not form part of a register. A board member whose interest is clear and substantial should not take part in the discussion and should normally withdraw from discussion and voting on the item in question. We believe that these recommendations form a sensible basis for registers of interests in the bodies we are considering in this report, which should adopt them. It is important that the chief executive, clerk or another member of the professional staff should have a responsibility for advising the Chair and members on this issue, though responsibility for declaration and withdrawal must lie principally with the individual concerned.

The Committee also recommended a standard of best practice for openness including the following elements:-

- making the agendas and minutes of governing body meetings widely available, together with board papers where this will not inhibit frankness and clarity
- publicising forthcoming meetings and summarising decisions in a newsletter or through some other user-friendly method
- holding an open annual meeting at which board members can be questioned by the public and press
- setting up more specialised consultation bodies for important interest groups
- publishing an annual report which includes information on the role and remit of the body, its plans or strategy; the membership of the board; and

⁶⁰ *Spending Public Money: Governance and Audit Issues*, March 1995 Cm 3179

where further information can be obtained

- publishing audit reports
- making publications available as widely as possible, for example by sending them to interested parties and putting them in local public libraries.

Whistleblowing

The report commented: "It is striking that in the few cases where things have gone badly wrong in local public spending bodies it has frequently been the tip-off to the press or the local Member of Parliament - sometimes anonymous, sometimes not which has prompted the regulators into action" [para 41]. It considered such procedures unsatisfactory and recommended an effective internal system for the raising of concerns :⁶¹

R2. Local public spending bodies should institute codes of practice on whistleblowing, appropriate to their circumstances, which would enable concerns to be raised confidentially inside and, if necessary, outside the organisation.

Independent review

Finally the report recommended independent adjudication of disputes relating to complaints from customers, and for disputes relating to matters within the institution itself. Organisations should consider the merits of external advisers, and regulatory bodies should consider providing general guidance and assistance.⁶²

The rest of the report offers detailed recommendations for higher and further education institutions, grant-maintained schools, TECs and LECs and registered housing associations, (matters beyond the scope of this general Paper). In general however, the Committee recommended against confidentiality clauses, and internal appeal systems, and in particular considered that the local accountability of some TECs remained weak, and the regulatory relationship between Government and TECs should be more explicitly acknowledged within a formal structure.⁶³

Conclusions

The second Nolan report received muted approval in the press which noted the criticism of over regulation by central government.⁶⁴ The specialist press paid more attention to the specific recommendations for the different types of bodies. The report does not in itself seem

⁶¹ Recommendation 2

⁶² Recommendation 50

⁶³ Recommendation 23

⁶⁴ *Times*, 17/5/96, "Nolan Criticises 'interference' from Whitehall"

to have sparked a major debate on the role and influence of local public appointed bodies.

Although public concern about quangos appears to have diminished somewhat following the two Nolan Reports, the issue still forms part of the political agenda. Nolan upheld the principle of ministerial appointments, arguing that none of the witnesses or correspondents had presented convincing proposals for providing public accountability other than through the established route of Ministerial accountability to Parliament [para 27 Cmnd 2850]. However, the second Nolan report expresses some serious concerns about lack of local accountability, which may bolster the arguments of supporters of local government and of Scottish and Welsh devolution. Tony Wright MP however has cautioned against an automatic presumption against appointed bodies:⁶⁵

It is certainly the case that we need urgently to renew local democracy; and to ensure that elected local authorities have a strategic responsibility for the range of services and functions delivered to their populations. There is currently a vacuum of public accountability in key services, most conspicuously in the health service where the roles of chairman and chief executive, and of executive and non-executive directors, are hopelessly confused. The process of marginalisation of local government must be reversed in the interests both of coherence and of democracy. However this is likely to involve an assortment of approaches, frequently on a case-by-case basis, and a rich mixture of organisational arrangements. This cannot be explored further here, except to say that the question of the century-long growth of extended government is unlikely to be contained within the parameters of a simple preference for election over appointment, especially when this is made synonymous with a preference for familiar over unfamiliar structures.

It is too easy to identify elective government with accountable government. Elections involve a rude and bottom-line accountability of an indispensably democratic kind, whereby people can rid themselves of rulers they do not like, but they do not by themselves entail a continuing practice of accountability. Indeed one study of appointees and elected representatives across a number of public bodies found that, whereas the elected representatives simply assumed that issues about their accountability and legitimacy did not arise because of their elected status, the appointees saw the practice of accountability as a continuous obligation (P. Day & R. Klein, *Accountabilities: Five Public Services*, 1987). This is not an argument against election or for appointment; but it is a caution against making election synonymous with accountability.

Nor, similarly, should election be identified with representativeness. It is convenient to pretend that they are the same, but they are not (for a whole variety of reasons that cannot be discussed here). What this means in terms of the present argument is that it is perfectly possible to find ways of representing people that do not involve elections. For example it would be worth exploring how lot or random selection might be developed as a way of representing people on some public bodies; and also how schemes of functional representation could be used to represent consumers and stakeholders in services. On a different front, I should like to see a range of such techniques used in the composition of a new second chamber (which should be advisory and not elected).

⁶⁵ pp22-23 Beyond the Patronage state

Dr Wright also noted that the age of mass political membership had gone and so to insist on traditional forms of election as the only entry point to public service would be "to exclude almost the entire population from such participation". [p.24]

Ann Taylor, Shadow Leader of the House, suggested in a recent speech to a Charter 88 seminar⁶⁶ that some senior public appointments would have to be ratified by the appropriate select committee, such as those to the Higher Education Funding Council, thus indicating that Labour still envisages some form of Parliamentary scrutiny of appointments.

Proposals in this area have also been developed by the Scottish Constitutional Convention which has proposed that the rule of quangos operating in Scotland should be examined by Scotland's Parliament which would bring their activities under democratic control where it considers that necessary. The Convention has also proposed that the Parliament would have powers to ensure that where quangos remained they would be subject to greater accountability and accessibility.⁶⁷ Little detail was available on the quangos which might come under such scrutiny. The latest Labour policy document *Preparing for a New Wales*⁶⁸ proposed the restructuring (but not abolition) of major executive bodies such as Housing for Wales or the Welsh Development Agencies. It also proposed that the Welsh Assembly would take over the relevant powers of appointment currently vested in the Secretary of State, establishing a public appointments procedure in line with the Nolan recommendations [paras 4-4.14]. The Liberal Democrats, SNP, and Plaid Cymru have also supported the transfer of many quango powers to local government. The mechanics of such a transfer however often remain obscure given the diversity of functions of quangos. When the Nolan reforms have taken effect and concerns over patronage and propriety are somewhat allayed the difficult issue of accountability remains.

⁶⁶ 14.5.88 Transcript p.8

⁶⁷ *Key Proposals for Scotland's Parliament*, October 1995

⁶⁸ *A Report on the structure and workings of the Welsh Assembly* May 1996, Wales Labour Party Conference 10 and 11 May

Appendix A

The Public Appointments Unit and the Central List

The PAU is part of the Office of Public Service in the Cabinet Office. It was established as a unit in 1975. An account of its historical background is given in *The Great and the Good*⁶⁹ by Peter Hennessy.

The PAU maintains a computerised register of candidates for public appointments for the use of departments. The Unit also advises the Head of the Home Civil Service on specific appointments requiring the approval of the Prime Minister. The objectives of the Unit were set out in a recent Cabinet Office publication:⁷⁰

- to act as the initial point of contact for individuals who wish to register an interest in being considered for public appointment;
- to maintain a computerised register of the names of such individuals. This is known as the Central List;
- to provide names of potential candidates for appointments in response to specific requests from departments;
- to provide advice to the Head of the Civil Service on public appointments requiring the approval of the Prime Minister;
- to co-ordinate certain central appointments initiatives - eg The Prime Minister's Initiative on Public Appointments & Equal Opportunities.

The Central List is described in a further extract:

The Central List

2.2 The PAU has at any one time around 5000 names on its Central List, representing the wider public and private sectors, the professions, academia, voluntary and community organisations. Subject to the overriding criterion of potential suitability for public office, the composition of the List seeks to establish a representative selection of names in a number of respects, and includes a substantial number of women and members of the ethnic minorities, disabled people, employed and retired people and individuals in regions throughout the country.

2.3 Names for inclusion on the List come from a variety of sources, mainly self-nomination. Other sources include personal recommendations; MPs; companies; universities; professional bodies; other departments; women's groups; and organisations representing ethnic minority communities and disabled people. To help in this process the Unit runs a "rolling programme" of approaches to over 300 companies, universities, representative bodies and other organisations. It also runs programmes to promote equal opportunities in public appointments, currently through contacts with women's organisations, and through its Ethnic Minority Advisory Panel, whose objective is ethnic minority representation across the full range of public bodies.

⁶⁹ PSI, 1986 pp11-29

⁷⁰ *Supplementary guidance on Public Appointment procedures*

The list is maintained as a computer database, and under the *Data Protection Act 1984*, publication of the names would be precluded since information is provided in confidence. It is, of course, possible for individuals on the list to check their own records. Names are removed from the Central List quite regularly, and according to the latest Cabinet Office annual report⁷¹, the total currently stands at 5,224. A breakdown of the PAU list is available from 1988, indicating that the largest number of people are to be found in the 51-60 age group - 2,069 out of 4,982 at December 1993.⁷² A breakdown of the PAU list by region is also available, indicating that the South East of England provides by far the greatest number of people on the list - 2,622 out of 5,327.⁷³ This figure is higher than the total number on the PAU list because individuals may be counted in more than one region if they live in one region and work in another.

One of the main criticisms of the PAU list is that women and ethnic minorities are under-represented. In October 1991 John Major announced a new government initiative aimed at increasing the number of public appointments held by women and members of the ethnic minorities. Each department was required to develop a strategy. As of 1 September 1995, 30% of appointments were held by women compared with 23% in 1991. The number of ethnic minority appointees has increased from 2% in 1992 (when figures were first collected) to 2.9% in 1995.⁷⁴ It is worth noting that the percentage of women appointed varies considerably from department to department. At September 1995, 6% of appointments made by the MoD were women compared with 40% for the Home Office and the Scottish Office.⁷⁵

The Central list is *not the only or indeed the main* source for suggestions to candidates for appointments. Departments have lists of their own, in particular the Welsh Office, Scottish Office and Northern Ireland Office maintain their own lists. Ministers may make their own suggestion, or consult interested bodies, and headhunting techniques are occasionally used.

In 1994/95 180 appointments were made following nominations by the Unit.⁷⁶ This is an increase over 134 in 1993/94 but still represents only a relatively small proportion of public appointments made annually.⁷⁷ Although the number of requests from departments decreased in 1994/95 to 257 from 349 in 1993/94. This is in the context of over 2,000 appointments each year to executive NDPBs and NHS bodies. A survey by Alan Milburn MP indicated that fewer than six per cent of appointments in 1994 came from the PAU list.⁷⁸

The Code of Practice for Public Appointment Procedures identifies the PAU as one of the sources for obtaining candidates, but it is expected that advertising and consultation with interested bodies will also become an important means of identifying suitable appointees. The

⁷¹ The Government Expenditure Plans 1996/97 to 1998/9 Cm 3220 March 1996

⁷² HC Deb 16/12/93 c.866W

⁷³ HC Deb 22/4/96 c.52W

⁷⁴ Cm 3220 para 4.04

⁷⁵ Public Bodies 1995 Departmental Summary of Appointments by Gender to Boards and Tribunals at 1 Sept 1995

⁷⁶ HC Deb 22/4/96 c.52-53W. A list of the appointments made were given in this Answer

⁷⁷ For full details see Cm 3220 March 1996 para 4.65

⁷⁸ *Financial Times* 18/5/95 "Dispute looms over quango posts"

future of the central list must therefore be open to some question. In a pamphlet for Demos John Viney and Judith Osborne⁷⁹ conclude that there is "no evidence that the PAU contributes in any substantive way to the overall effectiveness of public appointment recruitment. [p.16]

The 1995 *Review of Guidance on Public Appointments*⁸⁰ contains some useful information on the procedures used in the various departments. In particular, it found that 10 departments maintained their own lists of potential candidates, and 12 departments had used advertising or executive search to fill specific posts, and there were 7 departments in which Ministers made or are consulted about every appointment, and 5 departments where such direct involvement was for 25-50% of appointments. [para 31] Viney and Osborne conclude from informal observation that "most appointments rest with officials who will tend to choose 'reliable bodies'." [p.18]

Questions of Procedure for Ministers (QPM) - May 1992 contains the following advice about ministerial appointments:

Appointments by Ministers

49. The Prime Minister should be consulted in good time about any proposal to set up-
- (i) Royal Commissions: these can only be set up with the sanction of the Cabinet and after The Queen's approval has been sought by the Prime Minister.
 - (ii) Independent Committees of inquiry into any aspect of public policy: the Chancellor of the Exchequer should be given an opportunity to comment on these.
 - (iii) Committees chaired by a civil servant but appointed by a Minister, which consist partly of civil servants and partly of individuals outside the government.

Submissions proposing any of the above should contain details of the proposed size and structure of the body. This requirement is separate from the provisions concerning appointments set out in paragraph 50 below.

50. The Prime Minister should also be consulted in good time about the appointment or re-appointment of

- (i) The Chairman and other Members of Royal Commissions.
- (ii) The Chairman of
 - (a) Nationalised Industry Boards
 - (b) Public Boards including the Chairman of Regional Health Authorities
 - (c) The more important Departmental committees, including those at 49 (ii) and (iii)

⁷⁹ *Modernising Public Appointments*, December 1995

⁸⁰ Report by the Public Appointments Unit, Cabinet Office, January 1995

In all such cases he will need to be informed about the particular requirements of the post in present circumstances,' the attributes essential for a candidate and the extent to which proposed candidates meet such requirements. He will also wish to be informed about any intention to advertise any post in these categories.

- (iii) Deputy Chairmen where they are being appointed with a view to the succession.
- (iv) Deputy Chairmen and Members of Boards, Commissions or Committees of Enquiry in cases where the appointment is likely to have political significance. Ministers should take a wide view of what constitutes political significance. Local or regional appointments may from time to time excite an unusual amount of public interest because of the circumstances surrounding the appointment or the background of the candidate. In all cases involving political considerations submissions to the Prime Minister by an appointing Minister should be copied to the Chief Whip. The Chief Whip should invariably be consulted before a Member of the House of Commons is approached about the appointment to an office which would result in the vacation of a Parliamentary seat. As in (ii) above, the Prime Minister will wish to be informed about any intention to advertise a post of Deputy Chairman.

Where there is doubt about the need for consultation with the Prime Minister, the Public Appointments Unit in the Office of the Minister for the Civil Service should be consulted.

51. In all cases falling within paragraphs 49 and 50 on which a submission is to be put to the Prime Minister, Ministers should arrange for their Department to consult the Public Appointments Unit of the Office of the Minister for the Civil Service beforehand; and the submission to the Prime Minister should be cleared with the Head of the Home Civil Service in advance and indicate that the Public Appointments Unit has been consulted and that any salary proposals have been agreed with the Treasury. In such cases no commitment should be made to any individual before the Prime Minister has been consulted. In the case of the Royal Commissions, the Private Secretary to the Prime Minister should be consulted before any informal soundings are undertaken. In other cases, any informal soundings should be made in such a way as to preserve freedom of action and avoid any appearance of commitment.

52. Subject to the above paragraphs and to the constitution of the body to which the appointment is made, public (non-Civil Service) appointments are the responsibility of the Minister concerned, who is free, subject to public accountability and the requirements of the law, to appoint the persons he or she considers best qualified after making such enquiries as he or she thinks appropriate. Suggestions of names from all who wish to propose them should be welcomed and encouraged so as to provide the widest opportunity of choosing the best person for the job. The Minister should keep under review the relevance and appropriateness of the criteria for selecting people.

53. In considering candidates for public appointments, Ministers should pay particular attention to securing, on merit, proper representation of women and members of ethnic minorities on public bodies. A Minister in each Department is responsible for setting objectives to achieve this. All Ministers are asked to ensure, when shortlists of proposed candidates are submitted, that if no women candidates are proposed an explanation for this is given. Where the work of a body or committee will particularly impact on ethnic minority communities, the same procedure may be appropriate for ethnic minority representation.

Presumably the next edition of *QPM* (expected after the next General Election) will contain references to the new Code of Practice for Public Appointment procedures.

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The *Supplementary Guidance on Public Appointment Procedures* issued by the Public Appointment Unit [May 1996]⁸¹ covers much of the same ground as *QPM* but the requirement to consult with the Cabinet Office is drawn more widely:

Appointments requiring the approval of the Prime Minister

3.3 Certain appointments are made directly by the Prime Minister and do not involve the PAU. However, for those appointments requiring the Prime Minister's approval nominations must be cleared with the Head of the Civil Service before the final submission to the Prime Minister.

3.4 Consultation with Cabinet Office is necessary in the following circumstances:

- where there is a statutory requirement for the Prime Minister to be consulted;
- where recommendations are being made to the Crown;
- where appointments are to the more significant public bodies or remaining nationalised industries (see *Questions of Procedure for Ministers* for details);
- where the appointment of a particular individual or the terms of the appointment could cause controversy;
- where the Prime Minister is likely to have a special personal interest.

3.5 Other appointments need to be submitted only if political considerations apply (in which case submissions to the Prime Minister should be copied to the Chief Whip - see below) or if the relevant Minister considers that there are special circumstances at the time of appointment, or re-appointment, which makes such clearance appropriate.

The need to forewarn the Chief Whip (also known as the 'Patronage Secretary') of significant public appointments is set out in the supplementary guidance:

Chief Whip

3.12 The role of the Chief Whip in public appointments is as set out in *Questions of Procedure for Ministers*. This notes (paragraph 50 (iv)) that "in all cases involving political considerations submissions to the Prime minister ... should be copied to the Chief Whip", and that "Ministers should take a wide view of what constitutes political significance". In such cases the Chief Whip needs to be informed, both for general awareness and in case the Prime Minister should seek his advice on some aspect of the appointment.

Earlier versions of this guidance⁸² also provided for the Chief Whip to be consulted before significant appointments in case there were any names to be submitted by the Chief Whip. The 1995 *Review of Guidance on Public Appointments* by the Cabinet Office recommended that this requirement be dropped in favour of the PAU inviting the Whips of all parties to make recommendations to the central or departmental lists. [para 76]

⁸¹ See Guidance on Public Appointments in Northern Ireland from the Central Secretariat of Northern Ireland Office April 1996 for particular guidance on for example consultation with the Irish government under Article 6 of the 1985 Anglo-Irish Agreement

⁸² *Guide to Public Appointments Procedures* Cabinet Office 1992

Appendix B

NDPBs: Numbers and Expenditure

The tables which follow present some summary figures on the numbers of public bodies, appointments to them and their expenditure in most years since 1978/79⁸³. Quangos are something of a definitional minefield but the tables follow practice in written answers by covering non-departmental public bodies and National Health Service Bodies. They do not include nationalised industries and public corporations which are, however, listed in the Cabinet Office annual report *Public Bodies*. The non-departmental bodies are divided into four groups:

executive bodies - those which normally employ staff and have their own budget;

advisory bodies - mostly bodies set up by ministers to advise them and their departments. They do not generally employ their own staff or incur expenditure on their own account;

tribunals - including bodies with licensing or appeal functions;

prison boards of visitors - including visiting committees in Northern Ireland.

Next Steps agencies, advisory bodies where the majority of members are civil servants, the court system, local authority bodies, training and enterprise councils, most educational establishments, housing associations, agricultural marketing boards and port and harbour authorities are excluded.

Table I gives the number of non-departmental public bodies and NHS bodies in each year covered and, where possible, the number of appointments to them. The numbers of appointments shown are the total numbers, including those not made by ministers or sponsoring departments. Of the 39,961 appointments made in 1994/95, 33,258 were made by ministers; comparable figures are not available for earlier years. The figures in both Tables 1 and 2 are mostly based on the annual editions of *Public Bodies* but the quality of data there is somewhat suspect⁸⁴. Some of the more obvious errors in published totals have been corrected here but the numbers should still be used with some caution and more as indicators of orders of magnitude rather than exact counts.

⁸³ Data for 1979/80 and 1980/81 are not available and those for 1981/82 that are available are incomplete and are not included in the tables

⁸⁴ For example, the 1991 edition (page v) gives the number of NHS appointments in England as 885 whereas it is clear from the detailed tables in the same publication that the true number was in excess of 3,000

Table 2 shows, both in cash and real terms, the available spending figures. There are three main headings here: spending by executive bodies, spending by government departments in support of all types of body⁸⁵ and spending by NHS bodies. Some of these spending figures are approximate, especially those for the NHS. For example, most of the NHS spending figures for England in *Public Bodies 1995* are for 1993/94, not 1994/95, because details of expenditure in the latter year were not available when the report was published. Additionally, a sharp fall in spending between 1984/85 and 1985/86 can be seen in Table 2 which is not easy to explain but appears to be connected with the exclusion of Family Health Services Authorities' expenditure. Thirdly, there is (arguably) some double counting in the figures, for example between the spending of health boards (purchasers) and NHS trusts (providers) in Scotland.

In all cases⁸⁶, Table 2 gives the figures as published in *Public Bodies*, despite these difficulties. There are two reasons for this. First, it is desirable that the data in this paper should be consistent with both the publication and answers to PQs; to do otherwise would lead to confusion in any debate about the spending of public bodies. Secondly, it is now virtually impossible to produce better comprehensive figures for the full period covered by Tables 1 and 2. The figures used in the publication, when not for the right year, are always for an earlier year and so tend to understate the true level of spending⁸⁷. The NHS spending figures for 1978/79 include some small approximations but these are insignificant compared with the main aggregates incorporated in the totals and the lack of consistency of the available data over time.

The creation and abolition of various bodies (sometimes by the transfer of responsibilities to a body outside the public sector) has an effect on the statistics. The most significant abolition in spending terms has been of the nine English water authorities and they are, therefore, shown separately in Table 2. Looking at the period since 1979, there has been a fall in the number of bodies whether NHS bodies⁸⁸ are included or excluded. Comparisons of spending over time are hazardous, for the reasons already mentioned, but it appears that the spending of non-NHS executive bodies has risen sharply in recent years, largely because of the creation of the Further and Higher Education Funding Councils and the Funding Agency for Schools and there has also been a substantial increase in NHS expenditure.

⁸⁵ Both these totals are published regularly in *Public Bodies*

⁸⁶ Except for the NHS in 1978/79, for which figures have been derived from other sources in the absence of data in *Public Bodies*

⁸⁷ This tends to counteract the effect of any double counting

⁸⁸ Which have increased considerably in number, first with the replacement of Area Health Authorities by District Health Authorities and more recently with the creation of NHS Trusts

Table 1
Numbers of and appointments to non-departmental public bodies, 1978/79 to 1994/95

	1978/79	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Number of bodies (end year)														
Executive	492	431	402	399	406	396	390	395	374	375	369	358	325	320
of which water	9	9	-	-	-	-	-	-	-	-	-	-	-	-
Advisory	1,485	1,074	1,087	1,069	1,062	1,057	1,066	969	971	874	846	829	814	699
Tribunals	70	65	71	65	64	64	65	64	66	64	66	68	71	73
Boards of visitors	120	121	121	121	126	126	127	127	128	131	131	134	135	135
Total of above	2,167	1,691	1,681	1,654	1,658	1,643	1,648	1,555	1,539	1,444	1,412	1,389	1,345	1,227
NHS bodies	159	261	259	266	355	356	359	359	355	411	510	629	770	788
Total bodies	2,326	1,952	1,940	1,920	2,013	1,999	2,007	1,914	1,894	1,855	1,922	2,018	2,115	2,015
Number of appointments														
Executive	..	..	..	..	6,660	6,526	6,489	6,359	5,316	5,158	4,343	4,066	3,850	3,889
Advisory	..	..	..	..	13,914	13,352	12,545	12,141	11,780	10,398	10,180	10,022	10,065	8,430
Tribunals	..	..	..	..	22,106	22,297	22,511	21,340	20,712	19,875	20,719	22,265	21,973	20,763
Boards of visitors	..	..	..	..	1,726	1,723	1,902	1,906	1,744	1,768	1,758	1,804	1,782	1,805
Total of above	..	..	..	..	44,406	43,898	43,447	41,746	39,552	37,199	37,000	38,157	37,670	34,887
NHS bodies	..	..	..	..	..	7,455	7,609	7,431	4,207	3,502	3,846	4,221	5,015	5,074
Total bodies	..	..	..	..	..	51,353	51,056	49,177	43,759	40,701	40,846	42,378	42,685	39,961

Sources: *Public Bodies Annual editions; HC Deb 25 January 1993 col 549-52W; NHS Accounts England and Wales, Scotland; Health & Personal Social Services Statistics Northern Ireland 1979 Table 2.2*

Table 2
Expenditure by and on non-departmental public bodies, 1978/79 to 1994/95

	1978/79	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Expenditure (£m cash) (a)														
Executive	6,150	9,940	7,280	7,770	8,240	9,100	9,450	9,410	11,870	13,080	13,750	15,410	18,330	20,840
of which water	1,589	2,639	-	-	-	-	-	-	-	-	-	-	-	-
Depts in support	70	94	115	111	116	112	118	142	114	106	150	170	170	190
NHS bodies (b)	7,740	14,350	15,420	17,050	14,160	14,350	15,500	17,020	19,370	20,770	22,860	25,090	29,088	33,103
Total of above	13,960	24,380	22,820	24,930	22,520	23,560	25,070	26,570	31,350	33,960	36,760	40,670	47,590	54,130
Expenditure (£m at 1994-95 prices) (a)(c)														
Executive	17,920	17,860	12,500	12,700	12,770	13,690	13,500	12,600	14,850	15,150	14,990	16,150	18,670	20,840
of which water	4,630	4,740	-	-	-	-	-	-	-	-	-	-	-	-
Depts in support	200	170	200	180	180	170	170	190	140	120	160	180	170	190
NHS bodies (b)	22,560	25,780	26,480	27,870	21,950	21,590	22,140	22,790	24,240	24,060	24,930	26,290	29,620	33,100
Total of above	40,690	43,790	39,180	40,760	34,900	35,440	35,810	35,570	39,230	39,340	40,090	42,610	48,460	54,130

(a) Some of the expenditure figures included in the totals relate to an earlier year and others are approximate. Figures exclude bodies in Northern Ireland which fulfil functions carried out by local government in Great Britain.

(b) The figures are extremely crude. Some of their components relate to the year previous to the one shown and there is, arguably, some element of double counting where spending by purchasers and providers is included separately.

(c) Converted using market price GDP deflator.

Sources: *Public Bodies Annual editions; HC Deb 25 January 1993 col 549-52W; NHS Accounts England and Wales, Scotland; Health & Personal Social Services Statistics Northern Ireland 1979 Table 2.2*

Appendix C

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