



National Audit Office

Report

by the National Audit Office

**Cabinet Office, non-departmental public bodies
and sponsor departments**

Management report on triennial reviews

MARCH 2014

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Amyas Morse, is an Officer of the House of Commons and leads the NAO, which employs some 860 staff. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of almost £1.2 billion in 2012.

Contents

Summary 4

Part One

The programme's objectives, scope and organisation 10

Part Two

How departments are carrying out reviews and their impact 16

Part Three

The future of the triennial review programme 30

Appendix One

Methodology 34

Appendix Two

Summary details of triennial reviews completed to December 2013 36

The National Audit Office study team consisted of:
Jonathan Bayliss, Laura Bruce, Jack Cook, Ian Derbyshire, Stephanie Ridal, Tom Wallace and Paul Wright-Anderson under the direction of Keith Davis.

This report can be found on the National Audit Office website at www.nao.org.uk

For further information about the National Audit Office please contact:

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7000

Enquiries: www.nao.org.uk/contact-us

Website: www.nao.org.uk

Twitter: @NAOorguk

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.

Summary

1 The Cabinet Office requires departments to review the need for their non-departmental public bodies (NDPBs) at least once every three years. These ‘triennial reviews’ build on an earlier practice of business reviews of NDPBs by departments, and are intended to maintain the momentum of the 2010 public bodies reforms to ensure that “the public bodies landscape continues to become leaner, simpler and more efficient”.

2 This report is made both to the Cabinet Office and departments carrying out triennial reviews. It has been prepared alongside our report to Parliament examining the progress made on the 2010 public bodies reforms including on simplifying the public bodies landscape, the achievement of the forecast benefits and the introduction of triennial reviews.¹

The roles of the Cabinet Office and sponsor departments

3 To give departments ownership of their respective programmes, the Cabinet Office’s view is that sponsor departments are responsible for the conduct of reviews on their sponsored bodies, while it provides overall programme management and quality assurance. The departments and review team leaders we interviewed considered that the Cabinet Office had provided effective leadership and support. Their involvement was seen as proportionate: senior Cabinet Office staff were involved in all major reviews through membership of a ‘challenge group’ while participation in smaller reviews could be limited, for example, to responding to requests for advice and commenting on the review reports prior to publication. The bodies themselves had no direct contact with the Cabinet Office (paragraphs 1.7 to 1.11, 1.15, 2.21 and 3.2).

4 To help ensure that reviews were of consistent quality across government, the Cabinet Office published guidance on the scope and purpose of the programme and instructions on the conduct of reviews in June 2011. Most of the review teams and departmental sponsors we interviewed confirmed that the guidance was helpful and sufficiently comprehensive, although some departments developed further guidance specific to their internal procedures (paragraphs 1.13 to 1.17 and 3.3).

¹ Comptroller and Auditor General, *Cabinet Office: Progress on public bodies reform*, Session 2013-14, HC 1048, February 2014.

How departments are carrying out reviews

5 The Cabinet Office has introduced a system for monitoring the overall impact of the 2010 Public Bodies Reform Programme, and other initiatives, on bodies' administrative costs and overall spending. However, the Cabinet Office does not have a measure of or a process for tracking the benefits, in particular the savings, arising out of the triennial review programme as distinct from these other initiatives. Our findings on individual reviews are summarised around the Cabinet Office's six key principles which successful reviews should be able to demonstrate: **timely, challenging, inclusive, proportionate, transparent and value for money.**

6 **Departments have made slow progress so far in carrying out and completing the first round of triennial reviews.** The exemptions agreed with the Cabinet Office left 156 bodies, one third of NDPBs, to be reviewed in the first round of reviews (April 2011 to March 2014). Nevertheless, by December 2013 reviews had been completed on only 77 of these bodies. The reviews of 32 bodies planned for the first round are still to be announced (paragraphs 2.3 to 2.9).

7 **Delays in completing reviews have arisen from insufficient resources and difficulty in agreeing reports internally.** Departments and the Cabinet Office had expected reviews to take, on average, 4-5 months from announcement of their start to publication of the final report. But reviews, so far, have been taking twice as long to complete: more than 8 months on average. This can create uncertainty for reviewed bodies and their stakeholders. Departments highlighted two key reasons for slow progress: difficulties in resourcing the reviews and the long time it has sometimes taken to reach internal agreement on draft reports. The Cabinet Office is aware that some reviews have fallen behind their planned schedules, but has not been able to ensure departments complete reviews promptly overall across the programme (paragraphs 2.10 to 2.11).

8 **On the level of challenge involved, all the published triennial reviews we examined had complied with the Cabinet Office guidance to examine a wide range of options and had involved external challenge in the review process.** All eight of the major reviews completed to date involved a formal challenge group to review emerging findings. Of the 22 smaller reviews, three used a less formal 'critical friends' group. For reviews to be challenging, review teams need to have appropriate skills, experience and independence and to be rigorous and robust in its collection of evidence. We found that departments vary in their approaches, some relying on officials from their department, some using 'high flyers' to lead reviews and some recruiting review leads from outside the department. Larger reviews involve challenge groups, on which a Cabinet Office official sits, along with senior officials from the department and peer bodies. We found these groups provide important independent challenge, which is not so clearly visible in the case of reviews of smaller bodies, where challenge is typically provided by the body's sponsorship team and through comments from the Cabinet Office prior to publication of the final review report (paragraph 2.21 to 2.23).

9 Reviews have been inclusive in encouraging a wide range of stakeholders to contribute their views. However, there is a risk that reviews become over-reliant on stakeholder views at the expense of other evidence sources. Departments have taken differing approaches in how closely their review teams have engaged with or involved the bodies under review. Although senior staff were routinely interviewed by the review team, both during the planning and fieldwork stages, many teams deliberately kept the review body at a distance and most of the bodies we interviewed contrasted this approach with private sector practice where the body would perform, or be more closely involved with, the reviews. The Cabinet Office is currently preparing new guidance which will reinforce the need to consult with the body throughout the process, including on emerging conclusions and potential recommendations (paragraphs 2.19 to 2.20 and 3.5).

10 Departments varied the scope of reviews to reflect the size and nature of the NDPBs under review, but the resulting review process was not always proportionate for the smaller bodies. Departments are not able to accurately identify the costs of specific reviews or the cost of their overall review programme. Some individual reviews have been 'light touch', as many of the early bodies chosen by departments for review have been small administrative NDPBs, sometimes involving a sole reviewer for less than five months. Nevertheless, some of these bodies have been so small that even such 'light touch' reviews are likely to cost a substantial proportion of the body's annual spend (paragraphs 2.13, and 2.17 to 2.18).

11 There are differing views on the most appropriate interval between reviews of public bodies. The Cabinet Office's new guidance for round two reviews retains a three-year cycle to provide a discipline on departments and to ensure accountability to ministers for the review programme. However, most departments and NDPBs we consulted believed that reviewing bodies every three years does not allow time for recommendations from previous reviews to take effect and that little may have changed between reviews. The Cabinet Office's intention to be more involved in the setup of round two reviews will provide an opportunity to facilitate reduced scope reviews where appropriate (paragraphs 1.1 to 1.4, 2.15 and 3.4).

12 Departments are transparent in reporting the start and completion of reviews through written ministerial statements and report publication. However, there is limited transparency on the progress and cost of reviews, in particular when reviews which become delayed are likely to be completed. Published review reports do not always make clear the key sources of evidence used in the review or who has carried out the review. The Cabinet Office believes that, as a minimum, a summary of stakeholder responses should be included as an annex to the review report (paragraphs 2.11 to 2.12, 2.16 to 2.20, and 2.25).

13 Four triennial reviews (covering 38 bodies) have led to major structural reform, but reviews can also add value by examining governance, efficiency and effectiveness issues. The ongoing review programme is intended to maintain the momentum created by the 2010 reforms. However, only four of the first 30 reviews, covering 38 out of 77 bodies reviewed, recommended that the bodies concerned should no longer continue as NDPBs: services provided by 35 probation trusts, which were reviewed as part of the ‘Transforming Rehabilitation’ initiative, are to be delivered by the private and the voluntary sectors; one small advisory body (Equality 2025) was abolished; and two other bodies were reclassified. Although 25 of the other 26 reviews recommended improvements to governance arrangements, reviews have tended not to make explicit recommendations on achieving savings or improving performance. Some review teams told us there had initially been a lack of clarity in Cabinet Office guidance on the extent to which a review should, and can, analyse performance and efficiency. The Cabinet Office’s new guidance will encourage departments to identify areas for performance improvement and efficiency saving (paragraphs 2.24 to 2.28 and 3.6).

The future of the programme

14 Looking forward, the triennial review workload for departments could triple, from the 156 bodies planned for round one, to around 450 bodies between 2014-15 and 2016-17. This increase comes from the inclusion of most NDPBs exempted from round one and will require departments to consider how they prioritise their resources effectively and deliver reviews proportionately. In addition, some departments plan to extend their programmes to cover executive agencies, non-ministerial departments and other types of public body as part of their response to continuing pressure to reduce public spending (paragraphs 2.3 and 3.4).

15 The Cabinet Office recognises the challenges facing departments and plans to allow departments greater flexibility over the scope of future reviews and to encourage more ‘cluster reviews’, which examine several bodies at the same time. In particular:

- The programme needs to be better integrated with departments’ plans for major reorganisations, that will normally also fulfil the requirements of the triennial review programme. The Cabinet Office expects that allowing more flexibility in the review timetabling of triennial reviews in round two will allow better alignment with other organisational reviews and department priorities. Some bodies may in practice be reviewed at less than a three-year interval – allowing other bodies a longer interval between reviews whilst still retaining coverage of all NDPBs within a three-year cycle.
- A higher level of involvement of senior officials and ministers is needed in planning departmental programmes and individual reviews. The review programme’s resources need to be directed towards areas which the departments consider to be priorities, for example due to changes in the policy environment or where there are concerns about performance, with less resource being devoted to low priority reviews (paragraphs 2.13 to 2.15).

Recommendations

16 Our main recommendations for the Cabinet Office and sponsor departments are detailed below. These incorporate and build on the recommendations made in our report to Parliament, and they are intended to help the triennial review programme to provide greater challenge so that it can maintain the momentum created by the 2010 reforms. At the time we carried out our audit, Cabinet Office was preparing revised guidance for the next round of reviews, building on lessons learned from the current round. That guidance, which will be published shortly, has picked up many of the issues in this report. Further suggestions on how the efficiency and effectiveness of the triennial reviews planned for round two might be improved are set out in Part Three.

For Departments

- a In order to deliver the ambitious programme of triennial reviews planned for 2014-15 to 2016-17 each sponsor department should develop an overall strategy, set measurable objectives and prepare a detailed delivery plan.** This plan should show how the programme can be delivered effectively within the available resources. In order to triple the number of reviews produced during round one, departments must develop a strategy and a detailed delivery plan for which they can be held accountable.
- b Triennial review reports should include assessments of the expected costs and benefits arising from their recommendations.** This will enable bodies to evaluate recommendations and allow the overall value for money of the programme to be assessed.

For the Cabinet Office

- c The Cabinet Office should set measurable objectives for the outcomes it expects to be achieved through triennial reviews by the end of round two for which it can be held accountable.** It should monitor the overall impacts being achieved across departments specifically by the triennial review programme as distinct from the wider changes being achieved by its public bodies reforms. The review programme can only be shown to be value for money if it brings about measurable improvements. Such improvements are likely to come from any resulting structural reforms, changes to governance or other benefits from the review process, such as identification of other opportunities for efficiencies or improved engagement with stakeholders.
- d The Cabinet Office needs to keep its strategy of giving departments ownership of their programmes under review.** Although the strategy was initially successful, the slow progress in the third year of the programme suggests that departments may not be giving the programme sufficient priority given the other calls on their management resources. The Cabinet Office should review and agree departments' strategies and delivery plans for their review programmes in 2014-15.

- e **The Cabinet Office should improve its information on the resource cost of the triennial review programme.** This could be based initially on target costs for different sizes and types of review and strengthened by requiring departments to estimate the resources applied to each review. The Cabinet Office could then take corrective action if costs are disproportionate.
- f **The Cabinet Office should consider the most appropriate interval between reviews of public bodies.** If the current interval is maintained, there needs to be greater flexibility in the size and scope of individual reviews, including reviews that span multiple bodies with related purposes or activities, as well as better integration of the reviews with other organisational reforms planned by departments.
- g **Where possible, triennial reviews should identify areas for performance improvement and efficiency savings, and to improve cooperation across government.** For round two, the Cabinet Office will publish new guidance which seeks to make reviews more flexible and to add value through increased focus on continuous improvement.

Part One

The programme's objectives, scope and organisation

1.1 A triennial review is a Cabinet Office-mandated process for reviewing the form and function of non-departmental public bodies (NDPBs), the appropriateness of the body's delivery mechanism and its governance arrangements. In April 2011, the Cabinet Office announced that departments must review all NDPBs at least once every three years, unless an exemption is agreed.

1.2 This part of the report examines:

- The Cabinet Office's objectives for the triennial review programme.
- Roles and responsibilities.
- The scope of the triennial review programme.

Cabinet Office's objectives for the triennial review programme

1.3 The triennial review programme is intended to address the perceived weaknesses in the previous review arrangements and requires NDPBs to be reviewed every three years from April 2011, unless specifically exempted. The Cabinet Office intends that the three-year cycle provides a discipline on departments and accountability for the review programme. Before 2002, the Cabinet Office expectation had been that sponsor departments should review their NDPBs every five years (quinquennial reviews). From 2002 to 2006, departments were expected to carry out 'landscape' reviews of how services were delivered, and these reviews did not focus on NDPBs. Between 2006 and 2011, it expected departments to review their NDPBs regularly but no fixed interval was defined.

1.4 In practice, reviews of NDPBs were carried out less frequently than every five years. For example, between 2006 and 2009 the Department for Work & Pensions reviewed six of the 15 public bodies it had in March 2010, and between 2005 and 2009 the Department for Environment, Food & Rural Affairs reviewed 10 of the 37 public bodies it had in March 2009.² The triennial review programme is based around a three-year cycle to provide a discipline on departments and to ensure accountability to ministers for the review programme. However, most departments and NDPBs we consulted believed that reviewing bodies every three years does not allow time for recommendations from previous reviews to take effect and that little may have changed between reviews.

² National Audit Office analysis of *DWP Public Bodies 2010* and *Defra Public Bodies* at 31 March 2009.

1.5 The Cabinet Office has not set quantified objectives or success criteria for the triennial review programme, other than those set for the 2010 public bodies reforms.³ It has, however, stated that triennial reviews are intended “to maintain the momentum of public bodies reform... and ensure that the public bodies landscape continues to become leaner, simpler and more efficient”.⁴ In round one, reviews were carried out in two stages:

- **Stage One:** To provide a robust challenge of the continuing need for both the individual NDPB and for its functions. If the functions are still needed, the review assesses whether an alternative delivery model can be used (**Figure 1**). If the NDPB model remains the preferred option, the review assesses whether the body meets at least one of the government’s three tests for continuing as an NDPB (**Figure 2** overleaf).
- **Stage Two:** to assess the body’s control and governance arrangements (where it is decided that the body should continue as an NDPB). This involves assessment of the body’s control and governance arrangements to ensure that they comply with the Principles of Good Corporate Governance in Executive NDPBs which the Cabinet Office has identified as reflecting best practice in the public and private sector.⁵

Figure 1

Alternatives to NDPB status

The Cabinet Office expected review teams to consider six options to the existing status

Option	Potential structures ¹
Transfer to local government	Body becomes responsible to locally elected representatives and is funded through local authorities. Department may retain a policy role.
Partnership with the voluntary sector	Staff transfer to a new body (a mutual, community interest company, charity or social enterprise). Department may fund through annual grant or similar.
Contract with the private sector	The department contracts with a commercial firm for delivery of defined functions at an agreed price. Staff will cease to be public employees and may transfer to the company winning the contract.
Merger	The NDPB and its staff are combined with an existing NDPB or other public body.
Executive agency status	Staff generally become civil servants. Minister sets objectives but the organisation retains a degree of operational independence but reporting to the department’s own management board. Body may have a separate board whose members have an advisory role.
In-house delivery	Staff and managers become civil servants and are fully integrated into the department and are responsible to ministers through senior management.

Notes

1 In practice there is considerable variation between individual bodies in each category.

2 The new guidance for round two will update the options for reviewers to consider.

Source: National Audit Office

3 Comptroller and Auditor General, *Progress on public bodies reform*, Session 2013-14, HC 1048, National Audit Office, February 2014.

4 Cabinet Office, *Public Bodies 2012*, January 2013, p. 14.

5 Cabinet Office, *Guidance on Reviews of Non Departmental Public Bodies*, June 2011, Annex B.

Figure 2

The three tests for NDPBs

To continue as an NDPB a body must either

- a Perform a **technical function** which needs external expertise to deliver.
- b Carry out activities requiring political **impartiality** (such as certain regulatory or funding functions).
- c Need to act **independently** of ministers to establish facts.

Source: Cabinet Office

Roles and responsibilities

1.6 The triennial review process is a cross-government programme directed and owned by the Cabinet Office, which has a strategic and supportive role for departments who conduct the reviews of the bodies they sponsor (**Figure 3**).

Figure 3

Roles and responsibilities for triennial reviews

Cabinet Office

- Sets objectives, scope and frequency of reviews.
- Agrees forward programme with departments, and variations.
- Produces principle-based guidance.
- Account managers liaise with departmental review teams.
- Quality assures through seat on challenge panels, reviewing draft reports and ministerial sign-off.
- Publishes forward programme and links to report on website.

Departments

- Agree forward programme and variations with Cabinet Office.
- Put together, oversee and monitor review teams.
- Quality assure through setting up challenge panels, internal review and ministerial sign-off.
- Monitor implementation and follow-up of review recommendations.

Public bodies

- Contribute to reviews by providing information and views, and sometimes staff resources.
- Implement review recommendations.

Source: National Audit Office analysis

1.7 The Cabinet Office, through its Public Bodies Reform Team – Sponsorship and Governance branch (PBRT), has overall responsibility for the triennial review process across government. Senior Cabinet Office staff and members of PBRT sit on the ‘challenge groups’ overseeing larger reviews and PBRT staff act as account managers for specific departments and their individual review programmes. Departments must send draft review reports to PBRT for comment and the final report must be approved by the Minister for the Cabinet Office prior to publication. The Cabinet Office hosts all published reviews on its public website.

1.8 To give departments ownership of their respective programmes, the Cabinet Office took the view that sponsor departments should be solely responsible for the conduct of reviews of their sponsored bodies, while it provided the overall programme management and a quality assurance function. Departments and review team leaders we interviewed considered that the Cabinet Office had provided effective leadership and support. Their involvement was seen as proportionate: senior Cabinet Office staff were involved in all major reviews through membership of a ‘challenge group’ while participation in smaller reviews was limited, for example, to responding to requests for advice and commenting on draft reports and recommendations.

1.9 Departments determine (in agreement with Cabinet Office) their review schedule and timetable, assemble the review teams, quality assure and challenge emerging findings and monitor implementation of report recommendations. Most departments with a large number of public bodies have a small team with responsibility for liaison with arm’s-length bodies, which also acts as the interface between the department, PBRT and the bodies themselves, for triennial reviews. This team coordinates the department’s response to PBRT requests and provides guidance to policy teams and individual sponsor/stewardship teams which have day-to-day oversight of individual public bodies.

1.10 Some departments have gone further by setting up specific governance arrangements for their triennial review programmes:

- The Department for Business, Innovation & Skills (BIS) set up a Triennial Review Group, comprising BIS directors, to act as a programme board. Its remit is to oversee the planning, staffing, quality assurance, consistency and impact of reviews through keeping a register of people willing and able to carry out reviews, determine the size and nature of review teams, comment on draft reports and identify lessons learned.
- The Ministry of Justice (MoJ) has a deputy director responsible for triennial reviews, supported by a programme manager.
- The Department for Environment, Food & Rural Affairs (Defra) set up a triennial reviews team, headed during the first reviews by a director solely responsible for triennial reviews. The team is now based within the Strategic Alignment team, which is implementing ‘one business’, the future business model for Defra and its wider network.

The scope of the triennial review programme

1.11 The requirement to carry out a triennial review applies to all executive NDPBs, tribunal NDPBs, advisory NDPBs and independent monitoring boards (IMBs).⁶ It does not currently apply to executive agencies, public corporations, non-ministerial departments, most National Health Service bodies and part government-funded charitable trusts or mutuals. However, there is still an expectation that departments will keep all such bodies under regular review. Some departments are considering including all sponsored bodies in their plans for 2014-15 to 2016-17 (see Part Three).

1.12 The focus of a triennial review is on the form and function of a body, the most appropriate delivery model and corporate governance arrangements. Unlike earlier 'business process reviews' and quinquennial reviews, there has not been an explicit requirement for triennial reviews during round one to report on a body's performance or identify ways of improving its efficiency. The Cabinet Office's new guidance for round two will explicitly encourage departments to identify areas for performance improvement and efficiency savings.

Guidance for departments

1.13 To ensure that reviews are of consistent quality, in June 2011 the Cabinet Office published guidance which set out the scope and purpose of the programme and instructions on the conduct of reviews.⁷ In February 2013, the Cabinet Office provided departments with two pieces of supplementary guidance: *Triennial Reviews: Frequently Asked Questions* and the *Triennial Reviews: "How to ..." Guide*. The review teams and departmental sponsors we interviewed confirmed that the guidance was helpful and sufficiently comprehensive, although some developed further guidance specific to their department's procedures.

1.14 The guidance is intended to be flexible. For example, a triennial review can be of a single body, of several bodies in a department or of a number of bodies in different departments. So far, most reports are reviews of single bodies or of multiple regional bodies carrying out the same function. As at December 2013 there has been a joint review of the Environment Agency and Natural England and 'joint reviews' (thematic reviews) are under way on pension bodies, research councils and industry training boards. New and expanded guidance is being prepared, covering the second round of reviews from 2014-15 to 2016-17.

⁶ Independent Monitoring Boards are statutory bodies, comprising unpaid volunteers, which monitor the welfare of prisoners and detained persons in prisons and detention centres.

⁷ Cabinet Office, *Guidance on Reviews of Non Departmental Public Bodies*, June 2011.

1.15 Departments' sponsorship teams carry out initial planning for individual triennial reviews and typically provide a member of the triennial review team. However, the Cabinet Office requires that reviews cannot be led by a member of a body's sponsorship team since reviews must be independent.

1.16 The Cabinet Office facilitates the sharing of experiences and lessons learned from reviews through a Triennial Review Network Group, which meets quarterly and brings together departmental leads involved with triennial reviews.

1.17 Cabinet Office guidance requires that the NDPB being reviewed must be consulted throughout the process, from initial planning through to emerging recommendations and the final report. The NDPB provides information in response to requests from the review team, and its executive and non-executive board members provide their views. In stage two, it completes a self-assessment exercise based on corporate governance principles developed by the Cabinet Office.

Part Two

How departments are carrying out reviews and their impact

2.1 This part examines how departments have been carrying out triennial reviews and their impact. Our findings are based on:

- our analysis of the reports of all 30 triennial reviews, covering 77 NDPBs, completed to December 2013;
- interviews with review leaders, sponsorship teams and the reviewed bodies for eight reviews in our four case example departments (the Department for Business, Innovation & Skills (BIS), the Department for Work & Pensions (DWP), the Department for Environment, Food & Rural Affairs (Defra) and the Ministry of Justice (MoJ)), attendance at one challenge group meeting and review of supporting documents, including review project plans;
- interviews with the Cabinet Office's Public Bodies Reform Team and review of supporting documents;
- workshops with representatives from the Association of Chief Executives and the Public Chairs' Forum; and
- discussions with academics from the University of Sheffield who have carried out concurrent research on triennial reviews.

2.2 We have organised our findings around the six guiding principles set for reviews by the Cabinet Office's June 2011 *Guidance on Reviews of Non Departmental Public Bodies* (**Figure 4**).

Figure 4

Cabinet Office's six guiding principles for triennial reviews

Timely	Reviews should be completed quickly to minimise disruption to NDPB's business and reduce uncertainty about its future.
Proportionate	Scope and resources used should be appropriate for the size and nature of NDPB, and not overly bureaucratic.
Challenging	Reviews need to be rigorous and evaluate as wide a range of alternative delivery options as possible.
Inclusive	Review teams should consult widely with individual NDPBs, key users and stakeholders and Parliament.
Transparent	The start of reviews should be announced and reports be published.
Value for money	The overall process should clearly represent value for money for the taxpayer.

Source: Cabinet Office *Guidance on Reviews of Non Departmental Public Bodies*, June 2011, pp. 4-5

Timeliness: the progress in carrying out reviews

2.3 In 2011, the Cabinet Office and departments agreed a timetable of triennial reviews for round one (2011-12 to 2013-14). This required departments to review 156 of the NDPBs expected to remain after the 2010 Reform Programme. The Cabinet Office agreed to exempt 298 bodies from review, including: the Ministry of Justice's 47 Advisory Committees on Justices of the Peace (which had undergone merger) and 144 Independent Monitoring Boards; all ten Department of Health NDPBs (because of wider health sector restructuring); 26 of the 32 Department for Culture, Media & Sport NDPBs (because of London 2012 Olympic and Paralympic Games work); and some types of body (for example, museums) are on a five-year cycle.

2.4 The Cabinet Office specified three criteria which departments should consider when deciding which NDPBs they should review during the first year of the programme:

- Where there was pressure – from Parliament during passage of the Public Bodies Bill, select committee hearings and from concerns over a body's performance – to examine the NDPB further or in greater depth.
- Where proposals for reform were not fully exhausted due to tight timescales of the Public Bodies Bill and the 2010 Reform Programme.
- Where there was interest in reform from within or where there was evidence of suitability for new models such as mutuals or joint partner ventures.

2.5 Following discussion with the Cabinet Office, departments included additional bodies for review in the first year as well as some small advisory NDPBs to provide experience ahead of undertaking the more complex or larger reviews.

2.6 The Cabinet Office set timeliness as a key principle for triennial reviews because it recognised that it is important that an NDPB is not placed under a prolonged period of uncertainty. Its June 2011 guidance set an expectation that Stage One of a review (see paragraph 1.5 above) should ideally take no more than three months, and the Cabinet Office's master timetable for reviews shows that, on average, departments expected reviews would take around 4-5 months, from announcement to publication. However, these have been expectations rather than targets.

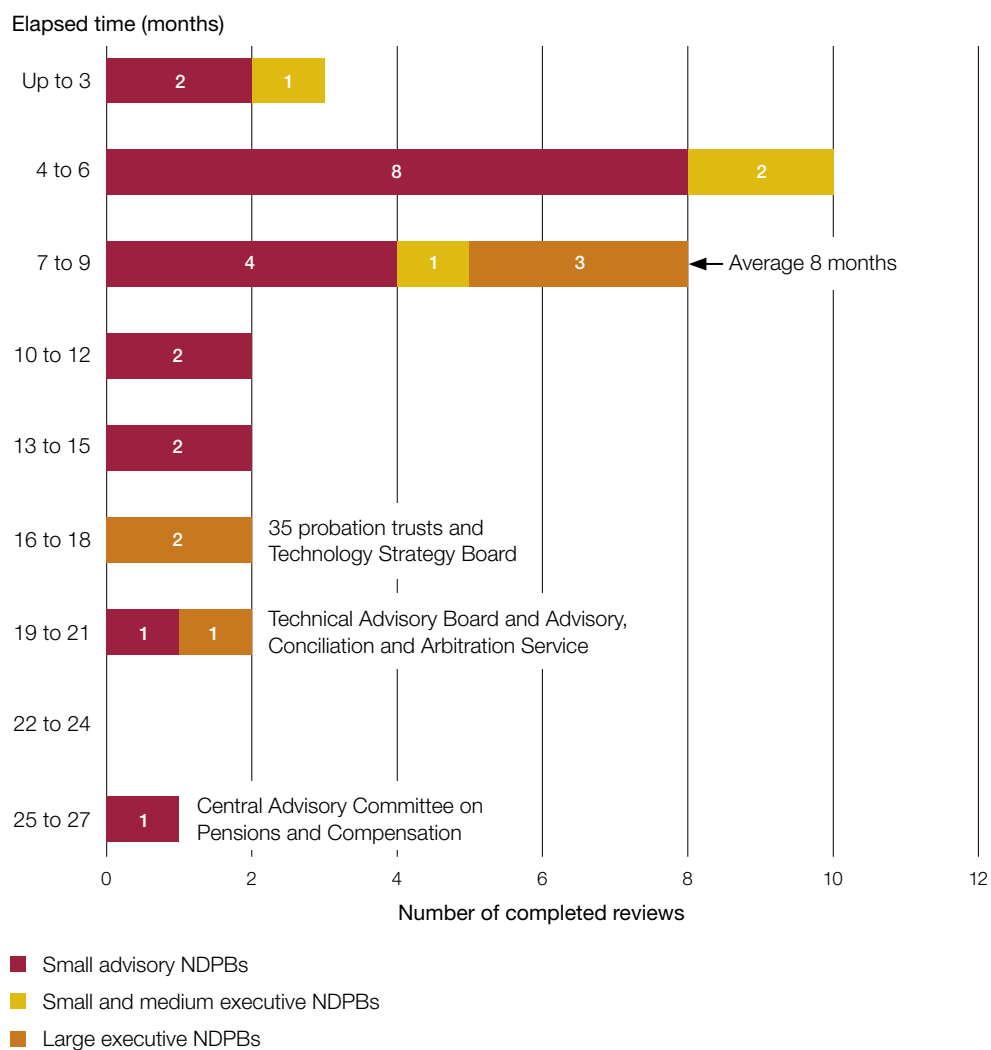
2.7 The key timeliness indicator monitored by the Cabinet Office is that departments **start** a review during the year in which it is shown in the Cabinet Office's published schedule (the expected year). Departments initially did well in meeting this indicator, although the Cabinet Office guidance was not issued until June 2011, and a detailed schedule was not agreed until the autumn, over 90 per cent of reviews planned for 2011-12 and 2012-13 were started in the expected year. However, many reviews were started in the final month of the expected year and some of these reviews then stalled. For example, in 2011-12 seven reviews out of the 16 started in the year were announced in March 2012 and two of these reviews were still incomplete by the end of 2013.

2.8 Departments have been slow to complete many reviews despite some of these being reviews of small advisory NDPBs. By December 2013, 12 departments had completed reviews, including five by MoJ, four each by BIS and the Ministry of Defence and three by DWP. The 30 reviews, covering 77 bodies, completed by December 2013 took on average more than eight months from announcement to report.⁸ Although, 14 of the completed reviews took fewer than 6 months, seven between 7 and 10 months and nine between 11 and 25 months (**Figure 5**). These figures do not include time spent in planning reviews prior to the formal announcement.

⁸ Seventeen of these completed reviews were of small advisory NDPBs, six were of large executive NDPBs and seven were of small to medium executive NDPBs. It took, on average, 13 months to complete the reviews of large executive NDPBs and 8 months to complete the reviews of small advisory NDPBs. In practice, planning work on reviews typically starts several months before the review is announced.

Figure 5
Time taken to complete reviews

The first 30 triennial reviews each took, on average more than eight months to complete



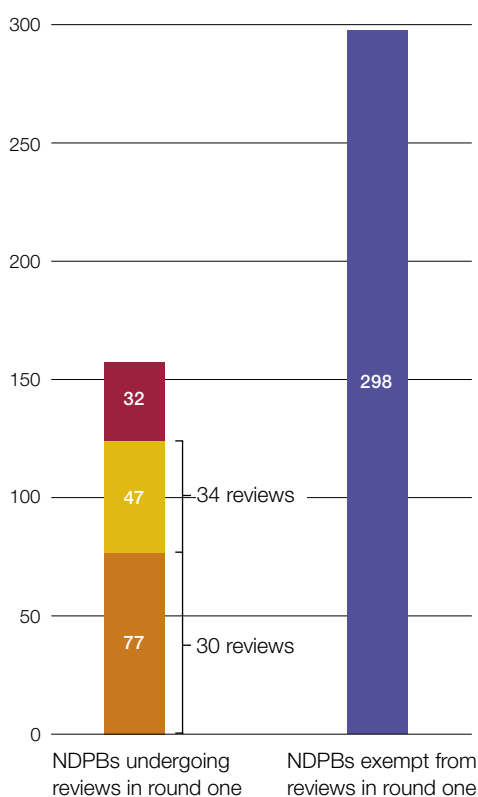
Source: National Audit Office analysis of triennial review announcements and reports

2.9 Departments' slow progress in completing reviews has meant that, by December 2013, departments had completed 30 reviews covering 77 NDPBs, while a further 34 reviews were in progress, covering 47 NDPBs, and 32 reviews were planned to start before 31 March 2014 on 36 NDPBs (**Figure 6**).

Figure 6

Progress in completing round one reviews

The Cabinet Office expects around a third of NDPBs to be reviewed in round one



- NDPBs for which reviews are not yet under way, but which are due to start before 31 March 2014
- NDPBs with reviews in progress
- NDPBs with reviews completed
- Exempt NDPBs

Notes

- 1 As at 31 December 2013.
- 2 Of the multi-body reviews, three had been completed (covering 50 NDPBs), five are under way (18 NDPBs) and one is planned (four NDPBs).
- 3 The Department for Business, Innovation & Skills (BIS) review of Capital for Enterprise Limited ceased because BIS decided to merge the body within a new Business Bank. The Cabinet Office removed three planned reviews (English Heritage, the Foreign Compensation Commission and the Insolvency Practitioners Tribunal) because of new plans for reform or abolition.
- 4 Of the 298 exempt bodies, 144 are independent monitoring boards.

Source: National Audit Office analysis of Cabinet Office management information

2.10 From our discussions with case example departments and the Cabinet Office, we have identified four main reasons for slow progress in completing reviews:

- Approaches to staffing reviews: departments use different models for staffing reviews. For example, Defra has used dedicated full-time teams, while BIS draws upon a pool of volunteers who work one day a week on reviews. Defra's four completed reviews (which include one very substantial one) have each taken an average of five months, whereas BIS's four completed reviews have taken 13 months each.
- Review size and complexity: large executive NDPBs that have multiple functions, with delivery options needing to be reviewed for each, and a large number of stakeholders to consult present particular challenges. For these to be completed relatively quickly, as was the case with the joint review of the Environment Agency and Natural England, they can need dedicated full-time teams, which can have high costs attached. Defra estimates that the review cost around £900,000 in total, including 'additional' costs of £453,000.⁹
- Longer than expected time to secure agreement and sign-off of a draft report within a department: some reviews have taken much longer to secure internal 'clearance' than the time spent by the review team on fieldwork. This involves securing agreement from the departmental board where appropriate and sign off by the departmental lead minister. Delays can arise from internal differences within the department over the draft, but also from timetabling issues (busy ministerial diaries, other priorities, the need for a written ministerial statement and for review reports to be published while Parliament is sitting).
- Some reviews are completed within the timescale of more fundamental reviews of service delivery: for example, the review of the 35 probation trusts took longer than a normal triennial review because of its integration into the *Transforming Rehabilitation* review.

2.11 Cabinet Office has previously had limited levers to ensure that departments complete reviews promptly. Cabinet Office monitors the progress of reviews through monthly returns from departments and feedback from its 'account managers'. Cabinet Office's account managers encourage their departments to keep to their timetables, but the Cabinet Office has not been able to ensure that departments complete reviews promptly. For the second round of reviews, Cabinet Office proposes to agree the timeline for each individual review with the sponsor department at the start of the process.

⁹ The total costs include the full cost attributed to the Defra triennial review team (£442,000) and additional costs of £453,000 (£99,000 paid to consultants and additional costs of £210,000 for the Environment Agency and £144,000 for Natural England). The triennial review team also contributed to reviews of the Joint Nature Conservation Committee and the Veterinary Products Committee, which were taking place at the same time.

2.12 The principle of transparency (Figure 4 above) suggests that the review decision should be announced as soon as practical after it has been made. Delays in completing reviews can generate uncertainty about a body's continued status, potentially affecting stakeholders, staff and the executive team. Proposed changes in status, or closure decisions, can be controversial and the need to develop any successor arrangements and to consider staff, stakeholder and media handling may require careful planning during the review in order to avoid long delays after the decision has been taken in principal. However, we found that not all delayed reviews resulted from closure decisions or changes in status. Where a review concludes in Stage One that the body should continue as an NDPB, uncertainty can be ended by publication of the Stage One report ahead of the conclusion of Stage Two. MoJ followed this course in July 2013 with two of its reviews (**Figure 7**).

2.13 Since 2011, the Cabinet Office has encouraged departments when planning their programme of reviews to consider whether there would be benefit in aligning reviews of bodies with others timetabled both within their own department and by other departments ('cluster' reviews or 'thematic' reviews). Cabinet Office has identified potential benefits from these reviews:

- It provides the opportunity to benchmark similar organisations across departmental boundaries, identify synergies and consider potential economies of scale that could lead to further simplification of the public bodies landscape.
- It has the potential for a more focused allocation of resource – with one review team looking at a number of bodies together rather than multiple review teams looking at multiple bodies.
- It can enable a strategic review of the functions that need to be carried out, and what the most effective delivery model is for them.

Figure 7

Publishing the review report early to end uncertainty

A triennial review should have a combined report covering both whether the NDPB should continue to exist (stage one) and on the body's control and governance arrangements (stage two). Departments should aim to publish the review findings as soon as possible to end the uncertainty among the reviewed body's stakeholders and staff about whether the body will continue and will remain an NDPB. In exceptional circumstances, it may be possible for departments to publish stage one reports separately but only where the permission of the Cabinet Office has been sought. The Ministry of Justice followed this approach in July 2013 when it published its stage one conclusions for the retention of the Law Commission for England and Wales and the Youth Justice Board. The Cabinet Office's strong preference is for reports to cover both stages if possible.

Source: National Audit Office discussions with case example departments

2.14 The Cabinet Office seeks to facilitate cluster and thematic reviews through sharing with departments the overarching timetable of reviews completed, under way and planned, and through the meetings of the Triennial Review Network it sponsors. Other than the joint review of the Environment Agency and Natural England, no thematic reviews have so far been completed during round one (other than of multiple bodies carrying out the same function across the country). There are practical challenges in planning and timetabling cross-departmental reviews and so far no such reviews have taken place. The Cabinet Office has now revised its guidance to departments and included specific guidance on cluster reviews.

2.15 The Cabinet Office also expects that allowing more flexibility in the timetabling of triennial reviews will allow better alignment with other organisational reviews and department priorities. Intervals between the reviews of some bodies may in practice be longer than three-years – allowing other bodies a longer interval between reviews whilst still retaining coverage of all NDPBs within a three-year cycle. This will also require a higher level of involvement of senior officials and ministers in planning departmental programmes and individual reviews. The Review Programme’s resources need to be directed towards areas which the departments consider to be priorities, for example due to changes in the policy environment, where there are concerns about the performance or potential to deliver efficiency savings – with less resource being devoted to low priority reviews.

The transparency, proportionality and inclusiveness of reviews

2.16 There is good transparency about when individual reviews have started and when they publish, but review reports do not always make clear on what key sources of evidence the review opinion is based and who has carried out the review.

- Our analysis of completed reviews found that all reviews complied with the Cabinet Office requirement that the start and completion of each review should be announced in a written ministerial statement and the review report published.
- Our analysis found that while most review reports provide good information about the review’s methods, the key sources of evidence and bodies consulted to enable the reader to take a view on the likely strength of the evidence base, a significant minority do not.
- Few reports provide clear information about the review team, their number and positions so that the reader can take a view on their skills, experience and degree of independence. For example, the reports of only ten of the first 30 completed reviews named the lead reviewer.

2.17 A key principle set by the Cabinet Office for triennial reviews is that, although bodies should be reviewed every three years, the reviews should be proportionate to the size and nature of the NDPB under review. We found this principle to be well recognised by departments, although conceptions of what is ‘proportionate’ naturally vary. Reviews of small administrative NDPBs have been ‘light-touch’, carried out typically by a sole reviewer and with consultation with a limited number of stakeholders. However, despite this approach, some of the bodies reviewed have been so small – with annual budgets of under £100,000 in the case of 11 of the 30 reviews completed by December 2013 – that even ‘light-touch’ reviews will have cost an amount equivalent to a substantial proportion of the body’s annual spend.

2.18 In contrast, the joint review of the Environment Agency and Natural England, which involved a dedicated team of eight staff for a year, with consultancy support and significant additional input from the bodies themselves, represented less than 1/2,000th of these bodies’ combined annual expenditure of more than £2 billion.

2.19 We have found reviews to have been open and inclusive in providing stakeholders with the opportunity to contribute their views, but departments have taken varied approaches to how closely review teams have engaged with and involved the bodies under review.

- Review teams have secured input from stakeholders through various means depending on the size of the body being reviewed and the number and type of its stakeholders: public calls for evidence, writing to key groups and meetings. All of the 30 reviews completed to December 2013 sought the views of stakeholders, either formally or informally. The most extensive consultation was on the Environment Agency and Natural England review: its call for evidence generated 357 formal responses, including 135 from organisations and 222 from individuals. Stakeholder views are a key source of evidence cited to support the conclusions in some reviews. And while review reports do sometimes include excerpts and synopses of stakeholder views, unlike with formal government consultations, responses received are not published alongside the review reports. The Cabinet Office believes that, as a minimum, a summary of stakeholder responses should be included as an annex to the review report.
- The Cabinet Office requires reviews to be independent from both the NDPB and its sponsorship team, but it expects there to be meaningful communication and engagement with the senior staff and members of the board of the NDPB and the sponsorship team throughout the review. This is vital in terms of securing evidence and to test and ‘reality check’ draft findings, conclusions and recommendations. However, we have found that departments have varied in how closely NDPBs have been involved in the reviews. We have found that BIS, Defra, and DWP (specifically in the case of its review of the Health and Safety Executive (HSE)), have kept the bodies well informed of the review process, shared information and sought their views and ideas. In contrast, the MoJ’s interactions with its bodies under review have been more formal, with information sharing more limited, and the department has seen the independence of reviews to be essential to maintain the credibility of the review process.

2.20 The review reports we have examined are in some cases unclear about what other sources of evidence are used in assessing the need for and the most appropriate form of the body. There is a risk therefore, that reviews place too much emphasis on external stakeholder views at the expense of other evidence sources. Many of the bodies we interviewed contrasted this approach with private sector practice, where the body would be closely involved with or perform the reviews. The Cabinet Office's new guidance will reinforce the need to consult with the body throughout the process, including on emerging conclusions and potential recommendations.

Ensuring reviews are challenging

2.21 The Cabinet Office and departments seek to ensure that reviews are robust and rigorous through assembling review teams that have appropriate skills, experience, independence and resources and through challenge and quality assurance arrangements.

- Most review leaders are senior officials in the sponsor department, but are independent of the body's sponsorship team. However, some reviews are led by much less experienced staff.
- For its review of the HSE, DWP identified and recruited from outside government a review leader with appropriate skills and sector experience – including the experience of conducting an NDPB review (**Figure 8** overleaf). This approach has not been common so far, with most review leaders being drawn from within departments or from another department. External reviewers have not been paid for the time they have devoted to the reviews.
- Review teams normally include representatives of the sponsor team of the body being reviewed and sometimes from the body itself.
- The Cabinet Office encourages larger reviews to have a challenge group comprising senior officials from the department, a departmental non-executive director and a representative from the Cabinet Office. This group typically meets two to three times, providing scrutiny on the review process and challenge to the review's findings, which is valued by review teams. All eight of the major reviews, completed to December 2013 involved challenge groups. Of the remaining 22 smaller reviews published, three stated that they had used a 'critical friends' or similar group. Each of the eight reviews we examined had appropriate internal or external challenge arrangements.

Figure 8

Good practice: Recruiting a review leader with relevant experience from outside government

DWP recruited from outside government the review leader for its 2013 triennial review of the HSE, its largest review to date. It did so for several reasons:

- DWP had a positive recent experience of using an external reviewer to carry out an independent review of health and safety legislation (*Reclaiming health and safety for all*).
- Health and safety was a contentious area and DWP considered that having an external reviewer brought fresh insights and credibility both in fieldwork meetings with stakeholders and in the final report.

DWP's stewardship team for HSE drew up a shortlist of candidates from which the final choice was selected. The person chosen had had recent experience of delivering a similar (non-triennial) review of an arm's-length body, along with extensive industry and health and safety experience. The selected candidate provided good VFM as his time was given at no cost (except for travel and subsistence expenses), and was supported by a small team from DWP.

Source: National Audit Office meetings with Health and Safety Executive, the Department for Work & Pensions stewardship team and the HSE review leader

2.22 There is a risk that reviews of small NDPBs that are carried out by sole reviewers receive insufficient challenge of their findings and conclusions from beyond the immediate sponsorship team. We found on our case examples that departments and the Cabinet Office provide a degree of quality assurance to reviews through the review of draft reports by departments' senior staff and by the Cabinet Office PBRT. However, there is considerable variability across departments and individual reviews in how review results are presented in reports and how clearly they are structured.

2.23 There is also a risk that reviews of larger NDPBs that have multiple functions are unable, within the context of proportionality and the need to keep review costs to a minimum, to dive deeply enough to consider in sufficient depth potential delivery options for individual functions. Different approaches may be needed tailored to the particular circumstances of the bodies. For example, we found that:

- The 35 probation trusts were not reviewed as part of a standard triennial review, but as part of a broader consultation on community sentences and probation reform. In May 2013, MoJ published *Transforming Rehabilitation: A Strategy for Reform*, which took the place of a triennial review report.
- The joint review of the Environment Agency and Natural England used a structured approach to examine each of the 125 different functions performed by the two bodies.

The value for money of reviews

2.24 The Cabinet Office guidance requires individual reviews to be carried out in a way that represents value for money for the taxpayer, for example, that consultation with stakeholders must be proportionate. It has not made clear how this value for money is to be assessed and measured, but the implication is that it expects the benefits and impact of reviews to be larger than the costs. However, other than its six guiding principles (Figure 4), the Cabinet Office has not set out measurable objectives, targets or formal success criteria specifically for the triennial review programme, or outlined arrangements by which it expects departments to track and report on the quantitative and qualitative benefits arising from reviews as distinct from the 2010 Public Bodies Reform Programme or other initiatives.

2.25 The Cabinet Office has not required departments to collect and report the overall costs of a review, but it expects costs to be kept to the minimum necessary and borne from existing resources – there is no additional funding for the reviews. The Cabinet Office does require departments to set out in review reports any additional costs arising directly from the review process, such as travel and subsistence and external consultancy. However, although most reviews we examined incurred some limited travel costs, we found that only three of the 30 completed reviews (all by Defra) reported on costs:

- The review of the Independent Agricultural Appeals Panel reported estimated staff costs of £4,500.
- The review of the Joint Nature Conservation Committee reported a cost of £13,000 for an additional member of Defra staff appointed to this team for the duration of the review.
- The joint review of the Environment Agency and Natural England reported only external costs: £99,000 paid for work by an external consultant and estimated resource costs of £210,000 incurred by the Environment Agency and £144,000 by Natural England for meeting requests from the review team (see also paragraph 2.10 on page 21).

2.26 Triennial reviews can provide a mix of qualitative and quantitative benefits. So far, four reviews (covering 38 bodies) of the 30 triennial reviews completed by December 2013 have resulted in decisions to change the status of the body (**Figure 9** overleaf). The executives of reviewed NDPBs informed us that the process of reviewing the need and delivery arrangements for their functions and body is itself beneficial in terms of public accountability. However, few reviews so far have recommended maintaining the NDPB while delivering one or more of its functions differently.

Figure 9

The outcome of completed triennial reviews to December 2013

The outcome of most reviews has been to retain the body

	Retain	Abolish and replace with non-NDPB	Reclassify as executive agency	Replace with new public body	Total
Reviews	26	2	1	1	30
NDPBs	40	2	1	35	78

Notes

- 1 The review of Equality 2025 recommended that the body be abolished and its strategic advisory function be carried out by an alternative method. The review of the Central Advisory Committee on Pensions and Compensation recommended that the body be reclassified as a stakeholder group.
- 2 The Criminal Injury Compensation Authority is to become an executive agency of the MoJ.
- 3 The review of the 35 local probation trusts was part of a wider policy review that recommended creating a new public sector National Probation Service and opening up rehabilitation services to a diverse range of providers.

Source: National Audit Office analysis of triennial review reports

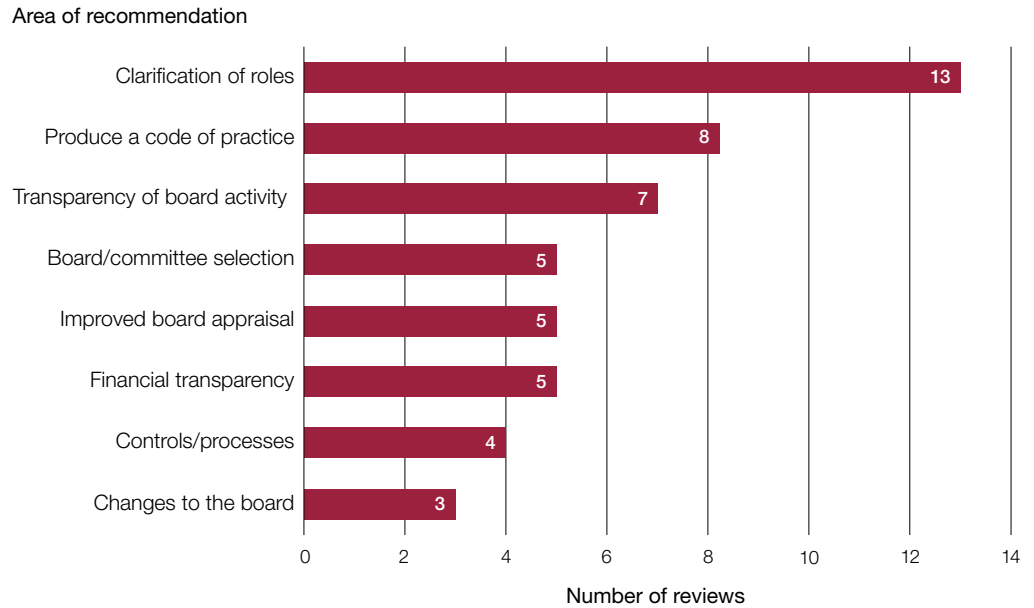
2.27 Of the 26 reviews published by December 2013 which had completed a stage two, 25 cases contained recommendations for improving governance. The stage two recommendations of reviews have focused on ways of improving the effectiveness of boards (18 reviews), on improving financial management and transparency (five reviews), and improving internal controls (three reviews) (**Figure 10**). Some interviewees considered that few reviews so far have provided new insights or identified ways of improving efficiency and effectiveness, and reviews have tended not to make explicit recommendations on achieving savings or improving performance. Some review teams told us there had been uncertainty on the extent to which a review should and can analyse performance and efficiency. The Cabinet Office's revised guidance for round two reviews will encourage departments more explicitly to identify areas for performance improvement and efficiency savings.

2.28 Cabinet Office has not provided guidance on how it expects bodies and departments to respond to and monitor implementation of triennial review recommendations. However, the good practice that has been emerging among departments has been for bodies to produce action plans on how they will implement the recommendations and for departments' sponsorship teams to monitor their implementation and impact.

Figure 10

Recommendations made in stage two triennial review reports to December 2013

Triennial reviews have included a wide range of recommendations



Notes

- 1 This chart analyses a total of 30 reviews. A review may include recommendations in more than one area.
- 2 There were recommendations made in 25 of the 26 reviews which proceeded to stage two. One review made no recommendations. Four reports did not require a stage two as they recommended a change in status (Figure 9).

Source: National Audit Office analysis of the reports on completed triennial reviews

Part Three

The future of the triennial review programme

3.1 This part examines lessons from the triennial review programme so far and makes suggestions on developing the programme to increase its cost-effectiveness and impact. These suggestions are informed by our work with Cabinet Office and four case study departments, and meeting with stakeholders. At the time we carried out our audit, Cabinet Office was preparing revised guidance for the next round of reviews, building on lessons learned from the current round. That guidance, which will be published shortly, has picked up many of the issues in this report. We have grouped our suggestions around four themes:

- the Cabinet Office's leadership of the programme;
- the frequency and scope of reviews;
- how reviews are carried out; and
- measuring and tracking the impact of reviews.

The Cabinet Office's leadership of the programme

3.2 The Cabinet Office sets the strategy and framework for the triennial review programme, while relying on departments to carry out the reviews. We found that departments' arm's-length body teams seek to comply with the Cabinet Office's six guiding principles (Figure 4). They also value the Cabinet Office's guidance and advice.

3.3 We have identified the following areas where Cabinet Office could be more proactive in enabling the review programme to be more effective and in assisting departments.

- To facilitate more multi-body 'thematic' reviews in round two, potentially involving more than one department, it is important that Cabinet Office engages early with departments before forward programmes are agreed. It should consider, with departments, which particular themes hold most promise for wider reviews.
- To achieve faster completion of reviews, Cabinet Office should focus more on monitoring the timely completion of reviews rather than the announcement of the start of reviews. It could publish a forward timetable of the expected start and finish dates of reviews, and publish model timetables for reviews covering different sizes and numbers of bodies or functions, giving adequate time for internal clearance.

- Cabinet Office should explore additional ways of sharing lessons from departments in carrying out reviews. A fruitful approach may be to encourage the Triennial Reviews Network Group and review team members to contribute to a web based collaborative resource such as a wiki. Content could include good-practice examples of approaches to reviews of different sizes, including multi-body reviews.
- The Cabinet Office's guidance on triennial reviews should be extended to cover the implementation and monitoring of review recommendations and how impacts should be measured.
- To secure efficiencies in carrying out round two reviews, Cabinet Office should build on its efforts to facilitate the pooling or sharing of staff resources by departments where officials have experience of carrying out reviews.

The frequency and scope of reviews

3.4 During round two, departments' triennial review workload will increase significantly as NDPBs exempted from round one fall due for review (potentially around 450 bodies compared with 156 in round one), and some departments plan to bring other types of arm's-length body into their review programmes. There are likely to be benefits in changing to more flexible requirements on the scope and timing of reviews. Our suggestions are:

- The Cabinet Office should consider the value of adapting the triennial review approach to other types of arm's-length body, such as non-ministerial departments which are not currently subject to the same level of discipline as NDPBs.
- There are differing views on the most appropriate interval between reviews of public bodies. The Cabinet Office's new guidance for round two retains a three-year cycle to provide discipline on departments and to ensure accountability to ministers. However, some departments and NDPBs we consulted believed that reviewing bodies every three years does not allow time for recommendations from previous reviews to take effect and that little may have changed between reviews. It is still too soon to determine whether three years is too frequent or not as no bodies have yet been subject to round two review. The Cabinet Office should consider the most appropriate interval between reviews of public bodies when such evidence is available.
- The Cabinet Office should consider whether subsequent reviews could be restricted in scope, for example to certain issues identified by the previous review or of current concern. This is particularly relevant where a reviewed body has multiple functions and not all of them were fully considered during the previous review.

- There would be value in some reviews having a stronger focus on assessment of the performance and efficiency, with stage two of the review identifying ways in which efficiency and effectiveness could be improved. Closer engagement on these issues with the reviewed body's chair and executives would help the review team to gather evidence.
- A further option for achieving added value from round two reviews is for the reviews to examine the department's sponsorship relationship with the body.

How reviews are carried out

3.5 Based on our analysis of completed review reports and our discussions with departments, review teams and reviewed bodies, we make the following suggestions on how the review process can be developed to increase the efficiency, effectiveness and transparency of reviews:

- The efficiency of subsequent reviews would be improved if key information is retained from the previous review in the form of a handover pack, supplemented by standard information on the NDPB's performance indicators and benchmarks.
- Because the number of bodies requiring review will be substantially increased in round two, departments will need to consider batching reviews of similar bodies and coordinating reviews with other relevant policy initiatives. This clustered approach to reviews is set out in the Cabinet Office's revised guidance which is due to be published shortly.
- Review leaders from outside government can bring benefits of independence and a different perspective, as well as easing staff resource pressures for departments. There is scope for departments to make greater use of this option.
- Departments should ensure that review team leaders have appropriate seniority and experience.
- Departments should ensure that reviews of small NDPBs carried out by a sole reviewer receive appropriate challenge from the sponsor team and, where possible, from a peer.
- The Cabinet Office should seek greater consistency and transparency in review reports so that they contain information on the review team and challenge group and key sources of evidence.
- Consultation exercises have been a valuable source of evidence. Such exercises should be proportionate to the size and nature of the reviewed body and, where possible, the results shared with the body.
- The Cabinet Office should ensure that departments follow its requirement to include details of any additional costs incurred in the published review report.

Measuring and tracking the impact of reviews

3.6 There has been limited progress so far by departments in this area, but it will be important for the triennial review programme going forward to demonstrate its impact and benefits. We make the following suggestions:

- The Cabinet Office should extend its benefits realisation framework for public bodies reform to include specific benefits arising from triennial reviews. Establishing measurable objectives, including the financial and non-financial benefits likely to be achieved will allow the VFM achieved by the programme to be judged and give direction to departments in measuring and tracking benefits arising from their own programmes and individual reviews.
- As is happening with the review of the Environment Agency and Natural England, departments' NDPBs should produce action plans following reviews, setting out how they will respond to the review's recommendations, with timescales and measurable impacts wherever possible.
- Departments should report their progress in carrying out triennial reviews and the progress of reviewed bodies in implementing the recommendations.

Appendix One

Methodology

1 We carried out the fieldwork for this management report alongside that for our value for money (VFM) report *Progress on public bodies reform*.¹⁰ This fieldwork comprised work in: four case example departments; a review of the Cabinet Office's management of the programme; and other research.

a) Case example departments

2 We carried out work in four case example departments: the Department for Business, Innovation & Skills (BIS), the Department for Environment, Food & Rural Affairs (Defra), the Department for Work & Pensions (DWP) and the Ministry of Justice (MoJ). We selected one completed and one ongoing review from each (**Figure 11**). We also interviewed the sponsorship and policy team for the relevant body, the review leader, members of the challenge group and senior figures in the reviewed body, along with a review of supporting papers (such as project plans and lessons learned documents).

b) Analysis of published reviews

3 We analysed of the published reports for all completed reviews, using a standard template to capture details on: key dates in the review; the composition of the review team and challenge group (where there was one); the reported review methods and key sources of evidence; evidence of interactions with stakeholders and the reviewed body; recommendations of individual reviews; the reported cost of the review; and any reported actions taken to take forward the review recommendations.

Figure 11

The reviews we examined in the case example departments

BIS	DEFRA	DWP	MoJ
Technology Strategy Board	Environment Agency/ Natural England	Equality 2025	Legal Services Board
Low Pay Commission	National Forest Company	Health and Safety Executive	Criminal Injuries Compensation Authority

Source: National Audit Office

¹⁰ See footnote 3 above.

c) Other fieldwork

- Analysis of the Cabinet Office Public Bodies Reform Team guidance and other materials on triennial reviews.
- Interviews with the Cabinet Office Public Bodies Reform Team staff.
- Workshops and interviews with the Association of Chief Executives and the Public Chairs' Forum; Jill Rutter, programme director at the Institute for Government; Professor Matthew Flinders and Dr Katharine Dommett of the University of Sheffield.
- Searches of the Cabinet Office web pages, Hansard and other web resources.

Appendix Two

Summary details of triennial reviews completed to December 2013

Reviewed bodies	Department	Review announced	Review published	Elapsed time to complete (months)
Veterans Advisory and Pensions Committees (x13)	MoD	March 2011	December 2011	8
High Speed 2 Ltd	DfT	November 2011	January 2012	2
Independent Agricultural Appeals Panel	Defra	December 2011	May 2012	5
Committee on Radioactive Waste Management	DECC	March 2012	May 2012	2
Treasure Valuation Committee	DCMS	December 2011	June 2012	6
Social Security Advisory Committee	DWP	March 2012	June 2012	3
Legal Services Board	MoJ	January 2012	July 2012	6
Industrial Injuries Advisory Council	DWP	January 2012	July 2012	6
Industrial Development Advisory Board	BIS	March 2012	December 2012	9
Reviewing Committee on the Export of Works of Art	DCMS	December 2011	February 2013	14
Committee on Standards in Public Life	Cabinet Office	September 2012	February 2013	5
Low Pay Commission	BIS	July 2012	March 2013	8
Environment Agency and Natural England	Defra	December 2012	June 2013	6
Joint Nature Conservation Committee	Defra	March 2013	June 2013	3
Criminal Cases Review Commission	MoJ	October 2012	June 2013	8
Equality 2025	DWP	October 2012	July 2013	9
Great Britain China Centre	FCO	May 2013	July 2013	2

Reviewed bodies	Department	Review announced	Review published	Elapsed time to complete (months)
Marshall Aid Commemoration Commission	FCO	March 2013	July 2013	4
Advisory Committee on Conscientious Objectors	MoD	March 2013	July 2013	4
National Employer Advisory Board	MoD	June 2012	July 2013	13
Criminal Injuries Compensation Authority	MoJ	November 2012	July 2013	8
Probation trusts (x35)	MoJ	March 2012	July 2013	16
Advisory, Conciliation and Arbitration Service (Acas)	BIS	March 2012	October 2013	19
Technology Strategy Board	BIS	July 2012	October 2013	15
Commonwealth Scholarship Commission in the UK	DFID	November 2012	October 2013	11
Central Advisory Committee on Pensions and Compensation	MoD	September 2011	October 2013	25
Youth Justice Board for England and Wales	MoJ	January 2013	November 2013	10
National Forest Company	Defra	July 2013	November 2013	4
Technical Advisory Board	HO	March 2012	December 2013	21
Independent Commission for Aid Impact	DFID	March 2013	December 2013	5

Source: National Audit Office analysis

This report has been printed on Evolution Digital Satin and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office