

**REVIEW OF PUBLIC
ADMINISTRATION IN NORTHERN
IRELAND**

**BRIEFING PAPER:
THE ROLE OF SEMI-STATE BODIES**

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Executive Summary

1. 'Semi-state organisations' are a diffuse and ill-defined class of bodies operating around the formal institutions of elected government. They include quangos, partnerships and other arm's length bodies advising on, managing or delivering public policy.
2. The lack of clarity about which bodies are 'inside' or 'outside' the definition leads to variation in the expectations of governance standards that apply across semi-state organisations.
3. Semi-state organisations undertake a number of tasks, including executive decision-making within a field of policy, advising decision-makers, undertaking quasi-judicial or regulatory tasks (as tribunals or investigate bodies) and joining-up organisations and/or stakeholders to plan and deliver public activity.
4. The benefits of semi-state organisations are to reduce the load on government at the centre, increasing expertise or representativeness in decision-making, enabling decisions to be taken independently of government, giving a focus for action on a specific issue, and enabling government to deliver.
5. The problems of semi-state organisations include the adequacy of their accountability, the weak governance requirements, the process of appointment and the difficulties for joining-up policy and delivery caused by a plethora of single purpose bodies.
6. The relationship between organisational status (e.g. elected or appointed) and organisational performance is not clear. However a change of status (where it gives greater managerial freedom) is often associated with an increase in activity by the organisation.
7. Most semi-state organisations are single (rather than multi-) purpose bodies. The choice between single and multi-purpose bodies depends on co-ordinative capacity, service effectiveness and accountability.

8. Semi-state organisations suffer from a democratic deficit – their accountability arrangements are weaker than those applying to an elected body, and not just by virtue of the lack of a process of representative democracy.
9. Overall, the accountability for public money is the area where there are the strongest arrangements. However there are particular issues with partnerships due the principle of the ‘accountable body’ and multiple funding streams.
10. In general, those semi-state bodies that operate in relation to a particular constituency (e.g. locality or client group) tend to have the better-developed consultation arrangements.
11. The giving of an account is typically related to end-of-year reporting and other on-going means of reporting back. Often this is a passive process.
12. There has been a general improvement in the requirements for board governance in NDPBs and NHS bodies over recent years, but not necessarily in other types of semi-state bodies.
13. Semi-state organisations confound the principles of representative democracy and therefore should be employed with care. They are best created as single purpose bodies dealing with a specific self-contained, time limited task, where particular expertise or representation is required on the board, where a degree of independence from government (regional or local) is preferred and where the territorial area is not coterminous with that of an elected body.
14. Most US and some New Zealand semi-state bodies have elections for part of the board. Turnouts in the US are often low.
15. The democratic deficit of semi-state bodies could be improved: by enhancing the member appointment process, strengthening governance, strengthening accountability, and improving the overall regulation of the system.

1. WHAT ARE SEMI-STATE ORGANISATIONS?

‘Semi-state organisations’ are a diffuse and ill-defined class of bodies operating around the formal institutions of elected government. There is great difficulty in establishing any hard-and-fast international definition because of differences in legal tradition and constitutional understandings of ‘the state’. The debate on the nature and implications of semi-state bodies is at its most advanced in the UK; the evidence base and systematic evaluation of the accountability and effectiveness dimensions of semi-state bodies elsewhere in Western Europe is weaker.

Semi-state organisations in the UK include non-departmental public bodies (NDPBs) and other quangos (quasi-autonomous non-governmental bodies), partnerships (for example the Greater Craigavon Partnership), public enterprises and similar bodies. They have three defining characteristics:

1. **Arm’s length:** Semi-state organisations operate at arm’s length from centres of elected political authority. Their boards have discretion in the way they interpret and carry out their functions, although typically this is within a policy and resource framework set out by a minister or possibly a local authority.
2. **Public purpose:** Semi-state organisations are created to deliver public purpose, and to that extent they are an expression of the democratic process insofar they are ultimately accountable to the state. Along with this public purpose comes public finance, although this may be supplemented from other sources.
3. **Appointed boards:** The boards of semi-state organisations in the UK typically are appointed rather than elected. The appointment may be made by a minister, or by other relevant stakeholders (for example representational bodies or community organisations). There may be some element of election in particular circumstances (e.g. of community representatives to regeneration partnerships, or of parents to school governing boards).

This generic definition does not resolve the problem of determining the boundaries of the semi-state universe. It would certainly include NHS bodies, development corporations and the Arts Council. But would it also include registered housing associations? They typically emerged as voluntary and possibly charitable self-help organisations, but in recent years have been funded by government to become major providers of social housing and have a developing role in community regeneration. Increasingly the boundaries between semi-state bodies and what are traditionally viewed as third sector (or voluntary) organisations are becoming blurred.

The lack of clarity about which bodies are ‘inside’ or ‘outside’ the definition leads to variation in the expectations of governance standards that apply across semi-state organisations. Rules applying to NDPBs, for example, do not necessarily apply to other types of semi-state organisation, for example partnerships. The explicit recognition of those bodies that are semi-state organisations is necessary in order to enable common standards of good public governance to be applied across the board.

2. WHAT ROLES AND FUNCTIONS DO SEMI-STATE ORGANISATIONS PERFORM?

The Developing of Role of Semi-State Bodies

Governments in Western liberal democratic states have employed semi-state organisations for some considerable time and across a wide range of policy fields (Skelcher 1998; van Thiel 2001). In the UK public corporations were created in the first half of the twentieth century to run public enterprises (e.g. the BBC, the various port authorities) and later the nationalised industries. Service-delivery quangos developed in the post-war period between 1945 and the late 1970s. These included the NHS (with regional and local boards), new town development corporations and regional economic planning councils. There was a major expansion of single-purpose semi-state bodies in the 1980s and 1990s. Government also separated its policy and delivery roles, creating arm’s-length executive agencies to undertake the latter task.

By the early 1990s it was clear that the growth of semi-state organisations, combined with the introduction of quasi-markets and other new public management reforms, had led to a substantial fragmentation of the public sector (termed ‘hollowing-out’).

This was manifest in the increased difficulty of steering the system and of working across the greatly multiplied organisational boundaries. In the last decade, therefore, ‘partnership’ has been the watchword. There has been a major growth of partnership boards, which bring together various public sector organisations with business, community and voluntary sector bodies to plan and deliver public purpose (Greer 2001) (We exclude from our discussion public-private partnership/PFI arrangements, which are essentially a contractual relationship related to one infrastructure project). Partnerships ‘join-up’ the fragmented elements of the hollowed-out state – but in the process create new complexities of responsibility and accountability. The new environment of partnerships has been termed ‘the congested state’, reflecting the significant resource needed to manage and negotiate the more complex pathways for developing and delivering public policy (Sullivan and Skelcher 2002).

Today, semi-state organisations undertake a number of tasks, including:

1. Executive decision-making within a field of policy.
2. Advising decision-makers.
3. Undertaking quasi-judicial or regulatory tasks (as tribunals or investigate bodies).
4. Joining-up organisations and/or stakeholders to plan and deliver public activity.

The Justification for Semi-State Bodies

The principal justifications for these semi-state organisations are:

1. **Reducing the load on government at the centre.** The creation of a body at arm’s-length from government delegates authority from ministers, thus reducing the demands on their time and that of civil servants. This overall approach is sympathetic with the idea of the new public management and deconcentrating power from the centre.
2. **Increasing expertise or representativeness in decision-making.** The fact that boards are almost universally appointed rather than elected means that the characteristics of their membership can be pre-determined. Places can be reserved for those with specialist expertise. In England, for example, each patients’ forum will each be able to nominate one non-executive director on to his or her local NHS and primary care trust board. Equally the board can be constituted to enable

representation by particular groups whom it is desirable to have around the decision-making table (e.g. from groups underrepresented in decision-making such as young people or small businesses).

3. **Enabling decisions to be taken independently of government.** This applies to bodies with a quasi-judicial role or where it is important that government is seen to be impartial.
4. **Giving a focus for action on a specific policy objective or issue.** The early appointed bodies in the UK were created to run public enterprises, precisely so that politicians would not be involved and the board could focus on its relatively narrow business objectives without having to worry about electoral impact or competing against the demands of other services.
5. **Enabling government to deliver its policy objectives.** In cases where ministers appoint the boards of semi-state organisations, there is the potential for the patronage involved to facilitate the delivery of government's objectives. It is possible to appoint individuals (and especially to the chairs of boards) who are committed to the policy in question or who at least will not oppose its introduction. This can be a powerful mechanism for achieving the swift introduction of a policy.

Other roles are found elsewhere in Western Europe. In Germany there are strong traditions of using 'parapublic institutions' to engage in tripartite state-business-union negotiations (Katzenstein 1987). The Dutch experience is of particular relevance to Northern Ireland, where semi-state bodies with parity representation were established to bridge deep social cleavages (religious and class) through elite-level accommodation. This is referred to as consociational theory (Lijphart 1968). In Denmark the realm of semi-state bodies is characteristically called the 'grey zone' (Greve, Flinders and van Thiel 1999: 131). Grey zone bodies include private welfare organisations co-opted into welfare state functions, state-owned companies and a growing number of contract agencies that – as in UK equivalents – separate out 'delivery' from 'policy'. As in Germany and the Netherlands, consensus building

through inclusion of social interests has been important. More recently concerns have been increasingly about efficiency and value for money.

Problems of Semi-State Bodies

The main issues of concern are:

1. **The accountability of arm's length bodies.** There are questions about the adequacy of upward accountability to ministers and the Assembly, and of accountability to those communities (of geography, interest, etc.) that a body is serving. In the absence of electoral mechanisms, other processes are poorly developed (see below).
2. **The governance requirements applying to semi-state organisations.** Typically these are weaker than those applying to elected bodies, and also vary across this class of bodies. For example, the rules governing public access to meetings, coverage by an ombudsman and standards of conduct of board members are not consistent (Skelcher *et al* 2000), the NHS being one model of this latter issue. The code of conduct for NHS boards places an onus on members to set “a vigorous and visible example” in order to influence “the behaviour of all those who work within the organisation.” (Department of Health, 1998).
3. **The process of appointment to boards.** There are issues about how board members are identified, nominated and appointed – and removed. This is particularly pertinent in Northern Ireland given its size and the significance of social networks. Appointment processes are generally not transparent, even if advertising of board positions is now more common. Exceptions are the NHS Appointment Commission operating at arm's length from ministers and the election of residents to some regeneration partnerships. Transparency and the promotion of “good relations between persons of different religious belief, political opinion or racial group” are essential in the context of Section 75 of the Northern Ireland Act 1998.
4. **The wider implications of ‘single purpose’ bodies.** The creation of a series of single purpose bodies has implications for the ability of government to deliver on

policy agendas that cross or fall between organisational boundaries. It increases the costs of co-ordination. This issue is discussed in more detail below.

3. HOW EFFECTIVE ARE SEMI-STATE ORGANISATIONS?

Organisational Status and Performance

There have been a number of studies into the performance of semi-state organisations in comparison with other arms of government or the private sector. The conclusions are inconclusive on the relationship between organisational status and performance (e.g. Dunsire *et al* 1991; OFSTED 1993; Pollitt *et al* 1997). What these studies do show, however, is that a change in organisational status (e.g. from departmental unit to agency) is associated with additional activity and innovation. This may also be linked to a change of management (with success-oriented managers being attracted to new opportunities).

Accountability is sometimes presented as a cost imposed on organisations, and thus a constraint on effectiveness. Although in economic terms there is a 'cost of democracy', increasing accountability in theory adds value to the organisation's performance. This is because it creates mechanisms which enable it to engage in a dialogue with its stakeholders and users/clients about their needs, agendas and priorities and thus to shape services more responsively and sensitively.

Single Purpose and Multi-Purpose Bodies

One area where it is important to consider effectiveness concerns the characteristic of semi-state organisations as *single purpose* bodies (SPBs – e.g. the Northern Ireland Housing Executive) rather than *multi-purpose* bodies (MPBs – e.g. the Northern Ireland Health and Social Service Boards). Most semi-state bodies are SPBs, and therefore this debate goes to the heart of the question about how the public administration system should be organised.

The key argument in favour of SPBs is that they are devoted to the achievement of a single over-arching purpose that consists of one main task or a narrow range of related tasks and goals. They are not distracted by competing agendas between different functions within the organisation. In contrast MPBs more accurately reflect the

complexities of the real world. Decisions can be taken without the impediment of artificial organisational barriers, for example by integrating health and social care.

However, each has type of organisation has its weaknesses. The problems of tackling crosscutting issues are more complex to resolve where the environment is populated by SPBs. For example the individual drainage districts in the US tend to provide high-quality infrastructure that performs well, but they forward drainage water to other areas without considering the externalities. Conversely, in MPBs the needs of particular groups may be underplayed because of dominant professional or political agendas (Figure 1).

Figure 1: Analysis of Single and Multi-Purpose Bodies

| For SPBs / Against MPBs | Against SPBs / For MPBs |
|---|--|
| SPBs provide a clear focus MPBs may fudge issues more easily | SPBs fragment government MPBs are better placed to set priorities and co-ordinate activities to take wider views into account |
| SPBs enable services to be organised on 'optimum size' MPBs are more likely to lead to sub-optimal compromise arrangements as services are 'shoe-horned' into uneconomic areas | SPBs lead to public and service confusion. As SPBs proliferate it is difficult to know who is responsible for what MPBs can avoid this confusion by reducing the number of bodies responsible |
| SPBs can provide greater public clarity MPBs can confuse these issues | SPBs can lead to sub-optimal use of public resources due to duplication and transaction costs MPBs enable decisions to be taken in the round |
| SPBs can attract members with specialist knowledge of and interest in the service MPBs are less likely to achieve specialist knowledge | SPBs may lack flexibility of finance to cope with the unexpected due to ringfenced budgets MPBs can provide greater flexibility because of ability to vire between budget heads |
| SPBs enable Assembly to better control and monitor service provision because of clear individual service | SPBs can more readily lead to dominance of 'narrow' service interests if generalists not present MPBs more likely to provide wider perspective |
| | Proliferation of SPBs can lead to certain issues being no one's responsibility because of tightly defined remits MPBs can more easily deal with such issues |

There are three conclusions that can be distilled from Figure 1:

1. **Co-ordinative Capacity:** The more related an activity is to other activities, then the more likely it is that a body with responsibility for all the relevant activities will be best placed to achieve the necessary and desirable co-ordination. The aim should be to minimise duplication of effort, co-ordination costs and 'passing the buck' and to maximise the collective benefit. The growth of partnerships, themselves SPBs, is driven in part by the need to build collaborative capacity. In

general MPBs are likely to score more highly on co-ordinative capacity than SPBs. This is also the logic behind putting education and library provision together in MPBs as they are services with a natural synergy.

2. **Service effectiveness:** A balance needs to be struck between focus, territorial scope and financial flexibility. Service effectiveness is influenced by *focus*, and here SPBs offer particular gains as discussed above. SPBs also offer the possibility of organising services for *territorial areas* that do not coincide with existing jurisdictions or which cross-jurisdictional boundaries. For example mosquito abatement districts in the US are based on natural air vectors and the cross-border partnerships transcend the boundary between the Republic of Ireland and Northern Ireland. Travel-to-work areas may provide a helpful boundary for education and library boards, and US school districts invariably extend beyond the boundaries of the many small city governments found there. On the other hand MPBs offer, in theory at least, greater *financial flexibility* through the ability to switch resources within their budget. However strategic services such as fire and policing may best be organised as SPBs on a regional or sub-regional basis to ensure economies of scale.
3. **Accountability:** It can be argued that SPBs enhance service accountability because the task is more clearly specified, prioritising between services is minimal and results of the board's and staff's actions should be more easily identified. Two recent contrasting examples are the companies created by government to develop and manage the Millennium Dome and the Commonwealth Games. However a multiplicity of SPBs confuses the overall accountability of the system of public administration. At a micro level there is accountability, but at macro level there may appear to be a lack of overall responsibility.

3. WHAT ARE THE ACCOUNTABILITY ARRANGEMENTS FOR SEMI-STATE ORGANISATIONS?

Assessing Accountability

Semi-state organisations suffer from a democratic deficit – their accountability arrangements are weaker than those applying to an elected body, and not just by virtue of the lack of a process of representative democracy. Elsewhere in Europe accountability issues have risen on the agenda in line with periodic evidence of malpractice. The Dutch evidence shows that politicians may use the creation or activities of semi-state bodies as a way of blurring lines of accountability (van Thiel 2001).

The accountability of semi-state organisations can be expressed in two ways. The first refers to the *dimensions* of accountability, namely:

1. taking into account the views of stakeholders
2. giving an account of actions taken or not taken
3. being held to account for those actions.

The second refers to the *content* of accountability:

1. policy – the overall direction and strategy of the organisation
2. finance – the spending and resourcing of the body
3. performance – the achievements and delivery of the organisation.

These can be combined to offer a framework for evaluating and designing accountability arrangements for semi-state organisations (Figure 2).

Figure 2: Framework for Evaluating and Designing Accountability Measures Applying to Semi-State Organisations

| <i>Content of accountability</i> | Policy | Finance | Performance |
|-------------------------------------|--|---------------------------------------|--|
| <i>Dimensions of accountability</i> | | | |
| Taking into account | Consultation with stakeholders; direction from ministers/politicians | Budget and resource context | Targets; specific requirements of stakeholders. However there may be tensions between stakeholder and agency priorities. |
| Giving an account | Annual report; public meeting; Assembly and other hearings; external scrutiny | Accounts; Assembly and other hearings | Performance reporting; indicators; evaluations; inspections |
| Holding to account | Change terms of reference or policy agreement; change chair or board members; close organisation | Audit; sanctions | Financial penalty or reward; change chair or board members; intervention; close organisation |

The research evidence on semi-state organisations in the UK as a whole broadly indicates where the main strengths and weaknesses tend to be (Figure 3). Overall, the accountability for public money is the area where there are the strongest arrangements, especially for NDPBs with the link through to the accounting officer in the sponsoring department, the minister and ultimately the Assembly. However there are complexities with partnerships. Those partnerships not constituted as a company limited by guarantee (or shares) or as a trust must appoint a responsible body (typically but not necessarily a public authority) that enters into contracts and undertakes expenditure on behalf of the partnership, and therefore is the body that is accountable. Financial responsibility is thus at once removed from the partnership. In addition, partnerships typically contain several funding streams (e.g. from various arms of government, the EU, business, etc.), each of which will have different conditions applied and different accountability arrangements.

Accountability arrangements for policy and performance vary with the type of body and the field within which it is working. In general, those semi-state bodies that

operate in relation to a particular constituency (e.g. locality or client group) tend to have the better-developed consultation arrangements. This potentially supports the shaping of the organisation's policy and its targeting of performance. However there may be tensions between stakeholder priorities (e.g. a community's views and those of the sponsoring department) or between these and those of the agency itself.

The giving of an account is typically related to end-of-year reporting and other on-going means of reporting back. Often this is a passive process with the production of an annual report and a private meeting to discuss this with the minister and department (in the case of NDPBs especially). There may also be an annual general meeting, although this is not common. External scrutiny is generally weak. However there is an interesting example in England and Wales where the new overview and scrutiny committees of local authorities will be able to call officers and members of NHS boards to account in public session. This may be extended to public transport and there is a general case for such scrutiny committees to have the power to call any semi-state bodies operating in their area to give evidence and be questioned. Generally, then, external scrutiny is reliant on an active stakeholder group and vigilant press, who may themselves be constrained by limited rights of access to information of meetings of the body. More often than not such external scrutiny will only be effective when a crisis or scandal affects the organisation.

Holding to account, in the absence of an electoral process, is dependent largely on the decision of the minister (in relation to NDPBs and sponsored quangos). In the case of other bodies (e.g. partnerships, higher and further education bodies, registered housing associations) it is a matter for the stakeholders in terms of the body's constitution (if this specifies a process), although there may also be an external regulator. Elsewhere in Europe, responses tend to focus on the 'holding to account' dimension, including parliamentary debates/hearings and a more concerted effort to bring the semi-state grey zone into the remit of national auditing processes. The establishment of regulatory and auditing procedures is most advanced in the Netherlands, but despite this there are still difficulties in assessing efficiency and performance – a pattern noted elsewhere across Western Europe (Leeuw and van Thiel 1999; Greve 1999).

Figure 3: Main Strengths and Weaknesses of Accountability Arrangements in Semi-State Organisations

| <i>Content of accountability</i> | Policy | Finance | Performance |
|-------------------------------------|--|---|--|
| <i>Dimensions of accountability</i> | | | |
| Taking into account | Partnerships and local bodies (especially health/social care/housing) tend to be good; NDPBs vary in extent of consultation arrangements | All bodies generally tend to have budget; however there may be uncertainties when operating in a commercial environment | These vary across organisations; targets easier to specify in some areas |
| Giving an account | Annual report is normal. Not all bodies have annual meeting and external scrutiny is relatively weak (partly due to variable freedom of information and access to meetings conditions) | This is well established across NDPBs. Partnerships typically have a ‘responsible body’ with legal duties re finance, but there may be complexities due to multiple funding streams | Well developed in some areas; weaker in others (which may be due to reasons given above) |
| Holding to account | Ministerial capacity to introduce change in NDPBs and some other government-funded bodies. Stakeholders may have less ability to hold to account in partnerships and LPSBs. | Well developed for NDPBs and generally for LPSBs; regulatory framework is being strengthened generally. May be problems in partnerships with multiple funding streams. | There may be capacity to use financial or intervention/supervision measures. |

Accountability and the Board

The board of the semi-state organisation is the focus for accountability arrangements that may sometimes be difficult to reconcile. For example NHS boards in England represent an attempt on the part of policy makers to marry a greater degree of local autonomy and focus with the ever-present tendency towards central management and

control in a national tax-funded health care system that is based on principles of comprehensiveness, equity and social solidarity.

There has been a general improvement in the requirements for board governance in NDPBs and NHS bodies over recent years, but not necessarily in other types of semi-state bodies. Developments in the NHS in England are the most far-reaching. A new requirement for performance review of individual board members has been introduced as part of the move towards assuring robust performance. The chair of each NHS body has a duty to appraise the performance of each board non-executive on an annual basis, and the chair in turn is appraised by the chair of the NHS body to which their own organisation accounts. Reappointment to an NHS body is now dependent on satisfactory appraisals.

4. WHAT ARE THE KEY ISSUES AND GOOD PRACTICE THAT ARE RELEVANT TO THE REVIEW?

When is a semi-state organisation the best solution?

Semi-state organisations confound the principles of representative democracy and therefore should be employed with care. They are best created as single purpose bodies:

1. dealing with a specific self-contained task
2. a time limited task
3. where particular expertise or representation is required on the board
4. where a degree of independence from government (regional or local) is preferred
5. where the territorial area is not coterminous with that of an elected body.

There is a strong case for having a number of regulatory processes:

1. a process to validate the creation of a new semi-state body
2. ‘sunset legislation’ to ensure it is regularly reviewed and that its mandate will lapse unless positively renewed
3. there is effective and proportionate accountability to the sponsoring body and to stakeholders and communities
4. open and transparent board appointment and review

5. the chair or the body is subject to scrutiny on his policy agenda for the body prior to appointment (along the lines of US confirmatory hearings)
6. that there is an annual scrutiny hearing by the Assembly or an appropriate local body
7. a governing constitution on a par with elected bodies.

Election and semi-state organisations

In the US most single purpose bodies have a large proportion of elected members. This is thought to enhance direct accountability to the service users. A similar model is found in New Zealand where a proportion of the members of district health boards is now directly elected by the local population. This strengthens community involvement, but is also a potential inhibitor to change within the overall health care system. The suggestion is that local people may seek to protect hospitals at the expense of developments in primary and community care. The evidence from the US shows that elections for SPBs do not necessarily result in active democratic engagement, with turnouts as low as single figures and voters complaining of confusion about what and whom they are voting for, and voter fatigue in general.

The political salience of the activities concerned can be an important factor here. In theory more contentious and value ridden the choices that need to be made, the more likely it is that these differences need to be resolved through the democratic process. The technical and consensual activities are, then, the more amenable to control through an appointed body. Yet in Northern Ireland the removal of housing from local government to the NIHE was because local authorities were manipulating public housing for political purposes. In the NI context, it may be more suitable to maintain housing within an appointed and professional SPB that is accountable to the NI Assembly in which a wider political view is maintained.

Good practice in overcoming the democratic deficit

There are four ways in which the democratic deficit of semi-state bodies could be improved: by enhancing the member appointment process, strengthening governance, strengthening accountability, and improving the overall regulation of the system. Possibilities for reform are listed in figure 4. Some have been discussed in greater detail above.

Figure 4: Increasing the Democratic Governance of Semi-State Organisations

| Proposal | Comment |
|---|--|
| Enhancing Member Appointment | |
| Opening up process of appointment through advertising, transparent selection criteria, etc. | Creates opportunity to draw on whole population; increases clarity and openness; greater use of advertising since mid 1990s; impact of openness on recruitment yet to be identified. |
| Independent Appointments Commission | Used in NHS in England; reduces ministerial patronage; possible reduction in accountability to ministers. |
| Public hearings for key board posts (e.g. chairs) | Creates public record of experience and views; problems of dividing responsibility for appointment; would involve significant change in current practice, possibly reducing individuals' willingness to serve. |
| Strengthening Governance | |
| Codes of conduct | Provides clear principles and good practice; likelihood of variation in compliance; difficulties of monitoring but could have external mechanism as in Scotland with members of devolved quangos. |
| Audit arrangements | Development of audit committees; introduce sanctions on board members where poor financial management and lack of probity. |
| Duty of partnership | Duty on all relevant bodies to co-operate and plan collaboratively (as in duty of partnership applying to English NHS bodies re. local authorities). May be linked to inter-agency community planning for each locality (as in England and Wales). |

| | |
|--|---|
| Strengthening Accountability | |
| Transferring semi-state bodies to the elected sector/ introducing an element of election by stakeholders | Possible in a few cases; alternative models permit local authority influence and greater local accountability; problems with indirect election. |
| Contestability | Process of competitive bidding to run an organisation; would need clear performance criteria and management contract. Would not necessarily increase democratic component. |
| Involving the public in decisions | Draws on innovations in democratic practice (as in English local government and NHS and international experience); develops dialogue between community and board. |
| Local registers, open government and external scrutiny | Local authority compilation of registers of semi-state organisations in their locality; increases public information; basis for scrutiny via local select committees. |
| Regulating the System | |
| Assembly committee on semi-state organisations | Provides strategic overview; holds hearings on proposals to create new bodies; holds hearings on chair designate (as in US) and on accountability and performance of semi-state organisations; role in monitoring implementation of reforms. |
| Administrative law and sunset provisions | Formalisation of constitutional basis of semi-state organisations; facilitates development of consistent principles; clearer basis for citizens to argue grievances; sunset provisions (as in US) abolish organisation automatically at end of fixed term unless review demonstrates it is still necessary. |

Source: Adapted from Skelcher (1998), pp175-6; see also Skelcher *et al* (2000) ch 4.

Key Issues for the Review

The key issues for the review can be expressed as a set of tensions:

1. How to balance the need for effective performance with the principle of democratic involvement
2. How to enable inclusive decision-making while maintaining effective representative democratic institutions
3. How to give focus to public organisations while maintaining a capacity to work across boundaries
4. How to engage people in public life while ensuring the accountability and performance demands placed on them do not lead to demotivation.
5. How to promote equality of opportunity and parity in the public policy process between different communities.

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