

NEWS RELEASE FROM REFORM SCOTLAND

EMBARGO: NOT FOR USE BEFORE 00.01 HOURS, TUESDAY, FEBRUARY 9th, 2010

REFORM SCOTLAND CALLS FOR ABOLITION OF QUANGOS IN DRIVE FOR POLITICAL OPENNESS

Virtually all 115 quangos in Scotland should be abolished, a leading economic think tank recommends today.

Reform Scotland says the quasi non-governmental organisations, which account for more than 40% of all public spending, should either have their functions brought back 'in-house' to government or be replaced by fully-autonomous, independent bodies.

Although all leading political parties have pledged to cut the number of quangos, none has come up with a strategy that achieves the kind of drastic reduction needed to restore transparency and accountability to the political process.

Under Reform Scotland's radical proposals, bodies such as Scottish Enterprise and VisitScotland would disappear. Other quangos such as the National Museums of Scotland could become fully independent organisations, free to negotiate their own financial settlements with the Scottish Government.

In a report entitled ***Democratic Power***, the independent, non-partisan think tank says too much political power in Scotland is currently exercised by quangos operating in a 'no man's land' where they are neither fully democratically accountable nor fully independent of government.

'This creates a lack of openness and accountability which is not conducive to good governance,' the report says.

'This needs to change because the power exercised by government in our democracy derives from the consent of the people and should be exercised in their interests. It is difficult for people to judge whether that is the case when the current way in which government carries out its functions blurs accountability.'

Reform Scotland says there should be a shift towards government acting directly through its own departments or, where it is judged that functions would be better performed by outside bodies, ministers could enter into an 'open and transparent contractual agreement with genuinely independent organisations' which would be provided with the necessary funding.

As of September 2009, there were 162 national public sector organisations in Scotland, of which 115 were quangos. Although the volume of quangos has reduced since devolution, the number of staff they employ has risen dramatically – up from 9,900 in 1999 to nearly 14,900 in 2008. This does not include those employed by either public corporations or the NHS, so the dramatic increase cannot be explained by an increase in NHS employment.

In 2008/09, the Scottish Government spent more than £13 billion on quangos, over 40% of its £32 billion total budget. Most of this - £9.8 billion or 73 per cent of total quango spending - was accounted for by NHS bodies. However, £3.5 billion - just over 10 per cent of the Scottish budget - was spent on other quangos.

There is also continuing controversy about the high level of salaries and bonuses being paid to some quango chief executives.

The Scottish Government is committed to cutting the number of public sector organisations by a quarter by next year, although only 11 of the 50 earmarked have so far been abolished. Other parties have promised a 'bonfire of the quangos'.

Geoff Mawdsley, director of Reform Scotland and one of the authors of today's report, said attempts to stem the growth of quangos had been 'piecemeal and lacking in any approach of principle'.

'One of the key disadvantages of handing over so much power and influence to non-elected quangos is that when something goes wrong ministers are given a way out. In other words they can shift responsibility and when that happens democracy automatically suffers.

'Our remedy for this problem would mean that all quangos, apart from tribunals such as the Children's Panel system, would cease to exist altogether.

'In respect of each body, a decision will need to be taken as to whether its functions could be transferred back to existing government departments reporting directly to a minister or the quango turned into a genuinely autonomous body.

'There should also be a presumption in favour of functions being performed by local authorities, where appropriate, to ensure accountability to local communities.

'This would not only introduce greater clarity into the political process in Scotland but would also enhance the accountability of politicians to the electorate for their actions by forcing government to be open about what they were trying to achieve and how they proposed to achieve it.'

Press Release issued on behalf of Reform Scotland by Hay McKerron Associates.



**For further information please contact:
Ian McKerron on 07740 510411 or Gordon Hay on 07784 772905**

Notes for Editors

1. Reform Scotland is an independent, non-party think tank whose objective is to set out a better way to deliver increased economic prosperity and better public services based on the traditional Scottish principles of limited government, diversity and personal responsibility.
2. The authors of the report are Geoff Mawdsley, Director of Reform Scotland, and Alison Payne, Research Director of Reform Scotland.
3. Reform Scotland's Advisory Board comprises Ben Thomson, chairman, Noble Group; Dan Macdonald, chief executive, Macdonald Estates; Martin Gilbert, chief executive, Aberdeen Asset Management; Lesley Knox, chairman, The Alliance Trust; David Milne, former chief executive, Wolfson Microelectronics; Keith Skeoch, chief executive, Standard Life Investments; Professor Sir Donald MacKay, former Professor of Economics at Heriot Watt and Aberdeen Universities; Alex Hammond-Chambers, former chairman of Dobbies.