UNLOCKING THE POWER TO GOVERN · PAPER 02

Paper II: Arm's-length Bodies

Classifying every arm's-length body and giving each a legal source and a line of accountability.

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Much of the work of the British state is done not by government departments but by bodies at arm's length from ministers. Some run essential services. Some regulate markets and professions. Some advise. A few must be genuinely independent of government. Many do valuable work and the country would be worse off without them.

The problem is not their existence. It is that the line of accountability has been lost. Bodies created to deliver or advise have acquired the power to decide. Regulators set up for one purpose have been given layer upon layer of further duties. Statutory consultees whose job is to give advice have become, in practice, the people who say no. When something goes wrong, ministers say the decision was not theirs and the body says it was following its statutory duty.

This is part of the veto state. Arm's-length bodies do not govern Britain. But together they make it very difficult for any elected government to deliver what it was elected to do.

The answer is not a bonfire. Cutting bodies by number has been tried and the numbers drifted back. The answer is to decide, for each kind of power the state exercises, who should hold it and to whom they should answer, and then to write that into law.

This paper proposes a programme to do that. Classify every function exercised at arm's length by what it does and set in statute what each class may do and to whom it answers. Return delivery bodies to ministerial control. Give each regulator a single core objective and remove the secondary duties layered on top of it. Let ministers set regulators' strategic direction through statements approved by Parliament, while leaving individual decisions to the regulator. Confine advisory bodies to advice. Make statutory consultees advisers, not vetoes. Give every public power a legal source, a holder and a line of accountability, and review every body every ten years.

1 How arm's-length government grew

The Cabinet Office counts 304 arm's-length bodies: 245 non-departmental public bodies, 39 executive agencies and 20 non-ministerial departments. Together they employed around 397,000 staff and had a budget of around £370 billion in 2023-24. Counts that also include advisory committees, tribunals and other functions put the number close to 600, and suggest that around a third were created by administrative decision rather than by any specific Act of Parliament.

MEASURE	FIGURE
Arm's-length bodies counted by the Cabinet Office	304
Non-departmental public bodies	245
Executive agencies	39
Non-ministerial departments	20
Staff (full-time equivalent, 2023-24)	Around 397,000
Budget (2023-24)	Around £370 billion

Each body was created for a reason that seemed good at the time. Taking a function out of a department could signal neutrality, protect a decision from short-term politics or bring in specialist expertise. But the cumulative effect has been to scatter decisions across hundreds of bodies whose remits overlap, whose duties multiply and whose accountability is unclear.

Three patterns cause most of the damage. Regulators have accumulated secondary duties, on the environment, climate, consumer protection and more, that pull against their core purpose and give them grounds to resist government policy. Advisory bodies have acquired statutory roles that give their advice binding effect. Statutory consultees in planning and infrastructure have become effective vetoes, able to halt development for years through advice that decision-makers treat as binding.

Attempts to reduce the number of bodies have not solved the problem. The 2010 review abolished and merged many, yet new bodies continued to be created and the landscape regrew. The present government has reviewed all 306 active bodies and accepted the principle that ministers should take critical decisions because they answer to Parliament. It has not yet turned that principle into law.

2 Who answers?

Every power exercised by the state should have an owner who answers for it. In a parliamentary democracy that owner is normally a minister, answerable to Parliament and through it to the electorate.

Independence from ministers is justified only where the function requires it: where a decision must be seen to be free from political influence, where it involves the impartial application of technical rules to individual cases or where it holds government itself to account. Even then, independence from ministers is not independence from Parliament. A body that is not answerable to a minister must be answerable to Parliament directly.

Advice is not decision. A body whose function is to advise should advise, and the minister or authority that receives the advice should decide and answer for the decision.

Sometimes accountability has been weakened in law. Sometimes ministers have simply declined to use powers they already hold. The programme deals with both.

These principles do not require fewer bodies. They require each body to know what it is for and who it answers to.

3 Classification by function

L1 Classify every function by what it does

Set in statute four classes of function exercised at arm's length from ministers, each with its permitted powers and line of accountability. Classification will apply to functions, not organisations. A body that performs several functions will have each assigned separately, and dividing an organisation will require a positive justification.

CLASS	FUNCTION	ANSWERS TO
Delivery	Delivering services or programmes on behalf of government	Ministers, who answer to Parliament
Regulation	Applying statutory rules to markets, professions or activities, including licensing and enforcement	Ministers for strategic direction, with independence in individual decisions and scrutiny by Parliament
Advice	Providing expert advice to ministers or public authorities	Ministers, who decide whether to accept the advice
Statutory consultation	Advising on applications or decisions made by others	The decision-maker, who decides and answers for the decision

Independence describes a relationship to government rather than a function. Some functions require protection from ministerial direction and are designated separately under L10. A body's label will never substitute for an examination of its actual powers.

L2 Classify every body and identify the changes required

Within twelve months of commencement the Cabinet Office will classify the functions of every arm's-length body and publish the result. For each body the classification will identify the powers ministers already hold and will begin to use, the statutory constraints the programme will amend, the decisions that must remain operationally independent and any performance failures that require changes in management or capability. A body none of whose functions fits a class will be abolished or merged and its necessary functions returned to a department.

L3 Give every public power a legal source, a holder and a line of accountability

Every public power exercised at arm's length will have an identifiable legal source, an identified holder and a defined line of accountability. Bodies that exercise powers in their own right, including regulators and non-departmental public bodies, will rest on an Act of Parliament setting out their functions, powers and accountability.

Executive agencies may continue to be established administratively within departments where they exercise powers the department already holds. Administratively created bodies that exercise powers in their own right will be given a statutory basis or abolished within two years.

4 Delivery bodies

L4 Return delivery bodies to ministerial control

Executive agencies are already part of their departments and ministers already answer for them. Too often ministers have not used the powers they hold. Other delivery bodies sit outside departments altogether.

Delivery bodies will become executive agencies of their departments or return to the department itself. Ministers will set their objectives and budgets, appoint and remove their chief executives and answer to Parliament for their performance.

Operational management will remain with the body. Ministers will not run services day to day. But no minister will be able to say that the performance of a service delivered on the government's behalf is someone else's responsibility.

5 Regulators

L5 Give each regulator an ordered mandate

Each regulator's governing Act will set an ordered mandate: a primary mission, the constraints within which it must be pursued and a short list of subordinate considerations, with rules on how they interact. Economic growth and the cost of regulation will be subordinate considerations in every mandate, weighed after the primary mission and within the constraints. General secondary duties added over time, including duties relating to net zero and to environmental principles, will be removed from regulators whose primary mission lies elsewhere.

A regulator with many loosely ordered objectives can justify almost any decision by reference to one of them. An ordered mandate tells the regulator, and those who hold it to account, which consideration prevails when they conflict.

L6 Set strategic direction through Parliament

Ministers will issue a strategy and policy statement for each regulator, setting the government's priorities within the regulator's statutory objective. The statement will be approved by both Houses. Regulators will be required to act consistently with it.

Ministers may issue policy directions to a regulator on matters of general policy. Directions will be published and laid before Parliament. Ministers may not direct a regulator's decision in an individual case, which will remain the regulator's to make within the law and the approved strategy.

Directions must conform to the approved strategy statement. Where they conflict, the statement prevails until Parliament approves a new one. A direction that in practice determines the outcome of an identifiable case or a small identifiable group of cases will be treated as a direction in an individual case and will not be permitted.

Monetary policy is a protected independent function under L10 and is not subject to this measure.

L7 Strengthen the accountability of regulators

Chairs of regulators will be appointed by ministers only with the agreement of the relevant Commons select committee. That committee will examine each regulator each year on its performance against its objective and the approved strategy, its use of powers and its costs.

6 Advisory bodies

L8 Confine advisory bodies to advice

Advisory bodies will advise and will not decide. No advisory body will hold a power whose effect is to bind a minister or public authority. Statutory requirements to obtain or follow the advice of an advisory body will be reviewed and replaced with requirements to consider it.

Advice will be published, together with the minister's decision and reasons where the advice is not followed. Each advisory body will be reviewed under L11.

7 Statutory consultees

L9 Make statutory consultees advisers, not vetoes

Statutory consultees will give advice to the authority making the decision. The decision-maker will decide and answer for the decision. Advice from a consultee will not be treated as binding unless an Act of Parliament expressly provides that it is.

Consultees will respond within a statutory time limit, which will run from receipt of a valid request. Regulations will set out what a valid request must contain. A consultee may make one request for missing information, which pauses the clock until it is supplied. Disputes about whether a request is complete will be resolved by the decision-maker.

A consultee that does not respond in time will be treated as having no objection. That ends the consultation. It does not end the decision-maker's duty to determine whether the application meets every legal requirement.

Advice must identify the specific legal requirement engaged and the evidence relied on, and must propose how any concern can be resolved. Where no compliant option exists under current law, the consultee must say so. The choice is then visible: change the proposal or change the rule.

The Planning and Infrastructure Act 2025 began this work for major infrastructure. The government's August 2026 response narrows the scope of some consultees and removes others. This measure goes further. It makes clear in law that consultee advice is not binding. It applies deemed no objection and the duty to propose solutions to every statutory consultee. It extends the same principles beyond planning to consents and licensing.

8 Independent functions

L10 Protect the functions that must be independent

Functions that require independence from government will be designated in statute as protected independent functions. They include monetary policy, official statistics, public audit and the regulation of elections, exercised by the Monetary Policy Committee of the Bank of England, the statistics authority, the National Audit Office and the Electoral Commission.

Bodies holding protected independent functions will answer to Parliament directly. Their heads will be appointed with the agreement of the relevant committee and examined by it. A function may be added to the list, discontinued or transferred only by Act of Parliament.

9 Review, restructuring and scrutiny

L11 Review every body every ten years

Every arm's-length body will be reviewed every ten years against its classification, its performance and the continuing need for its functions. The review will be published.

Following the review, the House of Commons will decide by resolution whether the body is renewed, replaced or closed. A body continues until the Commons has decided. Where a body is replaced or closed, its statutory duties, licences, contracts, enforcement proceedings and services will continue under transitional arrangements until the transfer is complete, with responsibility passing to the sponsoring minister in the meantime.

Protected independent functions under L10 are reviewed in the same way but may be discontinued or transferred only by Act of Parliament.

L12 Create a new power to restructure

Replace the listed-body approach of the Public Bodies Act 2011 with a new and broader restructuring power covering every arm's-length body except those holding protected independent functions. Ministers will be able to abolish, merge, divide or transfer the functions of a body by order approved by both Houses. Orders may create successor bodies only to exercise powers that already exist. They may not confer new powers, which will continue to require an Act of Parliament.

L13 Publish, scrutinise and act on performance

The Cabinet Office will publish a single register of every arm's-length body, setting out its classified functions, legal basis, powers, budget, staff, sponsoring minister and date of review. Every body will publish an annual report against its objectives in a common format.

Select committees will choose which bodies to examine orally each year according to their significance and performance. Persistent failure will have consequences. Depending on the class, these will include replacement of the leadership, a published recovery plan, changes to budget or powers and restructuring under L12.

10 Territorial application

The programme applies to arm's-length bodies of the UK government in reserved fields and to bodies operating in England. Bodies created by the devolved administrations fall within their responsibility.

FIELD	APPLICATION
UK bodies in reserved fields	United Kingdom
Bodies operating in England	England
Bodies of the devolved administrations	The Scottish Government, the Welsh Government and the Northern Ireland Executive will be invited to apply the same classification and principles
Statutory consultees in planning	England, with devolved administrations invited to make equivalent changes

11 Legislation and delivery

The programme will be delivered through a Public Bodies (Accountability) Bill led by the Cabinet Office, with sponsoring departments responsible for amending the governing Acts of the bodies they oversee.

INSTRUMENT	MEASURES	CONTENT
Public Bodies (Accountability) Bill	L1 to L3 and L8 to L13	Classification, statutory basis, advisory bodies, statutory consultees, independent functions, review, restructuring and the register
Amendments to regulators' governing Acts	L5 to L7	Core objectives, removal of secondary duties, strategy statements, directions and appointments
Departmental orders under L12	L4	Transfer of delivery bodies to executive agency status or into departments

The aim is a state in which every power has an owner and every owner answers for it. Bodies that serve the public well have nothing to fear from that test. It is the test of accountability that a democracy should apply to everything done in its name.