

7. WORKING WITH OTHERS

7.7 Non-departmental public bodies

7.7.1 Non-departmental public bodies (NDPBs) may take a number of legal forms, including various corporate models and/or charities. Most executive NDPBs have a bespoke framework in legislation or its equivalent (e.g. a Royal Charter). This framework may specify in some detail what the NDPB is to do, what powers are invested in it, and how it should be financed. Annex 7.1 has links to further information about NDPBs.

7.7.2 Each NDPB is a special purpose body which plays a part in the process of government. Each has a sponsor department charged with general oversight and responsibility for reporting its activity to DFP. So sponsor departments should have appropriate arrangements for regular monitoring with scope for steering the NDPB's performance as necessary. Sometimes other departments also take an interest in particular aspects of an NDPB's business.

7.7.3 NDPBs' sources of finance vary according to their constitution and function. Box 7.5 shows the main options available.

Box 7.5: sources of finance for NDPBs

- specific conditional grant(s) from the sponsor department (and/or other departments)
- general (less conditional) grant-in-aid from the sponsor department
- income from charges for goods or services the NDPB may sell
- public dividend capital

7.7.4 In practice NDPBs operate with some independence and are not under day-to-day ministerial control. Nevertheless, ministers are ultimately accountable to the Assembly for NDPBs' efficiency and effectiveness. This is because ministers: are responsible for NDPBs' founding legislation; have influence over NDPBs' strategic direction; (usually) appoint their boards; and have the ultimate sanction of winding up unsatisfactory NDPBs.

7.7.5 As with agencies (see 7.4.3) there may be value in some cross membership of an NDPB board with its sponsor department's board. This can foster mutual confidence and provide valuable insight for both parties. In any case sponsor departments need arrangements to monitor and understand their NDPBs' strategy, performance and delivery, usually built around a Management Statement/Financial Memorandum (MS/FM) which includes terms on the lines of box 7.2 (see annex 7.4 for a suggested outline and a specimen example). In practice these arrangements can be very similar to those departments need for their relationships with agencies (see section 7.4).

7.7.6 Whether in the usual form of a MS/FM or other format, all such agreements must be approved by DFP.