

GK

ONE PARTY STATE?



Select Committees: The Changing
Face of Parliamentary Scrutiny

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Introduction

From GK's inception, our team has provided first class political and policy insight to businesses grappling with opportunities and threats. GK are delighted to publish '*One Party State? The Changing Face of Parliamentary Scrutiny*', which shares our insights on potential changes to select committee membership, impact on opposition parties and the future role of the House of Lords as a scrutinising function. As the general election campaign ramps up, GK are looking to the future on what the outcome will mean for how the machinery of Parliament works in terms of shaping, influencing and developing policy and what this means for businesses and organisations who want to contribute to the debate.

Emily Wallace, CEO GK Strategy



The Role of Select Committees

The role of select committees has evolved considerably since the current system of departmental committees was devised and introduced in the early years of Margaret Thatcher's Government by then Leader of the House of Commons, Norman St John-Stevas. While the committees have retained their original and most important function of scrutinising policy made by government departments, through a mix of parliamentary reform and innovation from the committees themselves, they have taken on more responsibility, a higher public profile and are now considered an influential, indispensable part of the policy-making and parliamentary process.

The role of departmental committees has evolved to incorporate investigation of wider issues beyond existing government policy and consideration of draft legislation, among other things. They provide detailed reports, based on oral and written evidence gathered from a wide range of interested stakeholders, to which the Government must respond. As such, committees now play a vital part not just in assessing government policy and holding departments to account, but also in setting the political agenda, and in the development and formation of policy.

Committees consist of a cross-party selection of MPs – usually around a dozen, sometimes more – and membership reflects the party balance in the House of Commons as a whole, meaning that the governing party has the most members sitting on committees. The members themselves are elected to their committees by their respective parliamentary parties, notionally for the rest of the parliament although, as this report



demonstrates, committees can have high rates of turnover in membership if there are wide-ranging frontbench reshuffles

The election of chairs by the whole House has only been in place since 2010, following a series of reforms put forward under the last Labour Government; previously they had been elected only by the members of their own committee. Like the wider membership of committees, the proportion of chairs from each party corresponds with the party balance in the Commons as a whole; the parties decide among themselves which committees they want to chair, and this is then put to a vote on the floor of the Commons. Under usual circumstances, the election of committee chairs takes place around a month after a general election. However, given the nature of the 2017 election and its proximity to Parliament's summer recess, the process may be quicker than would be otherwise expected. With the exception of those standing down as MPs, it is expected that most of the chairs elected to serve during the last parliament will seek re-election, subject to their party retaining the chairmanship in the new House of Commons.

With opinion polls pointing towards an increased majority for the Conservatives, and Labour potentially weakened, it is expected that committee membership will tilt further in favour of the Conservatives. Given the significant change that is likely to occur over the next parliament, it is worth considering how this will affect the work of six of the Commons' most important committees: the *Education Committee*; *Health Committee*; *Business, Energy and Industrial Strategy (BEIS) Committee*, *Treasury Committee*; *Exiting the European Union Committee*; and the *Public Accounts Committee*. Brexit, alongside plans for reform in public services, will dominate domestic politics over the coming years under a new government, and the select committees will have a vital part to play in how policy develops and is implemented during this time. A diminished Labour Party combined with a likely focus from the Government on using secondary legislation – not debated on the floor of the Commons – to push through Brexit-related reforms will only make the role of select committees more important. Therefore, it is essential for businesses to understand how these committees operate, how they will be formed and what their likely focus will be as they re-group following the election.

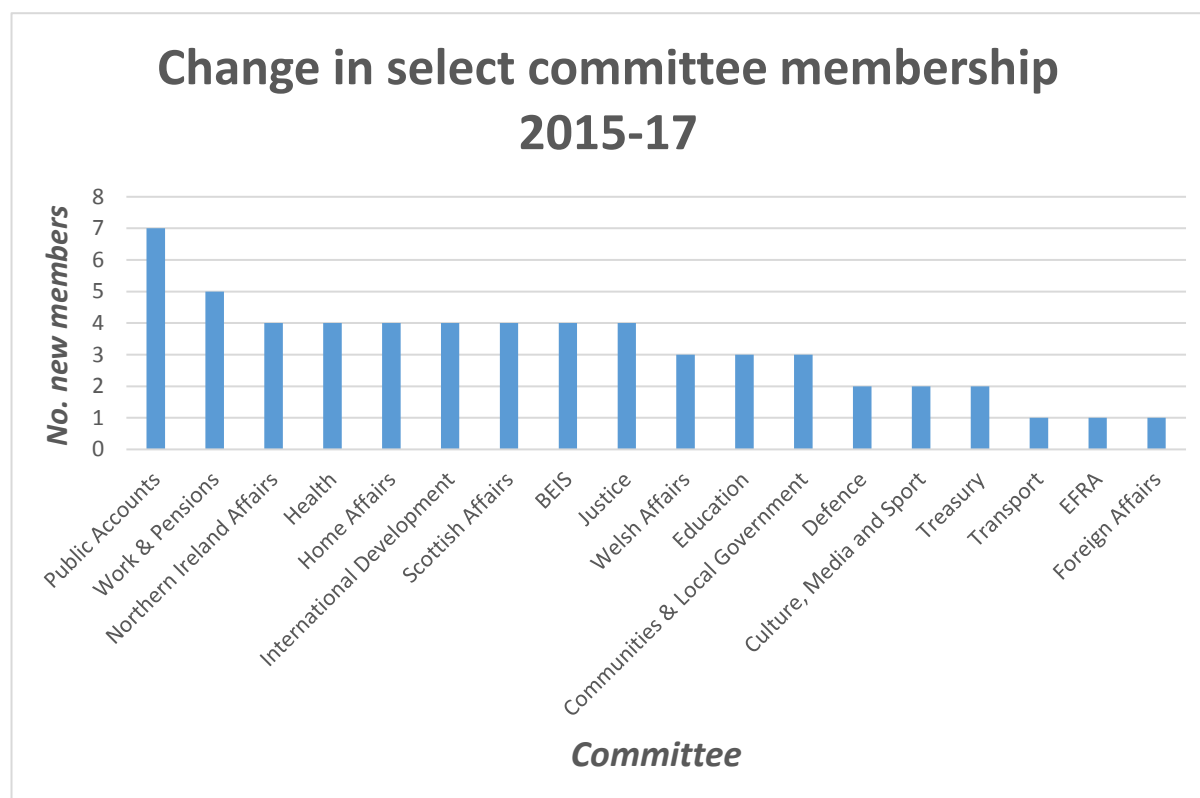


Leadership, Membership and Effect on Workstreams

GK's analysis of turnover in select committee membership during the unusually short 2015-17 parliament suggests that this has been relatively high for two reasons. The first is the change of government and consequent change in the machinery of government in July 2016, meaning that there was a wide-ranging ministerial reshuffle, the creation of three new departments and the abolition of the Department for Energy and Climate Change (DECC). The second – linked to the first – was the mass resignation of Labour MPs from the party's frontbench as a motion of no confidence in Jeremy Corbyn was tabled.

GK's primary research demonstrates that in two of the committees that experienced the highest level of change during the last parliament – Work and Pensions and Justice – the

level of turnover can at least partially be explained by the changes to the Labour frontbench. All of the departed members from the Justice Committee between 2015 and 2017 – Richard Burgon, Sue Hayman, Christina Rees and Nick Thomas-Symonds – have taken up various shadow ministerial positions. The two Labour former members of the Work and Pensions Committee – Debbie Abrahams and Emma Lewell-Buck – also took up shadow ministerial positions, again with the former becoming the shadow Secretary of State for Work and Pensions.



Previous research from the Institute for Government found that high turnover in committee membership during the 2010-15 parliament could have a disruptive effect on committees' ability to hold the Government to account and scrutinise the development of policy effectively, and learn lessons from the outcomes of their work.¹ With a number of inquiries currently in train, unexpectedly interrupted by the general election, significant change in committee membership stands potentially to alter the trajectory of those inquiries and scrutiny work. Unlike the 2010-15 parliament, when the end-date of the session was known in advance thanks to the Fixed Term Parliaments Act (likely soon to be abolished), the 2017 election has brought the work of committees to an abrupt end, with some of it unlikely to continue under new leadership and membership.

There is also a question arising from the potential dominance of committee membership by the Conservatives if their majority in the Commons is substantially increased. As noted above, a large proportion of movement in select committees over the last two years can be attributed to promotions to party frontbenches; ambitious new Conservative MPs who find themselves serving on a committee could be increasingly tempted to use the opportunity as a platform to pursue promotion to a junior frontbench role in a future

¹ <https://www.instituteforgovernment.org.uk/publications/select-committees-under-scrutiny>

reshuffle. Does this have an impact on committees' ability to scrutinise government policy? It is true that committees have to maintain their independence, and even in the event of a large Conservative majority the presence of other parties, the need to adopt a consensual position within the committee and the overarching desire to improve the policy-making process as a whole, along with the guidance of the permanent committee staff that guide and inform MPs' work, means that their impartiality will not be compromised. However, an increased number of chairs and members from the governing party may raise questions over the committees' independence that have not surfaced since prior to the introduction of elections for committee chairs in 2010.

Naturally, the most significant changes will be those committees who experience a change in leadership. Notably, the *Business, Energy and Industrial Strategy Committee* and *Treasury Committee* will definitely have new chairs in place following the election and, depending on the outcome of the general election, others may have too. The position of chair has an important influence over the direction of the committee's work and its media profile. For example, the Public Accounts Committee enjoyed a much higher public profile and had a specific focus on tax avoidance and evasion by large corporates under the leadership of Margaret Hodge, but has had a lower profile under current chair Meg Hillier, and Hodge's predecessor, Edward Leigh. Changes such as this are the most likely source of disruption to existing programmes of work in these committees and, while newly-elected chairs may seek to pursue some of the same priorities as their predecessors, there will inevitably be new lines of inquiry opening as the chairs – seeking also to reflect the interests of their membership – set a new agenda for the committee's work.



The House of Lords

The House of Lords also has a small number of select committees in addition to several ad hoc committees – set up to examine specific issues that fall outside of the remit of existing committees, or look at a piece of legislation – but effectively acts as a scrutineering function in itself as Parliament's second chamber. For all the talk of an increased majority for the Conservatives after the general election, a Conservative Government will still be without a majority in the Lords. This has the potential to create significant delays to controversial and contentious pieces of legislation, although the so-called Salisbury Convention means that the Lords traditionally do not oppose a Government Bill at second or third reading if it contains measures outlined in the governing party's election manifesto.

The upper chamber is likely to retain a strong and independent voice during the parliament, although party-political appointments may narrow the gap between the government and opposition parties. There was controversy during the last parliament when former Chancellor George Osborne insinuated that reform of the Lords may be in order after they voted against proposed reforms to the tax credit system; the Conservative manifesto explicitly rules out 'comprehensive reform' in the second

chamber but states that it should ‘respect the primacy of the House of Commons’. With the likelihood of a weakened opposition in the Commons, the Lords – together with the Commons select committees – are likely to be an important check on government policy over the next five years.

COMMITTEES IN FOCUS



Exiting the European Union Select Committee

The Exiting the European Union Committee (ExEU), like its corresponding department, is relatively new, having been formed in October 2016. The Government quickly came under fire regarding the unusually large membership of the committee, which had 21 Members, including the Chair. The membership was almost double the size of most other House of Commons select committees, and was decided on by Conservative and Labour whips. Some senior MPs claimed that such a large committee would be less effective at scrutinising the Government’s strategy and less able to reach a consensus. This view was backed by the Whitehall think-tank the Institute for Government (IFG) who pointed out that on an issue as contentious as Brexit, there is a serious risk that the committee could just become ‘a recipe for the lowest common denominator’.

The Chair

Hilary Benn (Labour, Leeds Central; Majority – 16,967)



Benn has represented one of the safest Labour seats in the country since a by-election victory in 1999, and will not be under threat in this year’s general election. A former Shadow Foreign Secretary and well-respected on both sides of the House, Benn should face few obstacles to being re-elected as chair of the committee as long as Labour retains control.

The Members

The Committee included members from every political party in the House of Commons except UKIP and the Greens. While the majority of the Committee Members are in relatively safe seats, and so are likely to return to Parliament in June, Karl McCartney (Conservative), Maria Caulfield (Conservative), Alistair Carmichael (Lib Dem) and Andrea Jenkyns (Conservative) have particularly slim majorities. Even without the re-election of those particular three Conservative MPs, given the Conservatives’ current lead in the polls, the Committee is likely to retain its majority membership of Conservatives. As the membership of committees in the Commons reflects the party balance in the House as

whole, it is possible that the firmly pro-European Lib Dems may lose their representation on the Committee.

Committee Focus

The ExEU Committee's main role is to scrutinise the Government's strategy for exiting the European Union, examine the expenditure, policy and administration of the Department for Exiting the European Union (DExEU), and the affairs of associated public bodies. The Committee undertook just one inquiry during the 2015-17 parliament, which involved looking into the UK's negotiating objectives for our withdrawal from the EU. The Committee published three inquiry reports, with only one (so far) receiving a government response in March 2017.

The Committee is likely to enjoy a high profile over the next parliament with the formal negotiation process for the UK's withdrawal from the EU beginning in earnest, and will provide essential scrutiny of the demands from both sides, the deal that is eventually struck and its impact on numerous aspects of UK public policy.



Health

The Health Committee is appointed to examine the policy, administration and expenditure of the Department of Health and its associated bodies, including NHS England, Public Health England and the Care Quality Commission.

The Chair

Sarah Wollaston (Conservative, Totnes; Majority – 18,285)



Dr Sarah Wollaston MP has a reputation for being an independent and proactive Chair. Despite being a Conservative MP, she is not afraid to criticise her own government. For example, in January 2017 Wollaston wrote an article for the British Medical Journal in which she called the Government's response to the NHS crisis 'dismal'. Her constituency seat, Totnes, is considered safe, having been held by the Conservatives since 1997. Wollaston was re-elected in 2015.

The Members

The majority of the 11 Members (including Chair Sarah Wollaston) are likely to hold onto their seats following the general election in June. There are just two slim majority seats, belonging to Conservatives Andrea Jenkyns and James Davies, but this is unlikely to change the overall balance of the Committee.

Committee Focus

The Committee has recently focused on children and young people's mental health, publishing a joint report in May 2017 with the Education Committee, and the impact of Brexit on health and social care, publishing a report on people and progress in April 2017.

Reform of health and social care is a policy priority for all of the major parties, as outlined in their respective general election manifestos, and there are several likely priorities for the Committee to pursue over the coming parliamentary term. The development of Sustainability and Transformation Plans are expected to have a radical impact on the delivery of services across the NHS, and this would be a natural process for the Committee to examine in detail. Despite the recent work of the Communities and Local Government Committee on adult social care provision, the Conservatives' proposed reforms to funding and altered plans to cap the cost of care for individuals are also likely to be high on the Committee's agenda when it returns.



Business, Energy and Industrial Strategy Committee

The Business, Energy and Industrial Strategy (BEIS) Committee examines the administration, expenditure and policy of the Department for BEIS, which in turn is responsible for: industrial strategy and leading the Government's relationship with business; ensuring the country has secure energy supplies that are reliable, affordable and clean; ensuring the UK remains at the leading edge of science, research and innovation; and tackling climate change. The Department was created on the appointment of May as Prime Minister, who made the decision to merge the responsibility of the Department for Business and Industrial Strategy (BIS) with those of DECC.

The Chair

Iain Wright (Labour, Hartlepool; Majority – 2,033)



Current Chair Iain Wright has announced that he will not stand again in his Hartlepool seat, leaving a question mark over the future direction, and any potential change in focus, of the Committee. As well as steering the Committee's work on BHS, both as BEIS and BIS, Wright has also recently been outspoken on the highly publicised issue of energy prices. A key theme in the 2017 election campaign, due mostly to the Conservatives' uncharacteristically interventionist pledge to place a cap on energy bills, Wright has been quick to add his voice to the debate, publicly criticising EDF for recently hiking their prices and attributing it to the pre-emption of the cap.

The Members

Given the broad principle that the balance of committee Chairs should reflect the party balance in the House of Commons, it is not unlikely that a Conservative MP will be elected as the next BEIS Chair, should the Conservatives make the expected gains on June 8th. On top of this, three of the Committee's members are standing in seats being targeted by the Conservatives – Peter Kyle (Hove), Albert Owen (Ynys Môn) and Anna Turley (Redcar). Of these, the easiest to take will be Hove in terms of the swing needed. As such, the BEIS Committee could be looking at a more heavily Conservative weighted membership.

Committee Focus

One of the Committee's high profile inquiries of recent times has been the BHS inquiry, for which the BEIS and DWP Committees are jointly taking evidence. The investigation into BHS was felt by the Committees to encapsulate concerns about 'the regulatory and cultural framework in which business operates, including the ethics of business behaviour, the governance of private companies, the balance between risk and reward, mergers and acquisitions practices, the governance and regulation of workplace pension schemes, and the sustainability of defined benefit pensions'.²

Following the election, it is possible that the tone of the Committee could be overall less interventionist, as is typical of the Conservative approach to markets and business (despite its energy price cap pledge), although this depends on which party secures the chairmanship. While it will still scrutinise the operations and cultures of UK business, it may take a more relaxed approach to the way markets function and interact. There may also be less emphasis on environmental and energy issues, given that this has not traditionally been a high priority for the Conservatives in the context of the Party's overall policy agenda.



Treasury Committee

The Treasury Committee examines the expenditure, administration and policy of HM Treasury, HM Revenue & Customs, and associated public bodies, including the Bank of England and the Financial Conduct Authority (FCA). It is in many respects Parliament's financial watchdog, typically launching inquiries into national fiscal moments such as the Autumn Statement, or events in the wider financial services sector. In the run up to the referendum, the Committee compiled findings on the costs and benefits of the UK's EU membership.

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https://www.publications.parliament.uk/pa/cm201617/cmselect/cmworpen/54/54.pdf?utm_source=54&utm_medium=module&utm_campaign=modulereports

The Chair

Andrew Tyrie (Conservative, Chichester; Majority – 24,413)



The Committee's chair since 2010, Conservative MP Andrew Tyrie, has announced to the surprise of many that he will not stand again in his Chichester seat. Tyrie is a well-known figure among parliamentarians and the public, having fearlessly interrogated senior city executives, regulators and prominent politicians such as Osborne and Hammond. Particularly in the aftermath of the financial crisis, Tyrie's focus was on holding those responsible to account and working to improve accountability and transparency within the sector.

The Membership

The Treasury Committee is chaired by an MP from the governing party, and the position is considered a high profile one and therefore likely to be fought out by a number of candidates. It has been speculated that, in the event that the Conservatives win the election, Steve Baker, MP for Wycombe, and Jacob Rees-Mogg, MP for Northeast Somerset, will run for the chairmanship. Both are incumbent members of the Committee, in safe seats, and both are outspoken Brexiteers. Baker has been known to campaign against bailouts for the financial sector and would perhaps follow in the footsteps of Andrew Tyrie's robust stance towards banks and regulators. Under Rees-Mogg, however, the Committee could feasibly shift in its focus and approach, given his set of more traditional Conservative values. With regard to the financial realm, he garnered attention most recently for his criticism of Bank of England Governor Mark Carney for what Rees-Mogg saw as interference with the EU referendum, rather than for any concerns around the operation and conduct of financial institutions more broadly.

As for the wider membership of the Committee, the Conservatives are targeting all of the seats occupied by the Labour and SNP candidates. Of these, Wes Streeting's Ilford North seat appears most under threat, with a rather small swing needed for the Tories to clinch it.

Committee Focus

As with many other committees, Brexit will inevitably play a significant part in the Treasury Committee's work as the financial consequences of withdrawal become clearer, the regulatory environment for the UK's financial services sector evolves and firms based in the City are tempted abroad. Given the cross-cutting nature of the Treasury's influence on policy, there is a broad range of issues it could consider across funding of public services, tax reform, pensions and other areas. The stance and priorities of the committee are set to be defined by his future Chair.



Education Committee

The Education Committee has won a reputation for being one of the most innovative and forward-thinking of the Commons committees, frequently holding meetings in areas outside of London and arranging public sessions on the value and purpose of education for one of most wide-ranging recent inquiries. Like other departmental committees, its role is to scrutinise policy development in the Department for Education.

The Chair

Neil Carmichael (Conservative, Stroud; Majority – 4,866)



Carmichael has latterly become known as a passionate pro-EU campaigner and, until recently, a member of the group Open Britain. While he does not have a large majority, local election results suggest that Labour is performing poorly in constituencies around the Cotswolds, and Carmichael's popularity means he is likely to be comfortably re-elected.

The Members

The most marginal seat among current members of the Committee is that of Lucy Allan in Telford, who has a slender majority of 730, but general trends in the opinion polls suggest that she can be confident of securing re-election. Beyond Allan, the seat most likely to be at risk is Dudley North, where Ian Austin holds a majority of 4,181 and was under pressure from both the Conservatives and UKIP in 2015. Austin is a popular local MP and his outspoken criticism of his party's leadership may be a bulwark against a Conservative gain in the West Midlands, but the overarching trajectory in the national polls may mean Labour slips to defeat here.

Overall, members of the committee enjoy relatively large majorities and beyond a shift in membership to reflect the new make-up of the House of Commons, none of the other members are likely to be at risk of losing their seats and places on the Committee.

Committee Focus

Alongside health, education is one of the most high-profile policy areas where the Government is most active, and all parties have made a number of significant commitments to all aspects of education. A natural focus will be schools, where the academisation programme and ongoing scrutiny of multi-academy trusts will provide the Committee with a number of areas of interest. The Committee has also not yet considered the Conservatives' plans for grammar schools, something likely to prompt further debate during the next parliament.

Reform of apprenticeship funding may also come back into focus for the committee as it assesses the impact of the introduction of the apprenticeship levy. The other likely area of focus will be children and early years; ongoing work on fostering is likely to be completed, and the committee may want to re-visit childcare funding after the introduction of the entitlement to 30 free hours per week from this September.



Public Accounts Committee

The Public Accounts Committee (PAC), unlike the other committees considered in this report, does not correspond to a single government department; its creation dates back to the 19th century and is responsible for monitoring government spending, ensuring accountability and transparency in the public finances and, crucially, value for money for the taxpayer. In achieving this goal, the committee works closely in tandem with the National Audit Office.

The Chair

Meg Hillier (Labour, Hackney South and Shoreditch; Majority – 13,225)



Hillier's seat – in its various guises – has been held by Labour for decades and she enjoys a comfortable majority in an area of the country where the party is expected to outperform its national share of the vote by a considerable margin.

The Members

A number of members of the Committee as it stood are in relatively safe seats; of 15 members, nearly half go into the election with majorities of more than 10,000. Most of those with smaller majorities are Conservatives who would broadly be expected to increase their majorities. The most marginal seat is that of Treasury Minister Simon Kirby in Brighton Kemptown, who is defending a majority of just 690. One of the committee members who is standing down from the Commons, Liberal Democrat John Pugh, currently has a majority of 1,322 in a seat that will be fiercely contested between the Lib Dems and Conservatives.

PAC is one of the committees that, should its current members wish to continue serving on the Committee, is likely to experience less change following the election than others. As elsewhere, the expectation of an increased Conservative majority will mean that the membership tilts slightly more in favour of the Government, but the likelihood of continued Labour leadership under Meg Hillier, who has only chaired the Committee for two years, will mitigate any potential change in direction.

Committee Focus

The PAC underwent something of a change in image under the chairmanship of Margaret Hodge during the last parliament, becoming more explicitly focused on questions surrounding tax avoidance by large companies in the UK, and enjoyed a higher public profile than it had done previously. Under the chairmanship of Meg Hillier it has been slightly quieter, but no less active in its pursuit of value for money for the public.

With ongoing structural reforms to various parts of the public sector – the continuation of the academies programme and the return of selection in schools, the development of Sustainability and Transformation Plans in the NHS, reforms to prisons – we can expect the PAC to continue to be busy in holding departments to account for reforms that involve significant budgets. The PAC has been particularly critical of the Department for Education’s financial oversight of schools and multi-academy trusts, which may be a continuing theme. In common with other committees, Brexit is also likely to prove to be a recurring theme for the PAC.

Conclusion

There is likely to be more Conservative chairs and members of select committees after the general election. Expectations of an increased Conservative majority mean that more committee places may be filled by new MPs from the government benches, and the chairmanship of some committees currently headed by Labour MPs could switch to the Conservatives. While the committee system is considered to be very robust in its impartiality and determination to scrutinise effectively, closeness of Conservative chairs to the Government and the role of ambitious backbenchers seeking a platform on which to make their name could have an impact and disrupt existing programmes of work within committees.

Brexit and public service reform will further increase the importance of select committees in the Commons. Withdrawing from the EU, and recalibrating the policy and regulatory frameworks across a range of sectors, will dominate Westminster politics over the next parliament. The Exiting the European Union Committee is likely to be an essential tool in Parliament holding the Government to account in light of the high proportion of secondary legislation, which is usually not debated by the whole House of Commons, to alter or remove EU-derived regulations from the statute book. Ongoing reforms to public services, particularly in schools and the NHS, will also command increasing attention from the relevant committees.

This could all have an impact on policy development and scrutiny during the next parliament. Since their inception, select committees have grown in stature and influence, and their role in holding the Government to account, as well as improving the policy-making process, will continue to be important after the general election. Businesses and other stakeholders with an interest in the work of government will need to keep a close eye on the work of select committees and their recommendations over the coming years as a crucial mechanism through which to make their priorities known.