

Government Lead Non-Executive **Annual Report**

Financial Year 2011/12

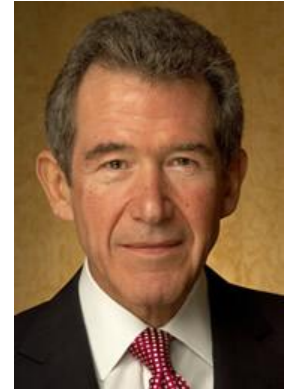


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Introduction from Lord Browne of Madingley Government Lead Non-Executive

By appointing world-class leaders from outside government to Whitehall's Departmental Boards we have taken a hugely innovative and important step forward in realising the government's reform agenda and in using efficiency as a platform for growth



I was appointed to the role of Government Lead Non-Executive on 30 June 2010.

My remit is to work with Secretaries of State to appoint Non-Executives to the Board of each government Department; to improve governance across Whitehall; and to build leadership and management through the Non-Executives and the Boards. Much of our initial work has focused on understanding the challenges that lie ahead, and setting a course for future improvements. Where we have been able to suggest immediate improvements to ways of working, we have done so, but meaningful change of the culture and practices of government needs time to take root.

We have appointed 59 Non-Executives of exceptional calibre to Departmental Boards. This includes 16 Lead Non-Executives, one in each Department, who have additional responsibilities in supporting the Chair of their Board. 34% of Non-Executive appointments are female, which compares well with 15.6% on FTSE 100 Boards, though there remains scope to improve the diversity of Boards, both with respect to gender and other measures.

The Non-Executives bring a range of skills to Departmental Boards which are of direct relevance to government, particularly in the face of the major challenges around reducing the deficit and encouraging growth. Many of the Non-Executives have led large organisations through change, as well as initiated and delivered major projects. They also understand that the challenges facing government are often more complex and multi-dimensional than those facing organisations where success can ultimately be measured by impact on the bottom line.

As well as their role on Boards, the Non-Executives have met in cross-government conferences to consider the big issues that

challenge all government Departments. They have identified five long-term themes where they can support and challenge government to raise its game: Strategic Clarity, Commercial Sense, Talented People, Results Focus and Management Information. These themes are now embedded in the government's new Corporate Governance Code, and Non-Executives are using them to drive change in their Departments.

In the year ahead, there will be three priority areas for Non-Executive focus:

- Capability of Boards and Departments
- Major projects, procurements and commercial opportunities
- Management information

We are not yet two years into this project, and it would strain credibility to argue that everything is perfect. Some Boards still face significant issues around prioritisation and agenda setting, quality of information, engagement by junior Ministers and calibre of secretariat support. We are addressing these issues and moving steadily in the right direction. Transparency is central to public confidence in the changes we are part of. As set out in the Corporate Governance Code I will make a public report annually, and look forward to describing even more progress a year from now.



LORD BROWNE OF MADINGLEY
GOVERNMENT LEAD NON-EXECUTIVE

Scope of the reforms

Our work so far has focussed on **16** Ministerial Departments:

- Cabinet Office
- Department for Business, Innovation and Skills
- Department for Communities and Local Government
- Department for Culture, Media and Sport
- Department for Education
- Department for Energy and Climate Change
- Department for Environment, Food and Rural Affairs
- Department for International Development
- Department for Transport
- Department for Work and Pensions
- Department of Health
- Foreign and Commonwealth Office
- HM Treasury
- Home Office
- Ministry of Defence
- Ministry of Justice

The governance reforms we have undertaken are also being adapted for use in other major public sector organisations, such as HM Revenue and Customs.

Facts and figures

We have appointed **59** Non-Executives across **16** Ministerial Departments.

There have been **115** Enhanced Departmental Board meetings across Whitehall

There have been **7** meetings of the Non-Executives network

5 roundtable meetings of Non-Executives and other experts have taken place on specific cross-cutting issues

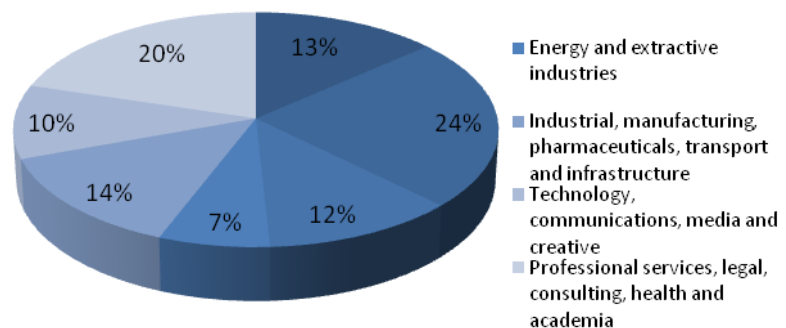
Non-Executives have given evidence to Parliament on **3** occasions

Establishing Enhanced Departmental Boards

Appointment of Non-Executives

Non-Executives are appointed by, and accountable to, the Chairs of their Boards (Secretaries of State). They receive a standard annual remuneration of £15,000 (£20,000 for Lead Non-Executives or Chairs of committees). In practice, almost all offer far more than their contracted time commitment, and some waive their fee.

Government Non-Executives
Primary Experience
(proportion of all Non-Executives whose primary professional experience is in each sector)



Publication of the government Corporate Governance Code

Good corporate governance is essential to effective organisations, whether in the public or private sectors. In July 2011, in consultation with government Non-Executives, Cabinet Office and HM Treasury published *Corporate governance in central government Departments: Code of good practice 2011*.

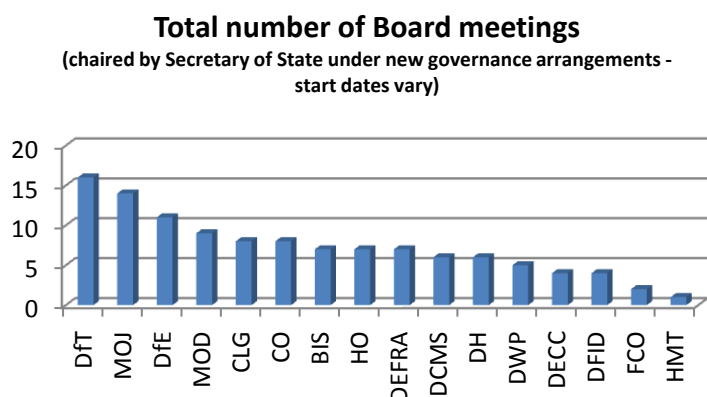
'The generosity with which the Non-Executives are giving their expertise and experience shows what government and businesses can achieve by working together towards the common goals of economic growth, deficit reduction and public service reform.'

David Cameron,
Prime Minister

This document sets out clear roles for Departmental Boards and their members. It recognises that a one-size-fits-all approach to complex organisations does not work. Through a 'comply-or-explain' approach, the Code allows Departments room to implement good corporate governance in a way which makes sense for them. Non-Executives will review the full set of Departmental reports and advise on gaps and good practice.

The Code fully incorporates the five themes which Non-Executives have identified as central to the role of Boards (these are described later in this report). However, it will be of value beyond government Departments. The principles outlined in the Code will prove

useful for other parts of government, including some Arm's Length Bodies, and they are encouraged to apply similar arrangements.



Board effectiveness evaluations

High-performing Boards in any organisation periodically review how they are operating so that they may continuously improve. In line with best practice in the private sector, Departmental Boards are now carrying out annual reviews of their own effectiveness, supervised by Lead Non-Executives.

The Department for Transport and the Ministry of Justice have successfully piloted Board effectiveness evaluations. Evaluations underway in other Departments will be complete by the end of the financial year. Actions arising from them will be described in each Department's annual reports. Every three years, the evaluation will be carried out by someone external to the organisation.

'The high calibre non-executives we have appointed across Whitehall are challenging their departments on progress on efficiency and reform and in implementing government policy. Finding top level directors so quickly was an exercise on the scale of appointing FTSE 100 boards from scratch but non-executives are bringing a business-like approach to government that was lacking before.'

Francis Maude,
Minister for the Cabinet Office

Calls on Non-Executives' time

Non-Executives are having considerable impact through regular involvement in specific issues outside formal Board meetings. For example, some Non-Executives take responsibility with relevant senior officials for working through the implementation and risk issues associated with a cluster of Departmental objectives.

In some cases, this kind of activity can account for the majority of Non-Executives' contributions. This means that many are significantly exceeding the agreed time commitment. Departments need to work with Non-Executives to ensure that calls on the Non-Executives' time are properly prioritised.

Lord Browne's engagements as Government Lead Non-Executive

As part of his role as Government Lead Non-Executive, Lord Browne meets regularly with officials to ensure that work is progressing on the Non-Executives' objectives.

In addition to these routine meetings, Lord Browne undertook **180** engagements as Government Lead Non-Executive between June 2010 and April 2012. These include meetings with Ministers, Permanent Secretaries, and experts outside government; speaking engagements; and attendance at relevant events.

Managing conflicts of interest

As on any corporate Board, conflicts of interest have to be managed. Where Non-Executives are offering expert advice on the work of the Department, Boards are taking a practical approach to managing potential conflicts.

For example, Iain Ferguson, Lead Non-Executive at Defra, does not participate in Board discussions on the Thames Tunnel due to his role as Non-Executive Director at Balfour Beatty.

Ministerial Engagement

Ministerial engagement has generally been good. Secretaries of State are fully involved. There are Departments where junior Ministers are not attending Board meetings regularly, or using the Board to best effect. Ideally all Ministers on the Board would routinely attend Board meetings – where this is happening Departmental strategy and delivery benefit from the alignment of the political, official and Non-Executive leadership.

Where Secretaries of State have limited experience of chairing the Board of a complex organisation, Non-Executives have a role to play in sharing experience. There may also be room for more formal training, including for junior Ministers aspiring to a Secretary of State role.

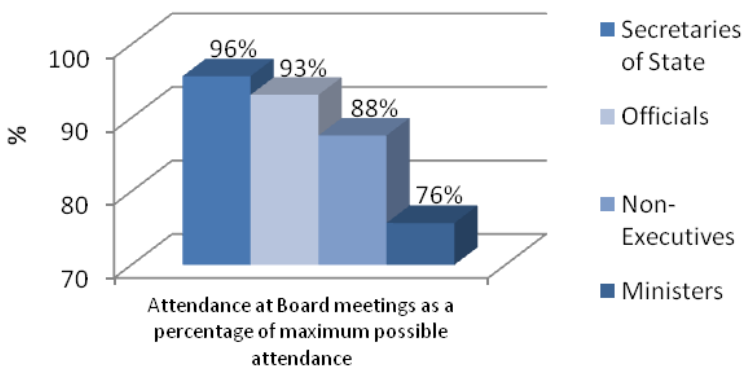
Improving capability in advising and supporting the Board

Non-Executives have found Board secretariat capability to be mixed, with many examples of good practice, and some areas for improvement. In some Departments greater emphasis could be placed on the strategic aspects of the function, with Board secretariats properly planning the forward agenda and ensuring that the right issues are escalated to Board level and the Board is provided with adequate information to scrutinise performance. It is important that the right calibre of personnel are appointed, and that they remain in post for long enough to provide continuity of support.

We have begun a development programme for Board secretariat personnel to build capability. We are working with Permanent Secretaries to begin to address the turnover issue and to ensure that Board Secretariat functions are properly resourced. Lead Non-Executives should be alerted to any planned changes to Board secretariat personnel.

'The government Non-Executives bring a tremendous and varied amount of experience from across the commercial, voluntary and public sectors. They're an important asset to Departments, providing strategic leadership and helping to shape the way central government works for the better. They're also helping the public sector to lead by example, with a significantly higher proportion of women Non-Executives compared to FTSE 100 Boards.'
Nick Clegg,
Deputy Prime Minister

Attendance at Board meetings



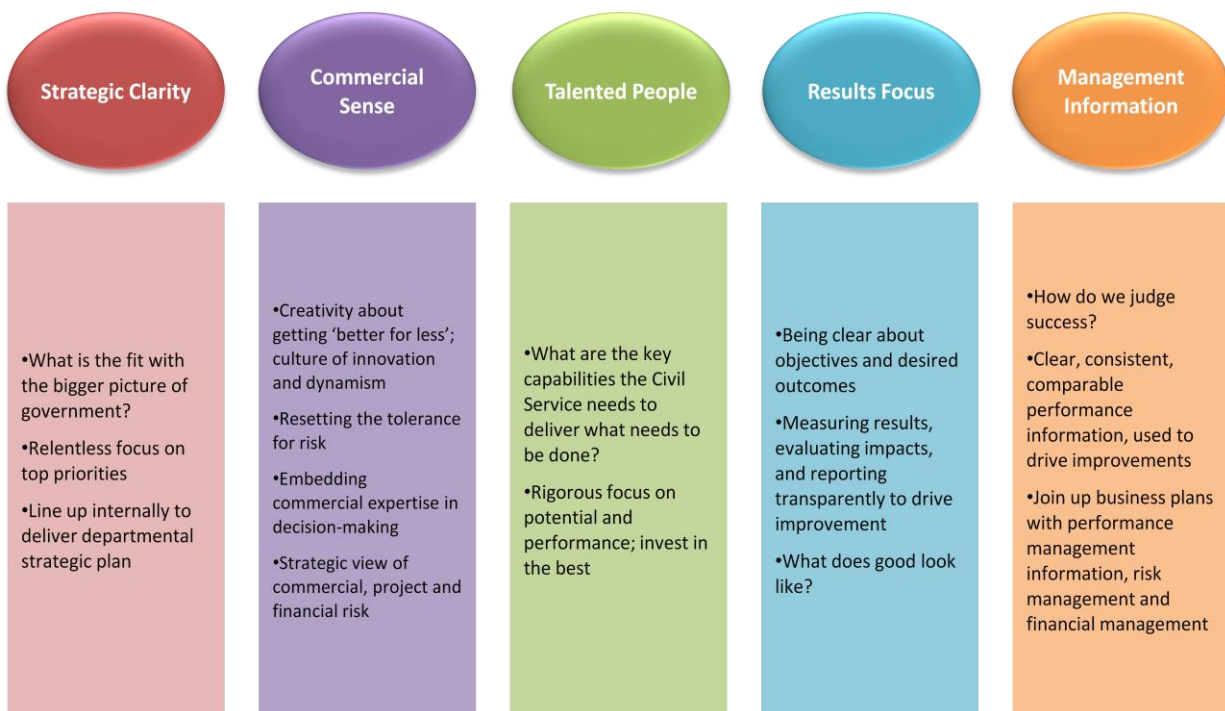
Progress on priority areas

Agreeing high-level priorities

The network of Non-Executives has collectively agreed a strategic framework for Non-Executives' contributions to government. They identified five priority themes where they can particularly add value. These are:

- Strategic Clarity
- Commercial Sense
- Talented People
- Results Focus
- Management Information

These themes are embedded in the new Corporate Governance Code for government which sets out how Enhanced Departmental Boards work, and form the framework for the Non-Executives' cross-government activity.



Promoting flexibility to allow invest-to-save activity

Non-Executives are playing a role in ensuring that the important steps government is taking to reduce the deficit do not become bureaucratic and inflexible, standing in the way of invest-to-save activity.

For Example, Jim Leng (Lead Non-Executive, Ministry of Justice) challenged delays to central approval of the MoJ Future IT Sourcing programme. This resulted in the programme being approved more quickly than would otherwise have been the case, with the potential to bring forward the associated savings.

Improved strategic direction in the Department for Energy and Climate Change

Paul Walsh (Lead Non-Executive, Department for Energy and Climate Change) has highlighted improvement in the strategic focus of DECC as a result of the new Enhanced Departmental Board. The Board is developing strong strategic leadership, which has given better direction to the Department and helped civil servants stay on course to deliver strategic objectives in the face of competing pressures.

Strategic leadership in the Ministry of Defence

The reconfigured Defence Board was established in mid-2011 following the recommendations of the Levene Review. Chaired by the Defence Secretary, it has a tight configuration unifying the Ministerial, civilian and military aspects of the Department's activities with a strong independent voice. It meets monthly and has given clear direction on strategic and financial matters as well as helping oversee the massive transformation that is underway in Defence. It operates in the complex space between the National Security Council which oversees the UK's strategic defence posture and the operations ably conducted by our military forces. Despite this complex background, the Board has maintained its focus on strategy and risk. Work is now in hand to better communicate the work of the Board to those affected by its decisions

Strategic Clarity

Boards are bringing significantly more challenge to the top of government. Bringing together political and official leadership gives Departmental Boards a different complexion and has changed the nature of the debate by creating a single conversation about strategy. Having senior Non-Executive input to these discussions enables more robust scrutiny of Departmental strategy and performance than would otherwise be the case.

Boards in government cannot achieve the same degree of strategic clarity as corporate boards because of the greater complexity of functioning in a political context. Nevertheless, there is scope for greater Ministerial commitment to a long-term strategic plan. Vague strategy, no matter how strongly expressed, is of little value.

'Strengthening Departmental Boards through the addition of senior business leaders, with a wide range of commercial skills, disciplines and knowledge, is bringing new perspectives and challenge to the Department's plans. The Board has already helped ensure robust strategies for the future of local public audit, and stimulated wider debate on the housing and local growth agendas. By focusing on great execution of the key priorities, within a full and complex agenda, the Board can make a real contribution to government's effectiveness.'

Sara Weller,
Lead Non-Executive,
Department for
Communities and
Local Government

Strategies must also be manageable, and not over-complicated. The single biggest difference between Departments and comparable businesses in the private sector is the unmanageable number of priorities: some Departments are looking at over 60, whereas in a business the number of priorities held at Board level would be very significantly fewer.

Changing this will require better prioritisation – including deciding what to stop doing – combined with more effective mapping of people and resources to priorities, and clear accountabilities throughout the delivery chain for delivering the strategic plan. This has started to happen at Board level.

Alongside the clear overall strategy, the systems supporting its delivery are very important. For example, whilst deficit reduction is a top priority for government, there remains no incentive for Departments to under-spend. Incentivising this behaviour could be a powerful driver for finding efficiencies.

Commercial Sense

The need to achieve good value for public money is particularly acute given current economic challenges. The new Boards have helped Departments to take an increasingly commercial approach which can help to improve value for money. Within Departments, there is expert challenge from the Non-Executives, and Finance Directors are playing a greater role on Boards. Boards understand that affordability is a strategic issue. Visibility and accountability is improving across project portfolios, with support and challenge from the government Major Projects Authority.

There is scope to improve strategic investment decision-making such that it focuses better on the long-term interest of the UK. Risk-aversion and short-term expedient decision-making get in the way of judging possible results and taking the appropriate level of risk. Sam Laidlaw, the Lead Non-Executive at the Department for Transport, is helping to challenge this situation by working with experts from across Whitehall to improve procurement in big-ticket infrastructure investment.

A change in culture, by which government recognises better the value of a more commercial approach in specific areas, and recruits and retains people with strong commercial skills, would help to ensure that government is at least an equal partner in commercial negotiations. One example where government has scope to improve further is in relation to risk management. There is a need to address the evaluation and costing of risk, and to recalibrate tolerance for well-managed risk. Achieving best value sometimes entails taking calculated risk. This is true in the public sector as well as the commercial sector. Currently there is no incentive for civil servants to take risk, only downside.

There is potential to encourage greater innovation too. This could help to deliver reforms by reducing reliance on established processes. To innovate effectively staff need to have clarity about when they can experiment with new systems which carry the risk of failure.

'The new Board provides both Ministers and senior officials access to a wealth of experience and a different perspective from the world of business on how we can meet the challenge of delivering our programme of reform across welfare and pensions. I believe that we will start to see the real value of the Non-Executive Board members as we move towards delivering our reforms and are able to draw on their experience of making change a reality.'

Iain Duncan Smith,
Secretary of State for
Work and Pensions

Risk in the Department for Energy and Climate Change

Following consultation with the Audit and Risk Committee, the DECC Departmental Board receives regular reports on the Department's top ten risks. To provide more assurance to the Board on the way that the risks are being managed the Board commissioned a process to allow them to 'stress test' each risk in the top ten. The reviews focus on the following questions:

- is the risk assessment correct and supported by sound evidence?
- is the risk tolerance (the level of residual risk which mitigating actions are designed to achieve) appropriate?
- are the proposed mitigating actions appropriate and can they be expected to deliver the target residual risk in the time predicted?

This has enabled better overall risk management. The Board can take a more strategic approach to managing risk whilst also being able to carry out 'deep dives' into risks one by one.

Intercity Express Programme – Board oversight of key decisions

The Department for Transport is procuring new high-speed intercity trains to run between London and the major cities of the UK. This fleet of trains will be cleaner, greener and faster than its predecessor. The DfT Board has been overseeing the Programme, and the DfT have found the input of their Non-Executives, with their commercial expertise and their experience of decision-taking in the private sector, to have brought a different dimension to Board discussions of this project. The Board has really benefitted from the external input and DfT feel that better decisions have resulted.

Organisational Change in the Department for Business, Innovation and Skills

Andrew Witty (Lead Non-Executive, Department for Business, Innovation and Skills) has taken an active role in sharing success stories and lessons learned from taking a large organisation through a major restructure.

Drawing on his first hand experience, he has:

- delivered a number of seminars for BIS's HR Directorate and senior civil servants, helping them understand their role as leaders taking an organisation through a restructure and talking through ways to re-engage staff.
- hosted two half-day visits to GlaxoSmithKline for BIS's Permanent Secretary and Directors General, and a group of 20 'change agents', to share his organisation's experience of making a major restructure work successfully. This enabled senior staff to identify parallels to draw on for BIS's Change Programme, particularly around setting clear vision, translating this to give local meaning for each team, and how to support and empower staff to take decisions about the future shape of their new teams.
- with BIS's other Non-Executives, advised on the strategy for BIS's Change Programme at Departmental Board meetings and supported its rapid implementation, which is now successfully underway.

Talented People

Non-Executives arriving in Whitehall Departments have found that the calibre of civil servants is generally very high, and that they are committed to improving public services. Systems for tackling poor performance are improving, though this needs to be accompanied by more recognition of good performance. To that end, Boards are beginning to have more sophisticated conversations about talent management.

There remain skills gaps in a number of vital areas, such as commercial skills, project management, performance management, and change management. There is also a strikingly high rate of churn in key civil service posts – incentives and expectations need to be aligned so that there is greater accountability for outcomes and so that individuals see major projects through from milestone to milestone. Non-Executives believe that more focus on talent management at a civil-service-wide level would be beneficial. There would be benefit in keeping key talent groups engaged by investing them in ownership of cross-Departmental priorities.

'The new Board provides an opportunity for my Ministerial team, Non-Executives and lead officials to get together to discuss the key issues facing the Department and to make sure we are on track to deliver the commitments set out in our Business Plan. We really saw the benefit of the new Board when we oversaw the Department's negotiations in the Spending Review and made sure we were in a position to deliver the changes signed up to in the Programme for Government. I am confident that the Board will help the Department deliver the challenging reform agenda it has set.'
Kenneth Clarke,
Secretary of State for Justice

It is well documented that the cost, ambition, complexity and risk of the government's Major Projects Portfolio have increased hugely over the past decade, yet a minority deliver to time cost and quality. Ineffective or inadequate leadership is a key issue inhibiting a greater rate of success. The current Major Projects Portfolio covers more than 200 projects with a total value of around £400bn.

In order to build leadership capability, Non-Executives have worked with the Major Projects Authority to launch the Major Projects Leadership Academy, delivered by Oxford Saïd Business School in partnership with Deloitte. The Academy aims to build the capability of senior project leaders across government to deliver complex projects. The first cohort of 25 project leaders began the programme in March 2012.

In parallel, Non-Executives have supported the Major Projects Authority in launching the Whitehall Project Leaders Network – an expert support network to share best practice and learning for Senior Responsible Owners and Project Directors leading the government’s Major Projects Portfolio. The Academy is also engaging senior leaders in Departments, and held a workshop for Permanent Secretaries held in April 2012.

The Major Projects Leadership Academy provides an opportunity to rebalance esteem between policy skills and delivery and operational skills in the Civil Service.

The constraints on public sector pay and recruitment pose particular challenges for talent management. Even so, there is scope to improve incentives and reward, ensuring these are aligned with the strategic priorities. Individual Departments could potentially be given more flexibility on pay, within a controlled overall envelope.

‘I believe that the Board has made an important contribution in helping the Department get in a strong position to deliver its radical vision of reform for welfare and pensions. As the Department starts to introduce these changes, I envisage that the Board will provide an important challenge to the way in which those changes are delivered and to ensure that DWP continues to do its work in a way that represents value for money, and works in the best interests of both the people it wants to help and the taxpayer.’

Ian Cheshire,
Lead Non-Executive,
Department for
Work and Pensions

Department for International Development Workforce and People Strategy

In late 2011, the Department for International Development’s Board discussed how the Department recruits talent, builds skills and maximises performance. They agreed that DFID should aim to grow talent, both for itself and the wider UK and international development community. As part of that, DFID should be flexible in bringing a wide range of people into the Department, investing in their skills and capability, and then supporting them to get experience elsewhere.

The Board agreed to:

- be more ambitious in terms of its graduate recruitment to bring in fresh talent. DFID have since launched a graduate recruitment scheme that has put them on the Times Top 100 List of Graduate Employers for the first time (despite being a Department of only around 2,500 staff).
- attract mid-career professionals from the private sector to support their policy aims on economic growth, wealth creation and private sector development. The Board agreed that DFID should make this a key plank of their Private Sector Strategy, which is now being implemented.
- build the skills of its staff in working across Whitehall, with private sector, and in fragile and conflict-affected states. This is now being taken forward through a high level Learning Council and new (in house) learning and development programme.
- have good performance management, both of high performers, and of poor performers who should be managed, and if necessary exited, robustly but with dignity.

Departmental Relationships with Arm's Length Bodies

David Verey (Lead Non-Executive, Department for Culture, Media and Sport) is leading cross-government work on helping Boards to understand better their relationships with Arm's Length Bodies, building on good practice being developed within DCMS and other Departments.

Within DCMS, David has provided challenge and support on an initiative to look fundamentally at how the Department engages with its Arm's Length Bodies, and to ensure an emphasis on collecting the right information and a proportionate approach - focussing on the highest risk organisations.

Governance in the Department for Education delivery chain

The Department for Education Board has provided strategic leadership on changes to the Department's arm's length bodies reform programme, including changes to corporate services, primarily through its Performance Committee. This has monitored, challenged and scrutinised the transition from eleven arm's length bodies to four Executive Agencies.

DfE Non-Executives have provided advice, support and challenge on a range of issues associated with the establishment of four new Executive Agencies. They have focussed on areas such as: the recruitment of CEOs, efficient use of IT systems, framework documents, business plans, organisational structure and governance arrangements.

DfE's Non-Executives have each been assigned to one of the four Executive Agencies and are actively involved in the governance of each Agency.

Results Focus

Non-Executives have been driving an improved focus on performance. They have identified a clear need to develop a culture of performance management, moving from observing outcomes to shaping them; rebalancing emphasis from the process of things being done to what has been achieved; and focussing not on why a target was missed, but on why not enough was done to ensure it was hit. There should be a clear vision for success and a manageable number of key performance indicators to track progress against this vision.

Performance management systems could be improved by ensuring that they support cross-Departmental working. The current business planning system does not do this.

Even within Departments, the cross-Whitehall business plans are not in practice used to manage Departmental business. There is significant scope for improvement here.

Issues with performance management persist throughout Departmental delivery chains. Non-Executives have encountered a patchwork approach to Departments' relationships with their arm's length bodies. Some relationships are managed well, but there is more to do to ensure there is always a risk-based and proportionate approach which allows delivery experts to do their jobs, whilst providing accountability for public money.

Across delivery chains as well as across Departments there is scope to do much better on joining up back-office functions. Government is missing an opportunity to share services between organisations - work is underway on this.

'DWP's Non-Executives have quickly got to grips with our implementation and leadership challenges, and are already adding value.'

Robert Devereux,
Permanent Secretary,
Department for Work and Pensions

Management Information

The new Boards have been clear that they require accurate, comparable, reliably-sourced information. In response to this demand, the quality of management information in Departments has been improving. It is becoming more joined-up with finance, allowing Boards to “follow the money” and scrutinise the link between expenditure and impact. This is leading to higher quality Board debate, and enabling more effective challenge. There are examples of good practice in Departments like the Ministry of Justice, the Department for Transport, and the Home Office. The government finance community has begun to come together to share these more widely.

While business planning is improving, it can be better connected with performance information, risk management and financial metrics. To make most effective use of Board members’ time it is vital that there is an emphasis on enabling decisions rather than presenting data “for information”. There has been progress towards establishing a common way of measuring key government information, but further improvements are necessary to ensure that centrally-collected management information is relevant, not unduly burdensome, and enables comparison across Departments and transparency of key performance data.

Non-Executives expect continuous improvement in this area. There should be a “no-surprises” culture and better engagement with Non-Executives between Board meetings. Benchmarking and forecasting are areas where Non-Executives feel government could particularly benefit from learning from the corporate sector. There is scope to improve benchmarking both within government and across broadly comparable external organisations. Equally there could be a sharing of techniques and models between the private and public sector on the forecasting of complex issues.

‘I am seeing already the benefits of the enhanced Departmental Board and the experience and expertise that Non-Executive Board members can bring. I am heartened by the commitment and enthusiasm that has been shown to date, at Board level and right through my Department and its wider network’
Caroline Spelman,
Secretary of State
for Environment,
Food and Rural
Affairs

Scrutiny and challenge through the Cabinet Office Audit and Risk Committee

Rona Fairhead, as Chair of the Cabinet Office Audit and Risk Committee, has been involved in scrutiny of the My Civil Service Pension initiative. She insisted on improved management information before signing-off papers. This has helped drive up expectations about the quality of MI presented to the Cabinet Office board.

Nevertheless, there is more to do. Cabinet Office Board information packs can be lengthy and dense, and there is scope to focus down on the information the Board needs to provide advice and challenge.

Improved financial reporting in the Department for Energy and Climate Change

On arriving in the Department, Paul Walsh (Lead Non-Executive, Department for Energy and Climate Change) found that financial reporting was unnecessarily complex. He has helped to clarify financial reporting processes so that the information the Board receives is more helpful, for example through the use of a clear dashboard of key information, and helps to underpin financially-informed decision making.

Government's top priority – the UK Economy

Challenges around public finances pervade discussions in Boards across Whitehall. This will continue to be the case, not just for the current spending review period but into the future too. Boards have a key role in thinking beyond the short-term political cycle, providing challenge on longer-term issues.

Boards can play an important role in supporting the government's focus on the UK economy, through the twin priorities of deficit reduction and UK economic growth. These should be a central element of Boards' advice and challenge. All Departments have a role to play.

Boards can assist by providing advice and challenge on:

- **Departments' focus on growth** – this is a top priority for government, so stimulating discussion in this area would be a valuable contribution to joined-up working
- **Strategic approach to reform** – salami-slicing will not deliver the scale of the savings needed
- **Implementation** – are the right projects prioritised? Do we have the right management information to steer them? Are reforms taking effect on the ground?

Boards provide the first line of assurance on implementation. Non-Executives may need to challenge Departments to go further on reform of service provision to ensure that cuts are not made in a piecemeal fashion, thereby failing to optimise public benefit.

There is also scope for Non-Executive involvement in future spending reviews, helping to keep the focus on deficit reduction.

Priorities for financial year 2012/13

The governance reforms that have been introduced are not a short-term arrangement. The ambition is a sustainable, long-term change to corporate governance in Whitehall.

Within their own Departmental Boards, Non-Executives will continue to provide challenge and support throughout 2012/13. It is essential that the amount and quality of challenge – one of the most remarked-upon benefits of the changes we have introduced – continues to build. We will examine how to extend the reforms beyond Ministerial Departments to other large public sector organisations, beginning with HM Revenue and Customs.

Non-Executives will continue to drive cross-government activity in 2012. This will build on the work that they have already done in identifying good practice and areas for improvement. In order to focus the input of Non-Executives over the next financial year, we have identified three priority areas for their particular focus.

Capability of Boards and Departments

Non-Executives will act as ambassadors for reducing bureaucracy – with a clear objective to challenge unnecessary or duplicative work. They will provide advice and challenge on the programme of reform underway in the Civil Service, led by Sir Bob Kerslake (Head of the Civil Service; Permanent Secretary, DCLG). Through the Board effectiveness evaluation process they will demonstrate their commitment to continuous improvement, driving improvement in Departments.

Major projects, procurements and commercial opportunities

Project work and procurement activity provide a tangible focus for the Non-Executives' contribution to the growth agenda. Non-Executives will challenge Departments on their major project leadership strategies and seek to ensure that Departments are on course to deliver savings of the necessary magnitude from the major project/procurement portfolio. They will provide advice and challenge on risk management, with particular focus on the biggest, riskiest projects. They will also support the successful operation of the government Major Projects Leadership Academy.

Management Information

Non-Executives will challenge Departments to improve their management information. They will advise on the development of cross-government management information, ensuring it is both useful and proportionate. We expect this priority to be successfully addressed within the next financial year and not to have to revisit it on an ongoing basis. Good management information is a vital means to an end for improving performance and contributing to the transparency agenda. It will also be a crucial building block for the next spending review which we know is going to require difficult spending decisions.

Delivering the priorities

The Non-Executive network will continue to meet on a regular basis, modelling the cross-Departmental working that is necessary if government is to address the challenges facing the UK economy. Issues to address here include identifying policy dependencies, improving the flow of staff between Departments, promoting best-practice sharing and network-building across Departments, and building a more strategic assessment of government-wide risks.

I will report on progress in delivering the priorities at the end of financial year 2012-13.

'By challenging their Departments on how they are contributing to the government's top priorities of economic growth and deficit reduction, Non-Executives are making a key contribution to joined-up government.'
Sir Jeremy Heywood,
Cabinet Secretary

List of Government Non-Executives

Department	Lead Non-Executive	Non-Executives			
DH	Peter Sands	Dr Catherine Bell	Professor David Heymann	Mike Wheeler	Chris Pilling
DWP	Ian Cheshire	Willy Roe	John Clare	Dame Clara Furse	David Lister
Cabinet Office	Lord Browne	Ian Davis	Rona Fairhead	Dame Barbara Stocking	
CLG	Sara Weller	Diana Brightmore-Armour	Stephen Hay	Stewart Gilliland	
Defra	Iain Ferguson	Catherine Doran	Sir Tony Hawkhead	Paul Rew	
DfE	Anthony Salz	Theodore Agnew	Dame Sue John	John Nash	
DfT	Sam Laidlaw	Alan Cook	Sally Davis	Ed Smith	
HMT	Baroness Hogg	Dame Deirdre Hutton	Sir Callum McCarthy	Michael O'Higgins	
Home Office	Val Gooding	Philip Augar	Dianne Thompson	John Allan	
MoJ	Jim Leng	Bill Griffiths	David MacLeod	Dame Sue Street	
BIS	Sir Andrew Witty	Professor Julia King	Dr Brian Woods-Scawen		
DCMS	David Verey	Sir Peter Bazalgette	Dr Tracy Long		
DECC	Paul Walsh	Claire Thomas	Rob Whiteman		
FCO	Sir Richard Lambert	Rudy Markham	Julia Bond		
MoD	Gerry Grimstone	Dr David Allen	Graham Williams		
DFID	Vivienne Cox	Doreen Langston			