



CIVILSERVICE

Introduction to Sponsorship: An Induction Pack for New Sponsors of Arm's-Length Bodies

April 2014

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How to Use This Induction Pack

This document is intended for anyone who has recently taken up post as a sponsor of an arm’s-length body (ALB) with no prior experience of sponsorship. It may be the case that your department or sponsor team has more detailed induction resources, which may deal with the specifics of sponsorship in your department or of your particular ALB. This document therefore should be used as a supplement to those resources: it will give you an introduction to ALBs and some relevant government policy, introduce you to the sponsorship role and refer you to online resources providing important background information for your job role.

At the end of this document there is an induction checklist that should help line managers and new recruits structure the induction agenda over the first four to six weeks. It should serve as a model agenda, adapted to the needs of each individual, and be used alongside departmental or team induction materials wherever possible.

Further advice on how to structure your induction is given in the final section.

1. Introduction to Arm's-Length Bodies

Most ministerial departments are managed using what is known as a 'hub model' – a small strategic core surrounded by a number of arm's-length bodies (ALBs) that focus in depth on clear and specific functions and purposes. These bodies have grown up over time and in response to particular needs and situations - an 'arm's-length body' is an umbrella term that covers bodies of varying size, role and formal organisation status.

ALBs have undergone substantial reform in recent years, but continue to perform significant public functions, including:

- providing public services
- distributing grants in an impartial way
- looking after national assets
- regulating important sectors of the economy
- upholding standards and acting as a guardian of the public interest.¹

They continue to employ large numbers of people and are responsible for a significant proportion of public spending.

There are a number of reasons why it may be desirable for a function to be delivered at arm's length:

- **To depoliticise decision-making**, in order to increase the actual or perceived independence of decisions where political influence is seen as undesirable. Examples include grant-making bodies (e.g. Arts Council), regulatory bodies (e.g. Charity Commission), and tribunals (e.g. Traffic Commissioners and Deputies).
- **To increase operational independence** for bodies performing specialist, technical or commercial functions (e.g. Met Office). These bodies may benefit from greater operational independence or need to regularly recruit from local or specialist labour markets.
- **To allow government access to external skills and expertise**, often at lower cost than consultancy or research (e.g. Science Advisory Council).

¹ [*It Takes Two, How to create effective relationships between government and arm's-length bodies, Institute for Government*](#)

Further information:

[Public Bodies: A Guide for Departments](#), Cabinet Office

[Read Before Burning](#), Institute for Government

[Executive Agencies: A Guide for Departments](#), Cabinet Office

1.1 Different types of ALBs

The relationship between an ALB and its sponsoring department can vary depending on its institutional form. However, the different classes of public bodies are diverse and classification of the organisations themselves is not always a simple process. The category or class of a public body is not directly related to the function that the organisation performs, and it is important to note that the names given to different types of ALB do not always reflect their classification status (for example, the Environment Agency is an executive NDPB, not an executive agency).

Bodies are set up for specific purposes and there is no set template of what a public body should look like. However, over time, a workable taxonomy has emerged.

The Office of National Statistics classifies public bodies for national accounts purposes (i.e. whether it is a private or public sector organisation; and, if it is public sector, whether it is local or central government). Cabinet Office further classifies bodies that fall within central government (e.g. departments, executive agencies, NDPBs etc.) and issues guidance for departments on classification that uses the following taxonomy:

- A. Departments
- B. Non-Ministerial Departments
- C. Executive Agencies
- D. Non-Departmental Public Bodies (NDPBs)
 - D1. Executive NDPBs
 - D2. Advisory NDPBs
 - D3. Tribunal NDPBs
 - D4. Independent Monitoring Boards of Prisons, Immigration Removal Centres, and Immigration Holding Facilities (IMBs)
- E. Advisory Bodies
- F. Public Corporations
- G. Other types of body

A summary of these different classifications, including examples, is found in Annex A. Links to more detailed guidance are contained in the box below.

Further information:

[Categories of Public Bodies: A Guide for Departments](#), Cabinet Office

[Public bodies reports](#), Cabinet Office

[Public bodies guide for departments chapter 1: Case assessment and classification](#), Cabinet Office

1.2 Public Bodies Reform

The UK has a long history of government organisations that have a degree of independence from ministers or the Crown. Over decades, the number of public bodies and the amount of public money they spent steadily increased, fuelling concerns about the efficiency and legitimacy of the public sector operating in this form. Both Coalition parties entered the 2010 General Election promising to reduce ALBs in number and cost.

In 2010, Francis Maude, Minister for the Cabinet Office, announced the Government's intention to undertake a comprehensive review of public bodies. Two guiding principles underpinned the Coalition's case for reform: a determination to increase democratic accountability; and the pressing need to tackle the budget deficit by reducing overall government costs and ensuring greater value for money in public spending.

The 2010 review looked at over 900 public bodies. In the first instance, it looked at whether the functions of each of these public bodies were still needed and, if they were, whether they should continue to operate at arm's length from government. This decision was based upon three tests:

- 1) Does it perform a technical function?
 - Likely to require expertise which makes it perform more effectively at arm's length from ministers.

- 2) Do its activities require political impartiality?
 - Requires freedom from political interference.

- 3) Does it need to act independently to establish facts?
 - Performs functions that require the collection and impartial analysis of data.

Public bodies that passed at least one of these three tests were retained and, where appropriate, reformed to increase efficiency and ensure appropriate accountability to taxpayers. Public bodies that did not pass one of these tests were earmarked for abolition, with their functions either to be abolished, transferred into central government, or transferred out of the public sector altogether. The Government also proposed merging bodies where we identified duplication of activity.

The 2010 Review considered over 660 NDPBs, as well as over 240 other bodies including some non-ministerial departments and public corporations. Executive agencies were not included. The outcome of the Review was announced by the Minister for the Cabinet Office, Francis Maude, on 14 October 2010². The Government is abolishing more than 200 bodies and merging over 170 bodies into fewer than 80, ensuring an overall reduction of approximately 300 bodies by the end of this Parliament. Of those that remain, 120 are being substantially reformed and almost all are reducing their administrative costs. Altogether, around 500 of the bodies that were reviewed in 2010 are being reformed in some way.

To support departments in implementing reforms to bodies that were set up by primary legislation, the Government introduced the Public Bodies Bill, which received Royal Assent on 14 December 2011. The Public Bodies Act 2011 provided powers to reform 292 public bodies and allows ministers, by order, to abolish or make certain changes to the listed public bodies subject to consultation and Parliamentary approval.

Further information:

[Public Bodies Reform](#), Cabinet Office webpage

[Public bodies reports](#), Cabinet Office

[The Approval Process for the Creation of Non-Departmental Public Bodies](#), Cabinet Office

² [Francis Maude, Minister for the Cabinet Office, Written Ministerial Statement, 14 October 2010](#)

1.3 Transformation and Continuous Improvement

In the process of reforming public bodies, a number of supplementary but important issues have emerged. The relationship between public bodies and sponsoring departments has come under greater scrutiny and raised important questions about roles and responsibilities. In response to this, the Cabinet Office has published updated guidance regarding public appointments and corporate governance.

Triennial Reviews

A very significant change has been the introduction of Triennial Reviews in 2011-12, which all NDPBs are required to be subject to at least once every three years.

At these reviews, ministers and officials from the sponsoring department have to assess whether the function the body delivers is still needed, and if it is, what is the best form for delivery. This assessment should be a 'blank sheet of paper' approach, which looks at a range of delivery options – departments should not just consider whether to maintain the status quo. Triennial reviews have two purposes:

1. to provide a robust challenge on the continuing need for individual NDPBs – both their function and their form, employing the 'three tests' discipline and;
2. if it is agreed that a particular body should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.

The reviews aim to maintain the momentum of public bodies reform by providing an ongoing challenge to the continuance of NDPBs, and to ensure that they comply with the principles of good corporate governance. The reviews are also a vehicle for departments to consider opportunities for increasing the effectiveness and efficiency of their bodies and, most importantly, to consider alternative delivery models.

Further information:

[Guidance on Reviews of NDPBs](#),
Cabinet Office

[List of published Triennial Reviews](#)

1.4 Public Sector Change

The public bodies landscape looks radically different as a result of the reforms initiated in 2010, with fewer, slimmer bodies working in a focused way to deliver important functions. There is greater accountability, with control over public services handed in greater measure to those who use them, while ministers take strategic policy decisions and control core costs.

These reforms need to be seen in the wider context of public sector change. There is a pressing need to achieve efficiency savings wherever possible, and for the public sector to do all it can to support economic growth within fiscal restraints. Against this backdrop, the Efficiency and Reform Group (ERG) in Cabinet Office is working in partnership with HM Treasury and government departments to deliver efficiencies, savings and reforms. ERG aims to transform the way public services are delivered, improve user experience and support UK growth. Many of these changes will have far-reaching effects on departments and their ALBs; some key elements of this reform agenda of which sponsors will need to be aware are listed below.

Cabinet Office Controls

Together with long-term structural reform programmes, the Cabinet Office controls are a core component of the work to reduce wasteful expenditure and help reduce the fiscal deficit.

The controls have three key objectives:

- **To help organisations stop unnecessary expenditure**, such as the use of consultants in cases where the work can be undertaken in-house.
- **To help organisations deliver value for money**, such as supporting an organisation to deliver an ICT project for less cost, without reducing its scope.
- **To help organisations deliver Government reform**, such as ensuring the alignment of a new digital service to the Government's digital strategy.

The controls cover expenditure in: advertising and marketing and communications; strategic supplier management, including disputes; commercial models; ICT; digital service delivery (including ID assurance); external recruitment; consultancy; redundancy and compensation; learning and development; and property.

Sponsors will need to be aware of which controls apply to their ALBs and the specific ways in which they are applied.

Civil Service Reform

The Civil Service plays a crucial role in modern British life, supporting the wellbeing, security and prosperity of the country. The UK's budget deficit means that departments are implementing significant reductions in public spending and resources. At the same time, they are supporting the Government's radical programme of economic and public service reform. All departments are already implementing substantial change programmes, but the scale of the challenges and persistent weaknesses require a reform plan that applies right across the Civil Service. The plan sets out a series of specific and practical actions for reform, which, when implemented, will lead to real change for the Civil Service and make it more skilled, more digital, more unified, more open and more accountable.

Executive agencies are part of the Civil Service and this plan therefore applies to these bodies. NDPBs operate with a greater degree of independence. Some will have civil servants working within them and these staff will be directly affected by the reforms. The principles of the Reform Plan however, in particular the shared service agenda, will apply to all NDPBs.

Although sponsors should be familiar with the whole range of reforms, they will be particularly interested in those related to operational delivery. The substantial savings that need to be made in operational delivery mean that productivity needs to be improved. For the most part, these changes will be delivered by innovating service delivery; using technology to achieve efficiencies; working in partnerships and sharing services; and looking at whole-system continuous improvement approaches. Departments will commission services from others where this achieves a better service to the public or better value for the taxpayer.

The shared service agenda and innovative service delivery will be key areas of change for ALBs in the future; the latter is discussed in more detail in the following section.

Alternative Delivery Models

Another way the Government is meeting the challenge of improving the provision of public services at a time of reduced public expenditure is through the introduction of best-suited commercial models – innovative, service specific, delivery models, including mutuals, that can maximise both the quality of the service provided and make optimal use of government's assets, while promoting growth.

The Government is determined to encourage a diversity of different providers of public services, including public, private and charitable sectors. This will create more competition and choice, leading to better value for money for the taxpayer. By opening up service delivery, public sector staff can take control of their services, using their expertise to innovate and drive improvement.

The Open Public Services White Paper and the Civil Service Reform plan encourage Departments and their ALBs to move away from a default approach of in-house provision and to adopt the most effective delivery models to drive improvement across public services. Often this involves getting the best out of the private or voluntary, community and social enterprise sectors through partnering or other innovative forms of commercial model than the well-trodden outsourcing route; and through increased employee engagement, ranging from involvement in an organisation's governance to holding an interest in its shareholding structure.

The Commercial Models Team in Cabinet Office helps major delivery departments and ALBs identify and develop opportunities for transforming service delivery. Departments will seek to identify innovations and new models for delivery that improve service delivery and increase value for money through the Triennial Review process discussed above.

Further information:

[Guidance](#) on Cabinet Office Controls

Civil Service Reform [website](#)

2. The Relationship between Departments and their ALBs

The varying size and nature of ALBs, and the range of functions they carry out, means that there is no absolute template for how the relationship between departments and their ALBs works. However, many features of the relationship between departments and their ALBs are common across government:

- The powers and functions of each ALB are set out in its operating framework, sometimes based upon founding legislation;
- The Secretary of State is ultimately accountable to Parliament for the overall effectiveness and efficiency of each ALB for which their department is responsible;
- The chair of each ALB board is responsible to a minister for ensuring that the body's policies and actions support ministers' strategic aims;
- On behalf of the Secretary of State, acting through the senior sponsor, the department must exercise meaningful and commensurate oversight of ALB strategy, financial management, performance and risk management; for some bodies this can extend to policy development;
- The departmental board should ensure that there are robust governance arrangements with each ALB board, setting out the terms of the relationship, how they promote high performance and how performance will be reported and monitored;
- The Departmental Accounting Officer (AO)³ must be satisfied that the ALB AO is satisfactorily discharging their responsibility for the use of public money, whether voted by Parliament or funded by levies or other mechanisms, intervening where necessary if an ALB is drifting off track. An AO must also be satisfied that the consolidated resource accounts are accurate and not misleading;
- Senior sponsors (SCS) are responsible for managing the relationship with an ALB on behalf of the minister and the AO. Day-to-day management will usually be delegated to a supporting sponsor or sponsor team.

³ An Accounting Officer acts within the authority of the Minister and must be able to assure Parliament and the public of high standards of probity in the management of public funds. The Departmental Accounting Officer (the Permanent Secretary), will sometimes delegate some of their responsibilities to an Accounting Officer within an ALB. An ALB will only have an Accounting Officer if it has its own budget or grant-in-aid.

Key principles concerning this relationship

Subject to the above, the department and its ALBs should be guided by the following principles.

For the department

Each ALB should be treated as a trusted delivery partner and the conduct of business with each body should take due account of its role and functions. The body should be encouraged to contribute to the workings and management of the department. To that end, the department should observe the following principles:

- a policy of ‘no surprises’ should be adopted;
- bodies should be consulted when policies are being developed which would be delivered by them, or where their expertise would contribute to a policy’s success, except where a conflict of interest would arise;
- bodies should be consulted on their performance objectives and outcomes before final decisions are taken;
- bodies should be allowed to develop and implement delivery mechanisms with sound governance and control, in line with the core function of the body, to deliver ministerial objectives;
- when information on the body’s business is requested by the department, the reasons for the request should be clearly articulated;
- the department should exercise adequate challenge on the appropriateness for a particular body to comply with a request for information supply/disclosure;
- the department should act appropriately on risks and issues that have been escalated from the body and, in addition, the focus of the oversight exercised by the department should be on gaining assurance:
 - about the overall efficiency and effectiveness of the body and not about detailed financial planning or investment decisions, except where Government fiscal policy requires otherwise;
 - that propriety and regularity are observed;
 - regarding the robustness of the framework within which individual decisions are taken but not about individual decisions taken within that framework;
 - about the body’s business performance against agreed objectives;

- about any matters for which the department retains overall responsibility, including Information Security.

For ALBs

ALBs should have regard to the following principles:

- a presumption in favour of openness and transparency should guide the body's conduct of business - any exceptions to this should be fully justified, under the guiding principle of comply or explain;
- the outcomes which the body works to deliver should be consistent with those set by the department;
- the ALB board should advise the Secretary of State of any changes which may impact on the strategic direction of the body or the attainability of its objectives;
- the ALB board should have proper regard in its decisions to the strategic aims set by ministers and communications to that end from departmental officials;
- each body should report on a regular basis, and in a transparent manner, to the department on its business and financial performance;
- risks should be managed in partnership with the department and escalated where appropriate;
- requests for information from the department on the body's business, for example in relation to PQs, should be dealt with within reasonable timescales.

3. The Sponsor Role and Responsibilities

Sponsors are the link between departments and their ALBs. What that means in practice can vary considerably, depending on, for example, the size and nature of the body, but there are also many common aspects to good sponsorship.

The key focus for much of the sponsorship role is to support sponsored bodies in being accountable, high-performing organisations, delivering value for money services as outlined in their business plan and supporting the parent department in achieving its objectives. An excellent sponsorship function is underpinned by two key elements:

- good governance structures and processes;
- good relationships with the sponsored body, based on open and honest interactions.

All sponsors must strike a balance between control and allowing the sponsored body to operate independently day to day. Control is necessary because it is the department that is ultimately accountable to Parliament for the use of public funds by their sponsored ALBs. Sponsors are responsible, on behalf of ministers and the Departmental Accounting Officer, for holding ALBs to account and gaining assurance in the areas outlined above. Another reason for control is that ALBs can pose risks to their sponsoring department, whether they be financial, legal, reputational or otherwise.

However, while some degree of control is essential, the very reason for an organisation to exist at arm's length is to give it some degree of independence from central government. This independence can often be very important for the retention of public confidence in how the function for which the ALB is responsible is performed. The correct balance between control and operational freedom will vary for each sponsored body,⁴ but getting this balance right is a challenge faced by many sponsors. Sponsors must establish good governance structures and processes, and maintain good relationships in order to attain this balance.

⁴ For example, according to such things as: the size of the ALB, the political sensitivity of their work and the political risk they pose to the department.

Further information:

[It Takes Two](#), Institute of Government

[It Takes Two: A Framework for Effective Relationships between Government and its Arm's-Length Bodies](#), Institute of Government/Public Chairs' Forum

What you are aiming for:

- Effective and appropriate governance structures and processes that ensure the sponsored body is accountable and maintains high standards of probity in the management of public funds.
- Risk management processes that allow both parties to effectively identify and alert the other to risks and to potential areas of tension.
- Effective, strategic trust-based relationships between your department and its ALBs, based on common understanding of roles and responsibilities, involving both formal and informal mechanisms for communication.
- A clear channel of two-way communication between you and the ALB and avoidance of a multiplicity of contacts.
- Consistent, reliable high performance from the ALB, aligned with departmental and government policy and priorities.
- Constructive input from the ALB on policy issues where the department has the lead and the ALB has relevant operational knowledge or other expertise.
- Only requesting information you need from the ALB, and being clear about why you are asking.
- Positive relations between 'families' of ALBs within and beyond the department.

3.1 List of Sponsor Responsibilities

Government departments organise their sponsorship functions quite differently, and sponsors will have different combinations of responsibilities based on the department they work for, the body they are sponsoring and their position in the team. A list of the main activities and responsibilities carried out by sponsor teams is set out in the following section, and this will help give you an idea about what you may face in your new role. It is not the case that a sponsor's role will include all of the elements listed here; indeed, there are many sponsors who combine sponsor duties with another role, and they might only ever be involved with some of these elements. However, neither should this be taken as an exhaustive list of sponsors' responsibilities.

Governance, Funding and Financial Management

- Sponsors must ensure that appropriate governance structures, financial controls and accounting arrangements are in place and clearly set out in key documentation. These arrangements should be in line with government and departmental processes, guidance and standards (including Managing Public Money), and be compliant with the body's constitution. Sponsors must ensure their body has an up-to-date financial delegation in place, and that, if the ALB has its own Estimate or grant or grant-in-aid, an Accounting Officer has been designated.
- Sponsors will be involved in agreeing an appropriate Framework Document with an ALB, detailing the overriding principles of governance and the relationship with the sponsoring department. The Framework Document will need to be reviewed periodically.
- Sponsors are responsible for ensuring appropriate financial memoranda and memoranda of understanding are in place, and that the ALB is compliant with the principles within. These memoranda give greater detail on accounting and audit arrangements or how the sponsoring relationship works in practice. They are typically reviewed more regularly than the Framework Document. Sponsors should also have an awareness of their department's financial management reporting procedures and should ensure the relevant links are made between financial and operational performance to provide the necessary oversight, challenge and assurance.
- Often, sponsors may be involved in setting budgets and monitoring performance against those budgets, ensuring any forecast overspends are identified early and action is taken to mitigate. Agreeing an appropriate budget will require careful balancing of the needs of the ALB against any

departmental requirements for efficiencies or spending controls, and sponsors will need to ensure that their Finance Business Partners are engaged appropriately. The process may involve sponsors reviewing an ALB's planned delivery programme to ensure it is affordable and also require an understanding of the ALB's key priorities and costs. In the current financial climate, sponsors will also have a critical role to play in agreeing and monitoring progress against an ALB's savings plans.

- For some ALBs, sponsors will need to administer grant-in-aid payments to the body, ensuring they are paid in a timely manner with appropriate sign-off, and that the level of funding requested is appropriate so that the ALB does not build up large cash balance.
- ALBs may be required to produce business plans detailing their objectives, activities and underpinning financials. Departments will typically need to approve these plans, and sponsors will play a role providing constructive challenge to ALBs during this process, ensuring they reflect departmental priorities.
- Sponsors may have a role reviewing annual reports and accounts, to assess whether propriety, regularity and value for money have been achieved and seek explanations for unusual trends or figures.

Further information:

[Managing public money](#), HM Treasury,
(Annex 7.4 for Framework Documents)

[Combined Code on Corporate Governance](#),
Financial Reporting Council

[Financial Reporting Manual](#), HM Treasury

[Guidance](#) on governance and risk
management, HM Treasury

[Corporate governance in central government
departments; Code of Good Practice](#), HM
Treasury

Performance Monitoring, Risk Management and Assurance

- ALBs may be required to produce a business plan setting out how they intend to achieve their overarching objectives, as determined by the department. These business plans would often include key performance targets covering both financial and non-financial performance, against which the ALB would report to help provide assurance that they are achieving their objectives. Sponsors may be involved in ensuring these targets are appropriate, effective, and aligned with government and/or departmental policy and with ministerial priorities.
- Sponsors are typically involved in monitoring ALB performance against these agreed measures, and may need to take action if targets are not met. Monitoring may take place through a programme of regular, recorded accountability meetings with the ALB, proportionate to its size and complexity.
- Sponsors support the sponsoring minister and departmental Accounting Officer by keeping them informed of the body's performance and ensuring the departmental board receives information to enable it to monitor and assure itself of the ALB's performance, including its strategy, resources, change agenda, capability and risks.
- Sponsors must ensure adequate internal and external audit arrangements are in place. They will typically be required to review audit reports and may attend sponsored organisations' audit committees and/or management boards.
- Sponsors will need to ensure that their ALB has effective and proportionate internal risk control process in place, and that there is an effective process for escalating risks to the department.
- Sponsors may attend sponsored bodies' meetings where risks are reviewed to better understand their risks and to challenge risk identification and response.
- Sponsors will typically need to administer a process for assessing and recording the risks that the ALB may pose to their department, and ensure the right level of scrutiny/sponsorship is applied to mitigate this.
- Sponsors may need to ensure that the ALB has effective policies/arrangements in place in relation to managing information assets, security, business continuity and sustainability, ensuring that relevant management information is supplied when requested by the department.
- Sponsors may need to ensure that ALBs complete an annual governance statement and provide any relevant assurance.

Further information:

[Orange Book: Management of risk - Principles and Concepts, HM Treasury](#)

[Managing public money](#), HM Treasury

[Guidance](#) on governance and risk management, HM Treasury

[Managing Information Risk](#), National Archives

[Information on Audit Committees](#), National Audit Office

Communication, Information Sharing and Relationship Management

- Sponsors act as an intermediary between the department and the sponsored organisation, facilitating contact between the body and others within the department and across Whitehall.
- Sponsors should establish clarity of expectation in the sponsor/sponsored body relationship, both in terms of roles and responsibilities and in how they will deal with each other, i.e. open, honest, supportive and challenging.
- Sponsors have a role communicating new policy developments, ministerial priorities to the ALB, and ensuring that the sponsored body is aware of information held in the department which is relevant to its operational effectiveness.
- Sponsors can act as an advocate for their ALB, and help feed insight from their sponsored body into policy teams, ensuring that policy development is informed from a delivery perspective.
- Sponsors may be involved in sharing best practice and encouraging collaborative working between the department and their sponsored body, and with other ALBs.
- Sponsors ensure senior civil servants and ministers in the department are well informed and engaged as required, and maintain constructive relationships with key personnel in the sponsored body. Sponsors may need to deal with ministerial correspondence, briefings and PQs, in respect of the ALB and FoI requests when appropriate.

Further information:

[It Takes Two: A Framework for Effective Relationships between Government and its Arm's-Length Bodies](#), Institute of Government/Public Chairs' Forum

Reviewing, Reforming or Setting Up a Body

- The form and function of ALBs are regularly reviewed, and sponsors may be involved in reviewing a body in a variety of ways. Unless granted an exemption, all NDPBs must undergo a review every three years – this must be undertaken independently from the responsible sponsor team. When necessary, sponsors may be responsible for coordinating a Triennial Review of their sponsored body, ensuring this is carried out according to the agreed schedule and arranging for an independent team to perform the actual review. They may also be involved in undertaking a Triennial Review of a NDPB sponsored by another team within the department or elsewhere.
- Sponsors may, from time-to-time, be involved in reforming an ALB. Although it is not uncommon for ALBs to undergo reform, the task of closing or transferring a body is different from business-as-usual sponsorship. If a sponsor does find themselves involved in reforming a public body, there are a number of specific issues in which they may need to gain expertise, such as: producing final accounts, records management, pension transfers, redundancy, staff retention and transfer. In these instances, it is advisable to contact the Cabinet Office Public Bodies Reform Team and the relevant HMT spending team at an early stage.
- Similarly, sponsors may become involved in setting up a new ALB, although this is not a routine aspect of the job. There are specific issues involved in this that sponsors would not necessarily be familiar with, but sponsors need to be aware of what these might be and how to find out more information. It is Government policy that new NDPBs can only be set up as a last resort, and Cabinet Office has published guidance on this process (see box below).

Further information:

[Triennial Review Guidance](#), Cabinet Office

[The Approval Process for the Creation of Non-Departmental Public Bodies](#), Cabinet Office

[Guidance on reforming public bodies for officials](#), Cabinet Office

Public Appointments, Induction and Training, and Staff

- The ALB's own board is responsible for holding the ALB to account and should ensure that effective systems and arrangements are in place to provide assurance on risk management, governance and internal control. The board will take forward the strategic aims and objectives of the ALB, consistent with its overall direction and within the policy framework set by the parent department. While board composition may vary by ALB, the board will usually have a chair and consist of executive and independent non-executive members. The non-executive members may be public appointees whose role is to provide support and constructive challenge. Appointments of such public appointees to the boards of ALBs are usually made by ministers in accordance with the Commissioner for Public Appointments' Code of Practice. Sponsors must keep the balance of public appointees under review, to ensure appropriate expertise is in place. The list of bodies and statutory office holders that are regulated by the Commissioner for Public Appointments is set out in the Public Appointments Order in Council (see further information below).
- If a new appointment is required, sponsors may be required to administer the appointments process, including developing role specifications and adverts, appointing an independent panellist or Public Appointments Assessor as appropriate, and following all the other relevant procedures.
- Sponsors will need to liaise with their departmental public appointments co-ordinator in advance of any recruitment campaign. It is important to ensure that the Centre for Public Appointments, at the Cabinet Office, is also involved well in advance of any reappointment or new recruitment campaign.
- Sponsors may have a role in setting and administering remuneration and expenses, and may have a role ensuring appointees comply with good governance principles and process, for example, publishing Codes of Practice or Registers of Interest.
- Sponsors typically organise induction programmes for their public appointees, and ensure an effective performance appraisal process is in place. Senior sponsors may be required to carry out the annual appraisal of the Chair's performance.
- Even where an ALB employs its own staff, departments typically retain the right to approve the Chief Executive's appointment, their terms and conditions and remuneration package, their objectives and whether they have met these

targets before a performance bonus is paid. Sponsors must represent the department's interest in these matters.

- Sponsors may be responsible for ensuring their public bodies comply with government and departmental HR policy and initiatives, including Cabinet Office recruitment controls, performance management and appraisal systems, grading, equal opportunities, pay and terms and conditions, staff conduct, etc. The level of flexibility that ALBs have in these areas varies according to the status of the body.

Further information:

[Making and Managing Public Appointments – A Guide for Departments](#), Cabinet Office

[Code of Practice](#), The Commissioner for Public Appointments

[Public Appointments Order in Council](#), Cabinet Office

[Induction guidance for new Board Members of public bodies](#), Cabinet Office

[Code of Conduct for Board Members of Public Bodies](#), Cabinet Office

Public Appointments [Website](#)

4. Induction Checklist

This checklist should help line managers and new recruits structure the induction agenda over the first four to six weeks. It should serve as a model agenda, adapted to the needs of each individual. The programme of induction should be developed with the feedback and input of the new staff member so that the induction process is a two-way process. When deciding what the induction programme should look like, it is suggested that the following be considered:

- What is the individual's prior experience? (e.g. are they new to the department and/or new to sponsorship? Do they have prior experience of working with ALBs? Do they have prior experience of finance, business planning? etc.)
- What level of responsibility will the individual be required to take on?
- Are there particular specialist areas that the individual will be responsible for?
- What will be the most important aspects of their role?
- What activities/events will the individual will be involved in early in their role?
- The nature of the body or bodies they will be sponsoring.

The sponsor role, and the processes that sponsors will need to be familiar with, do vary considerably between departments and by sponsored body. For that reason, the induction should be supplemented or superseded by departmental or team induction materials wherever possible, as these materials should deal in more detail with the specifics of sponsorship that the new joiner will face.

Sponsors are particularly encouraged to visit their sponsored body or bodies early on and take advantage of any induction they are able to provide. Line managers and sponsors should consult their sponsored body or bodies when devising their induction schedule.

As they progress through their career, sponsors should review their learning regularly. Given the large variety of issues, including many one-off issues, that sponsor teams deal with, it is acknowledged that learning on-the-job and learning through others are two of the most effective methods, and sponsors are encouraged to make use of the variety of methods of learning that are available. However, sponsors should find it helpful to review the sponsorship competency framework and learning pathway in identifying learning needs and opportunities with their line manager.

Induction objective	When	How	Materials
<p>1. Develop understanding of the ALB landscape, relevant Government policy and the sponsor role</p>	<p>↑ Week 1-2 ↓ ↑ By week 4 ↓</p>	<ol style="list-style-type: none"> 1. Read this handbook, and familiarise yourself with the guidance listed within, including background on the wider government agenda discussed in the first part of this document. 2. Read any department-specific guidance on sponsorship. 3. Meet with predecessor in role (if possible) and read handover notes (where available). 4. Meet with line manager to discuss their expectations of you and key priorities. 5. Meet with ALB senior staff to discuss their expectations of you and to agree ways of working. 6. Familiarise yourself with the PCF/IfG relationship framework and web tool, and check the results of any earlier use of the tool with your ALB. 	<ul style="list-style-type: none"> • <i>Introduction to Sponsorship: An Induction Pack for New Sponsors of Arm's-Length Bodies</i> • Job Description • Handover notes (if available) • It Takes Two: A Framework for Effective Relationships between Government and its Arm's-Length Bodies • PCF/IfG Relationship Web tool
<p>2. Understand the work and priorities of the sponsored ALB</p>	<p>↑ Week 1-2 ↓ ↑ By week 4 </p>	<ol style="list-style-type: none"> 1. Read the ALB's website and other materials they publish explaining their work. 2. Identify links to the objectives of the ALB to your department's business plan. 3. Where available, read the ALB Corporate/Business Plan and Annual Report. 4. Familiarise yourself with the history of the ALB, their framework document, terms of reference, founding legislation, constitution of the Board and when appointments expire, board meeting minutes and forward programme, performance management framework, performance reports and other 	<ul style="list-style-type: none"> • Department Business Plans <p>The ALB being sponsored can provide their:</p> <ul style="list-style-type: none"> • business plan • Annual Report • legislation • framework document • terms of reference • board minutes and forward plan • risk register

Induction objective	When	How	Materials
	<p style="text-align: center;">↓</p> <p style="text-align: center;">By week 6</p> <p style="text-align: center;">↑</p> <p style="text-align: center;">↓</p>	<p>management information.</p> <p>5. Familiarise yourself with the department's and the ALB's risk registers and risk management frameworks.</p> <p>6. Familiarise yourself with the financial position of the ALB – how are they funded? Do they receive grant-in-aid? What is their budget for the year and is it likely that their spending will be in-line with this?</p> <p>7. If applicable/available, read the most recent Triennial Review, and note when the next one is due.</p> <p>8. Check whether your ALB is due to undergo any reform, and if so how.</p> <p>9. Visit the ALB to develop a solid understanding of both the context and day-to-day operation of the ALB.</p> <p>10. If applicable/appropriate, meet key staff at the ALB, including for example: the Chief Executive, the Chair, ALB leads on Finance, HR, Business Planning, Risk, Operation, etc. Get to know a range of staff and discuss regular catch-up meetings/visits.</p> <p>11. Attend an accountability meeting.</p> <p>12. If possible/appropriate:</p> <ul style="list-style-type: none"> • arrange an 'immersion' visit (i.e. opportunity to work shadow staff over the course of a number of days, and see the day-to-day operations of the organisation). • attend the ALB's staff induction programme. 	<p>Department colleagues can provide:</p> <ul style="list-style-type: none"> • performance reports • management information • departmental risk register • Most recent Triennial Review (where applicable/available)

Induction objective	When	How	Materials
		<ul style="list-style-type: none"> attend the next ALB board meeting. 	
3. Understand the policy context in which the ALB operates	By week 6	<p>Meet with the relevant Policy team lead (this may not always be the same team as the Sponsor) and discuss:</p> <ul style="list-style-type: none"> Current policy context and key issues Strategic policy direction Other linked policy areas Key policy documents 	<p>This could include:</p> <ul style="list-style-type: none"> White Papers ministerial submissions etc.

Annex A: Classification of public bodies

A. Departments

Central government departments, usually headed by a Secretary of State or other senior minister, are staffed by civil servants and are ultimately accountable to Parliament through their minister.

Examples: Department of Health, Ministry of Defence, the Cabinet Office.

B. Non-Ministerial Departments

Are government departments in their own right, not headed by a government minister but accountable to Parliament through their sponsoring minister in a ministerial department. They are usually headed by a statutory board, are staffed by civil servants, and receive their own Estimate (money voted directly by Parliament).

Examples: HM Revenue & Customs, UK Statistics Authority, Food Standards Agency.

C. Executive Agencies

Executive agencies are defined business units within a government department headed up by a chief executive (CEO) who is often supported by a management board. They receive their funding through their parent department and do not have a separate legal identity. Agencies carry out services or functions with a focus on delivering specific outputs, with policy set by ministers. They are staffed by civil servants, but operate with a degree of autonomy.

Examples: UK Space Agency, HM Courts and Tribunals Service.

D. Non-Departmental Public Bodies (NDPBs)

D1. Executive NDPBs

Executive NDPBs are bodies with a national or regional remit that carry out a wide range of administrative, commercial, executive and regulatory or technical functions. They are headed by an independent board (appointed by the sponsoring minister) which will generally appoint a CEO with day-to-day responsibility for managing the body.

Executive NDPBs have varying degrees of operational autonomy and independence, but work within a strategic framework set by a minister. They usually receive their funding from their parent department in the form of a grant or grant-in-aid, although some Executive NDPBs also generate additional income.

Examples: Arts Council England, Environment Agency.

D2. Advisory NDPBs

Advisory NDPBs provide expert advice to ministers on specific policy issues on an ongoing basis. Appointments are usually made by ministers, and appointees are drawn from outside government and appointed in a personal capacity because of their skills, expertise or experience. They are usually supported by staff from their sponsor department, and receive their funding by budgetary delegation within the sponsor department's financial framework, rather than a separate grant or grant-in-aid.

Examples: Advisory Council on the Misuse of Drugs, Low Pay Commission, Senior Salaries Review Body.

D3. Tribunal NDPBs

Tribunal NDPBs usually operate under statutory provisions and are usually concerned with the rights and obligations of individuals in relation to a branch of government or other public authority. Appointments are to independent offices of a judicial or quasi-judicial nature. Tribunal NDPBs vary widely in the type and quantity of their work, and are usually supported by civil servants from the sponsoring department.

Examples: Traffic Commissioners, Police Discipline Appeals Tribunal.

D4. Independent Monitoring Boards of Prisons, Immigration Removal Centres, and Immigration Holding Facilities (IMBs)

Every prison and immigration removal centre (and some short-term holding facilities) has an independent monitoring board, which monitors day-to-day life to ensure proper standards of care and decency. They comprise lay volunteers appointed by the Secretary of State, and are supported by civil servants from the sponsoring department.

E. Advisory Bodies

These include Temporary Advisory Bodies, Task Forces and Reviews, Stakeholder Groups/Forums, Public Sector Working Groups and Internal Advisory Committees. They share some characteristics with Advisory NDPBs, but are either established on a short-term basis, serve *ex officio*, do not provide independent advice, or are concerned with internal departmental business and, as such, do not qualify for Advisory NDPB status.

F. Public Corporations

Public Corporations are trading or market bodies that derive more than 50% of their income from fees charged to customers. They are classified to the public sector but they have substantial day-to-day operating independence and employ their own staff.

Examples: Channel 4, Civil Aviation Authority

G. Other types of body

These include Special Health Authorities, Offices, Statutory Office Holders and Parliamentary Bodies.

Examples: NHS Trust Development Authority, the Office of Tax Simplification, the Commissioner for Public Appointments, the Parliamentary Ombudsman.