

Enhanced Departmental Boards: Protocol

Government Departments are not the same as for-profit corporations, but they face many similar challenges. They need to be business-like. They can do this by tapping into the expertise of senior leaders with experience of managing complex organisations in the commercial private sector. These experts will provide challenge and support through their membership of Departmental Boards, which will provide the collective strategic and operational leadership of Government Departments.

“Secretaries of State should chair their departmental board. Boards should comprise other Ministers, senior officials and non-executive board members, largely drawn from the commercial private sector and appointed by the Secretary of State in accordance with Cabinet Office guidelines. The remit of the board should be performance and delivery, and to provide the strategic leadership of the department.”

- Excerpt from Ministerial Code

Composition and remit

The Boards will be balanced, with roughly equal numbers of Ministers, senior civil servants, and non-executives from outside government. They will be chaired by the Secretary of State and meet on at least a quarterly basis. However, best practice is that Boards should meet more frequently.

Boards are advisory in the sense that they will provide advice to the department on issues within their remit, such as strategy and the deliverability of policies. They are supervisory in the sense that they scrutinise reporting from the department on performance, and challenge the department on how well it is achieving its objectives.

Policy will be decided by Ministers alone, with advice from officials. Boards will give advice and support on the operational implications and effectiveness of policy proposals, focusing on getting policy translated into results. They will operate according to recognised precepts of good corporate governance in business:

- **Leadership** – articulating a clear vision for the Department and give clarity about how policy activities contribute to achieving this vision, including setting risk appetite and managing risk;
- **Effectiveness** – bringing a wide range of relevant experience to bear, including through offering rigorous challenge and scrutinising performance;
- **Accountability** – promoting transparency through clear and fair reporting;
- **Sustainability** – taking a long-term view about what the Department is trying to achieve and what it is doing to get there.

Boards advise on, and supervise, five main areas:

- **Strategic Clarity** – setting the vision and/or mission and ensuring all activities, either directly or indirectly, contribute towards it; long-term capability and horizon scanning, ensuring strategic decisions are based on a

- collective understanding of policy issues; using outside perspective to ensure that Departments are challenged on the outcomes;
- **Commercial Sense** – approving the distribution of responsibilities; advising on sign-off of large operational projects or programmes; ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the plan; ensuring organisational design supports attaining strategic objectives; setting the Department's risk appetite and ensuring controls are in place to manage risk; evaluation of the board and its members, and succession planning;
 - **Talented People** – ensuring the Department has the capability to deliver and to plan to meet current and future needs;
 - **Results Focus** – agreeing the operational business plan, including strategic aims and objectives; monitoring and steering performance against plan; scrutinising performance of sponsored bodies; and setting the Department's standards and values;
 - **Management Information** – ensuring clear, consistent, comparable performance information is used to drive improvements.

The board may choose for its committees to carry out some of its activities. As a minimum there should be committees responsible for Audit and Risk (the responsibilities of which will include reviewing the comprehensiveness of assurances and integrity of financial statements), and Nominations and Governance (the responsibilities of which will include ensuring there are satisfactory systems for identifying and developing leadership and high potential, scrutinising the incentive structure and succession planning for the board and the senior leadership of the Department, and scrutinising governance arrangements).

Board members' roles and responsibilities

All Board members should uphold the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

The Chair of the Board will normally be the Secretary of State (the Lead Non-Executive Board Member, or another ministerial Board member, may occasionally deputise if necessary). He or she will maintain a high standard of discussion and debate, helping to steer the Department by facilitating collective working and ensuring that systems are in place to provide Board members with the support they need to carry out their role effectively, such as providing them with timely, relevant evidence on which to base their decisions. Where possible, Board membership will include Ministers from both coalition parties. Where this is not possible, Secretaries of State will consider how coalition interests can best be reflected in Board membership.

Each Board will have a Lead Non-Executive Board Member, who will meet regularly with other Non-Executive Board Members to ensure their views are understood and that the Secretary of State is made aware of any concerns (including through ensuring that the non-execs meet alone with the Secretary of State from time to time). The Lead Non-Executive Board Member will support the Secretary of State in his or her role as Chair of the Board and liaise with the Government-wide Lead Non-Executive Board Member.

Non-Executive Board Members, appointed by the Secretary of State, will be experts from outside Government. They will come primarily from the commercial private sector, with experience of managing complex organisations. In order to achieve representative Boards with broad-based experience, Departments will aim as far as possible to ensure that there at least one non-executive member with substantial experience in the public and/or not-for-profit sectors, in addition to members with strong commercial expertise. Departments should aim to achieve boards which

are diverse – for example, ideally they should include at least one female non-executive board member. These considerations will also be kept in mind when planning for succession.

They will exercise their role through influence and advice, supporting as well as challenging the executive. They will advise on performance (including agreeing key performance indicators), operational issues (including the operational/delivery implications of policy proposals), and on the effective management of the Department. They will also provide support, guidance and challenge on the progress and implementation of the operational business plan, and in relation to recruiting, appraising and ensuring appropriate succession planning of senior executives. They will form committees responsible for Audit and Risk, and Nominations and Governance. To share best practice and to ensure Departments learn from the successes and failures of comparable organizations, they will meet regularly with other non-executives across government and the Government Lead Non-Executive Board Member.

Departments will support this work by providing appropriate management information and direct access to officials outside Board meetings.

Non-Executive Board Members will report their views in their own section of the Department's annual report. Through the network of Lead Non-Executive Board Members, they will also be able to feed their views back to the Prime Minister, and to the Government Lead Non-Executive Board Member, who will chair meetings of the network.

As a last resort, if Non-Executive Board Members judge that the Permanent Secretary is an obstacle to effective delivery, they will be able to recommend to the Prime Minister, Secretary of State and Head of the Home Civil Service that the Permanent Secretary should be removed from his or her post.

The **Government Lead Non-Executive Board Member** will meet regularly with Departmental Lead Non-Executive Board Members, individually and as a collective, and feed their views back to the Prime Minister, Head of the Home Civil Service and Efficiency and Reform Board, and to Parliament through an annual report to the Public Administration Select Committee.

This Protocol forms a key part of the [Government Corporate Governance Code](#), which is available in full from the HM Treasury website.