



**CabinetOffice**

# ADVISORY NDPBs: CORPORATE GOVERNANCE ARRANGEMENTS

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Advisory NDPBs are set up to provide independent expert advice to ministers on an ongoing basis. They are usually established administratively (although some are set up by statute), financed directly by the department and supported by civil servants of the sponsor department. Advisory bodies are usually accounted for through the accounts of the sponsor department. (By contrast, executive NDPBs are often set up through legislation, employ their own staff and prepare their own accounts for presentation to Parliament.<sup>1)</sup>

Corporate governance is defined as the way in which organisations are directed, controlled and led. Ultimately, it defines where accountability lies. This guide has been prepared to set out corporate governance arrangements for advisory NDPBs. It takes account of the principles set out in the *Corporate governance in central government departments: Code of Good Practice*<sup>2</sup>.

The attached framework sets out the broad principles of good corporate governance, and the policies that underpin these, which should apply to all advisory NDPBs. These are drawn from the principles for executive NDPBs set out in *Guidance on Reviews of Non Departmental Public Bodies*<sup>3</sup>. These principles should be applied in a proportionate manner, and when assessing

adherence against these principles Departments should employ the standard comply or explain methodology.

If you have any questions relating to this document, please contact: -

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<sup>1</sup> Please see the Cabinet Office publication *Categories of Public Bodies: A Guide for Departments* which is available on the Cabinet Office website [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk).

<sup>2</sup> *Corporate governance in central government departments: Code of Good Practice* can be found at [http://www.hm-treasury.gov.uk/psr\\_governance\\_corporate.htm](http://www.hm-treasury.gov.uk/psr_governance_corporate.htm)

<sup>3</sup> Cabinet Office, June 2011, this is available on the Cabinet Office website [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk).

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# ACCOUNTABILITY

## Principle<sup>4</sup>

The minister is ultimately accountable to Parliament and the public for the overall performance, and continued existence, of the advisory NDPB.

## Supporting provisions

- The minister and sponsoring department should exercise appropriate scrutiny and oversight of the advisory NDPB. This includes oversight of any public monies spent by, or on behalf of, the body.
- Appointments to the advisory NDPB should be made in line with any statutory requirements and, where appropriate, with the Code of Practice issued by the Commissioner for Public Appointments.
- The minister will normally appoint the chair and all board members of the advisory NDPB and be able to remove individuals whose performance or conduct is unsatisfactory.
- The minister should meet the chair on a regular basis<sup>5</sup>.
- There should be a requirement to inform Parliament and the public of the work of the advisory NDPB in an annual report (or equivalent publication) proportionate to its role<sup>6</sup>.
- The advisory NDPB must be compliant with Data Protection legislation.
- The advisory NDPB should be subject to the Public Records Acts 1958 and 1967.

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<sup>4</sup> Although most advisory NDPBs are not set up on a statutory basis, established as companies or have charitable status, any that are should ensure that they comply with any relevant statutory and administrative requirements. In such cases cross reference should be made with the section on statutory accountability in the Principles of Good Corporate Governance for Executive NDPBs in the Cabinet Office's *Guidance on Reviews of Non-Departmental Public Bodies* p19

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<sup>5</sup> Departments should define an appropriate timetable of such meetings with the NDPB, however such meetings should take place at least annually.  
<sup>6</sup> See Chapter 6 of *Public Bodies: A Guide for Departments* for more information this is available on the Cabinet Office website [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk).

# ROLES AND RESPONSIBILITIES

## Role of the sponsoring department

### Principles

The departmental board ensures that there are appropriate governance arrangements in place with the advisory NDPB.

There is a sponsor team within the department that provides appropriate oversight and scrutiny of, and support and assistance to, the advisory NDPB.

### Supporting provisions

Depending on the risks to the department's wider objectives and/or the size of the advisory body, the following arrangements may need to be put in place:

- The departmental board's agenda should include scrutiny of the performance of the advisory NDPB proportionate to its size and role<sup>7</sup>.
- There should be a document in place which sets out clearly the terms of reference of the advisory NDPB. It should be accessible and understood by the sponsoring department and by the chair

and members of the advisory NDPB. It should be regularly reviewed and updated.

- There should be a dedicated sponsor team within the parent department. The role of the sponsor team should be clearly defined.
- There should be regular and ongoing dialogue between the sponsoring department and the advisory NDPB.
- There should be an annual evaluation of the performance of the advisory NDPB and any supporting committees – and of the Chair and individual members<sup>8</sup>.

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<sup>7</sup> Such scrutiny should take place on at least an annual basis, and in line with the department's broader policy and processes on organisational performance management.

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<sup>8</sup> The sponsoring department is responsible for assessing the performance of the Chair. The Chair is responsible for assessing the performance of non-executive board members.

## Role of the chair

### Principle

The chair is responsible for leadership of the advisory NDPB and for ensuring its overall effectiveness.

### Supporting provisions

- The advisory NDPB should be led by a non-executive chair.
- There should be a formal, rigorous and transparent process for the appointment of the chair. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments<sup>9</sup>. The chair should have a clearly defined role in the appointment of non-executive board members.
- The duties, role and responsibilities, terms of office and remuneration (if only expenses) of the chair should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The responsibilities of the chair will normally include:
  - representing the advisory NDPB in any discussions with ministers;
  - advising the sponsoring department and ministers about member appointments and the performance of members ;
  - ensuring that the members have a proper knowledge and understanding of their role and responsibilities. The chair should ensure that new members undergo a proper induction process and is normally responsible for undertaking an annual assessment of non-executive board members' performance;
  - ensuring that the advisory NDPB, in reaching decisions, takes proper account of guidance provided by the sponsoring department or ministers;
  - ensuring that the advisory NDPB carries out its business efficiently and effectively; and
  - representing the views of the advisory NDPB to the general public, when required.

<sup>9</sup> <http://publicappointmentscommissioner.independent.gov.uk/>

## Role of other members

### Principle

The members should provide independent, expert advice.

### Supporting provisions

- There should be a formal, rigorous and transparent process for the appointment of members to the advisory NDPB. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments<sup>10</sup>.
- Members should be properly independent of the Department and of any vested interest (unless serving in an ex-officio or representative capacity).
- Members should be drawn from a wide range of diverse backgrounds, but should have knowledge and expertise in the field within which the body has been set up to advise ministers. The advisory NDPBs as a whole should have an appropriate balance of skills, experience, independence and knowledge.
- The duties, role and responsibilities, terms of office and remuneration of members should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office

guidance<sup>11</sup> and with any statutory requirements.

- All members must allocate sufficient time to the advisory NDPBs to discharge their responsibilities effectively.
- There should be a proper induction process for new members. This should be led by the chair. There should be regular reviews by the chair of individual members' training and development needs.

All members should ensure that high standards of corporate governance are observed at all times. This should include ensuring that the advisory NDPB operates in an open, accountable and responsive way.

<sup>10</sup> <http://publicappointmentscommissioner.independent.gov.uk/>

<sup>11</sup> *Making and Managing Public Appointments*, Cabinet Office, 2006 – this is available on the Cabinet Office website [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk).

# COMMUNICATIONS

## Principle

The advisory NDPB should be open, transparent, accountable and responsive.

attending Party Conferences in a professional capacity<sup>12</sup>.

## Supporting provisions

- The advisory NDPB should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000.
- The advisory NDPB should make an explicit commitment to openness in all its activities. Where appropriate, it should establish clear and effective channels of communication with key stakeholders. It should engage and consult with the public on issues of real public interest or concern. This might include holding open meetings or annual public meetings. The results of reviews or inquiries should be published.
- The advisory NDPB should proactively publish agendas and minutes of its meetings.
- There should be robust and effective systems in place to ensure that the advisory NDPB is not, and is not perceived to be, engaging in political lobbying. There should also be restrictions on members

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<sup>12</sup> See the Cabinet Office website [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk).



# CONDUCT AND BEHAVIOUR

## Principle

Members should work to the highest personal and professional standards. They should promote the values of the advisory NDPB and of good governance through their conduct and behaviour.

## Supporting provisions

- There are clear rules and guidelines in place on political activity for members and that there are effective systems in place to ensure compliance with any restrictions.
- There are rules in place for members on the acceptance of appointments or employment after resignation or retirement. These are enforced effectively.
- A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all members. This should follow the Cabinet Office Code<sup>13</sup>. All members should be aware of the Code. The Code should form part of the terms and conditions of appointment.
- There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for members. This is regularly updated.
- There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules.

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<sup>13</sup> *Code of Conduct for Board Members of Public Bodies*, Cabinet Office, 2011 – this is available on the Cabinet Office website [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk).