



CHIEF
EXECUTIVES'
FORUM



Chairs' Forum

CIPFA

Enhancing the Effectiveness of the Corporate Governance of Public Bodies in the Northern Ireland Public Sector – Next Steps



Adam Smith
Business School



Welcome and Introduction

Paul Archer



Chairs' Forum

Enhancing the Effectiveness of the Corporate Governance of Public Bodies in the Northern Ireland Public Sector

Dr Gary Martin

University of Glasgow

Tony Wall

Ulster University



Adam Smith
Business School



Background to Research Project

- **Research partners: Chief Executive's Forum, Chair's Forum, CIPFA and UU**
- **Funded by the Department of Finance and Personnel**
- **Aimed to propose a series of workable, practical suggestions for the enhancement of the corporate governance of Non-Departmental Public Bodies (NDPBs) in the Northern Ireland public sector**
- **Research took place between late 2014 and late 2015**



Adam Smith
Business School



Methodology

- **Two stage data collection process**
- **Phase One – scoping of key issues using a questionnaire instrument (100 responses)**
- **Phase Two – 27 in depth, semi-structured interviews, investigating the issues identified in Phase One**
- **Both phases – operated on the ethical principle of ‘informed consent’**
- **Frame of reference – ‘Public Bodies’ document published by OFMDFM**

Phase One

Issues identified where boards were most effective:

- **promoting effective working relationships with executive management**
- **working to agreed deadlines**
- **fostering a culture of constructive challenge**

Phase One

Issues identified where boards were least effective:

- **role of the board in increasing citizen awareness of public body activities**
- **encouraging ongoing CPD of board members**
- **taking a structured approach to succession planning**
- **the use of technology in supporting board processes**

Phase Two – A Synopsis

- **Semi-structured interview process, open questions to allow for in-depth exploration of issues**
- **Interviewees – involved in a range of senior governance roles in public sector**
- **This part of the fieldwork carried out between May and September 2015**

What Makes an Effective Board?

- **Everyone involved in governance should have a common vision for the organisation, a sense of ‘corporacy’ – outcome focused**
- **Role clarity crucial**
- **A culture of constructive challenge, underpinned by effective relationships**

What Makes an Effective Board?

- **Necessary ingredients:**
 - **Strong leadership and communication skills from Chair and clarity around board member roles**
 - **Climate of trust between all involved**
 - **Structures to serve achievement of outcomes**

What Makes an Effective Board?

- **Necessary ingredients (continued):**
 - **Demonstrable understanding of risk**
 - **High levels of preparedness, enabling engagement**
 - **Board composition**
 - **Importance of localised adaptation of best practice**
 - **Chair/CEO relationship**

Strategic and Operational Issues

- **Clarity about how these issues are dealt with**
- ***But....*present fiscal environment is conditioning how these matters are presenting themselves**

Use of Information and Board Size

- **Good amounts of information, evidence of use of technology**
- **Need, however, to have more uniform provision of information, data to be managed more effectively**
- **Variety of opinion on board size: some preferring smaller board size; others seeing number on boards not as important as the competencies of those sitting on them**

Strategic Succession Planning

- **Practice could be much better, and more effective**
- **Strategic consequences**
- **Rethinking approaches to succession planning**
- **Expanding the diversity of board member skill sets**

Risk Management

- **Better managed than previously**
- **However, still process heavy**
- **Wider system functioning – impacting on risk management**
- **Need for streamlining and simplification**

Stakeholder Engagement (1)

- Time and resource intensive
- To be effective, effective communication linked to organisational values necessary, a continuous process
- Being influenced by prevailing resource constraints - future impact in relation to stakeholder engagement
- Local context for engaging with the local population– benefits of proximity

Stakeholder Engagement (2)

- **Views on Sponsor Department Engagement**
 - **Variability of experience in terms of engagement**
 - **Engagement effectiveness – grade dependent**
 - **Volume of disparate information requests – implications for workload of NDPB**

Suggestions for Development

- **Four main suggestions came out of the research:**
 - **Reaching role clarity**
 - **Promoting effective and proportionate governance relationships**
 - **Training and development at a time of austerity**
 - **Building better board packs**

Reaching Role Clarity

- **Need to clarify the roles, responsibilities, expectations, boundaries and functions of boards specifically, and NDPBs more generally**
- **In the context of the Northern Ireland public sector, there is the need to articulate clearly how the roles of key governance players – e.g. the Chair, CEO, AO, ED and NED – are defined and applied in practice**
- **In light of this process, clarify further the role the board plays in relation to the formulation and execution of strategy**

Reaching Role Clarity

- **More guidance needed in certain areas:**
 - **The ‘softer’ interpersonal skills involved in board relationships and their development**
- **Strategic succession planning**
 - **Process heavy nature of public appointments system**
 - **Perceived lack of diversity**
 - **Ways in which NDPB boards operate – attracts certain type of applicant**

Reaching Role Clarity

- **Too much guidance takes a ‘broad brush’ approach**
- **More of a focus on outcomes – as opposed to processes**
- **What does high level guidance, such as the Nolan principles, look like in practice? That is - ‘move from the aspirational to the practical’**
- **‘Building an appreciation of what good looks like’ - best practice cases**

Reaching Role Clarity

- **Potential solutions**
 - **A comprehensive review of NDPB board effectiveness**
 - **A thorough and ongoing analysis of the purpose of a board and assessment of what NDPBs exist to achieve**
 - **This review would need to have regard to the variety of public body types and functions**

Promoting Effective and Proportionate Governance Relationships

- **The Civil Service should undertake a review of engagement processes to ensure *consistency* of practice with regard to the sponsorship relationship**
- **As well addressing the consistency of sponsorship relationships, this could encompass consideration of the role, function and purpose of NDPBs as delivery entities**

Promoting Effective and Proportionate Governance Relationships

- **How do sponsorship staff across all grades interact with NDPBs?**
- **Enhancing communication processes between the civil service and public bodies, recognising the benefits for decision making processes**

Training and Development at a Time of Austerity

- **How can governance be best practiced at a time of ongoing austerity and cuts?**
- **Austerity impacts upon:**
 - **Public engagement**
 - **Strategic and operational issues ('firefighting')**
- **A need to share best practice and develop innovative training opportunities that are cost effective**

Training and Development at a Time of Austerity

- **Potential suggestion - the development of online portals and tools to facilitate cost effective distribution and dissemination of governance materials**
- **Don't let silo approach hamper sharing of best practice**
- **Innovative settings for meetings to improve engagement? The use of social media?**

Building Better Board Packs

- **What does a good board pack look like?**
- **Whilst there is usually plenty of data available, not all of it is useful for decision making – need to address the adequacy and relevance of information, as well as information updates between meetings**

Building Better Board Packs

- **Issues to be considered:**
 - **how to shape effective agendas that fit with the strategic scope of the board;**
 - **building effective agendas that focus on important issues, underpinned by sound evidence bases;**
 - **assessing what an appropriate volume of papers would be; and**
 - **providing guidance on when papers should be added and, equally importantly, dropped from board packs.**

A Final Suggestion

- **Self-improvement sources for boards, e.g.:**
 - **‘Enterprise Governance’ report, published by the International Federation of Accountants (IFAC) – looks at the conformance and performance aspects of governance**
 - **Julia Unwin’s roles in relation to boards– peacemaker, challenger, history holder, compliance king or queen, passionate advocate, data champion, wise counsel, inspiring leader, fixer, risk taker, strategist and user champion**



Introduction of Panellists

Stephen Peover



CHIEF
EXECUTIVES'
FORUM

The Panel

Kieran Donnelly – NIAO

Steve Mungavin – CIPFA

Judena Leslie – OCPANI

David Sterling - DFP