

CSPL SUBMISSION TO PACAC INQUIRY ON THE ROLE OF NON-EXECUTIVE DIRECTORS IN GOVERNMENT

Introduction

1. The Committee on Standards in Public Life (CSPL) is an independent, non-departmental public body that advises public office holders on the arrangements for upholding standards of conduct across public life in England. The Committee is an advisory body; it does not have investigative powers or consider individual cases. Please see **Annex A** for the Committee's remit and current membership.
2. The Committee articulated the Seven Principles of Public Life – commonly referred to as the Nolan Principles – in its first report in 1995: honesty; objectivity; openness; selflessness; integrity; accountability; and leadership. These principles apply to all public office holders, including those who are elected or appointed, and those in the private sector providing public services.
3. CSPL welcomes this Public Administration and Constitutional Affairs Committee inquiry into the Role of Non-Executive Directors in Government.

Response to consultation

4. Non-executive directors exist to provide oversight and governance of government departments. They are typically drawn from the commercial private sector and add value to government by bringing “independent judgement to bear on issues of strategy, performance and resources, including appointments and standards of conduct”.¹ They provide constructive scrutiny and internal challenge to the work of government departments, which is welcome. This requires them to have relevant experience and expertise – and an awareness of the standards expected of those who serve the public in government roles.
5. Non-executive directors can also play a part in supporting the ethical leadership of government departments and the Civil Service.
6. One area that has caused concern is the way in which some non-executive directors have been appointed.
7. Non-executive director appointments are currently directly appointed by ministers without going through the usual public appointments process regulated by the independent Commissioner under the Governance Code.
8. The HMT/CO Code of Corporate Governance states that appointments are made by secretaries of state on merit following a fair and open competition.² However, there is

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/554817/Striking_the_Balance_web_-_v3_220916.pdf

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/609903/PU2077_code_of_practice_2017.pdf

limited information about what this means in practice. The Committee agrees with the former Commissioner for Public Appointments, Peter Riddell, that greater transparency is needed about how unregulated appointments are made.³

9. During our recent review, *Upholding Standards in Public Life*, we heard evidence of an increasing trend amongst ministers to appoint political allies and special advisers to departmental boards.⁴ This was not the intended purpose of these independent appointments and may limit the commercial expertise available to challenge and scrutinise the work of departments.
10. To enhance public confidence in appointments to these important roles, the Committee has previously recommended and remains of the view that the appointments process should be regulated under the Governance Code for Public Appointments.
11. Given their unique access to government, clear and transparent arrangements are also required to manage any conflicts of interest and business appointments appropriately.

CSPL
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<https://constitution-unit.com/2021/05/16/the-public-appointments-system-is-under-strain-it-needs-more-clarity-and-transparency/>

⁴ <https://www.gov.uk/government/collections/standards-matter-2>

COMMITTEE ON STANDARDS IN PUBLIC LIFE

The Committee on Standards in Public Life is an independent, advisory Non-Departmental Public Body (NDPB). The Committee was established in October 1994, by the then Prime Minister, with the following terms of reference:

To examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life.

The Principles of Selflessness, Objectivity, Integrity, Accountability, Openness, Honesty and Leadership remain the basis of the ethical standards expected of public office holders and continue as key criteria for assessing the quality of public life.

The remit of the Committee excludes investigation of individual allegations of misconduct.

On 12 November 1997, the terms of reference were extended by the then Prime Minister:

To review issues in relation to the funding of political parties, and to make recommendations as to any changes in present arrangements.

The Committee's terms of reference were further clarified following the Triennial Review of the Committee in 2013. The then Minister of the Cabinet Office confirmed that the Committee:

Should not inquire into matters relating to the devolved legislatures and Governments except with the agreement of those bodies. Secondly the Government understands the Committee's remit to examine "standards of conduct of all holders of public office" as encompassing all those involved in the delivery of public services, not solely, those appointed or elected to public office.

Committee membership as July 2022:

- Lord Evans of Weardale KCB DL, Chair
- Rt Hon Dame Margaret Beckett DBE MP
- Ewen Fergusson
- Professor Dame Shirley Pearce DBE
- Professor Gillian Peele
- Rt Hon Lord Stunell OBE
- Rt Hon Jeremy Wright QC MP

The Committee's work is supported by a Research Advisory Board, chaired by Professor Mark Philp.

