

**The Government
Lead Non-Executive's**

Annual Report 2017-18

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Introduction

It is with great pleasure that I deliver my fourth report as Government Lead Non-Executive, covering the period 2017-18.

I have been delighted to lead the Non-Executive Network during this enormously challenging and interesting period. Non-executives often remark that they find the business of government vastly more complex than the private sector. We offer advice and challenge on the implementation of government policy, an area which is fast-moving, complex and with many moving parts. The sheer scale is also much greater, as is the impact on the lives of citizens.



I have met regularly with departmental non-executive board members, individually and as a collective, and fed their views back to Ministers, the Cabinet Secretary and the Chief Executive of the Civil Service. We have enjoyed great levels of engagement and honest conversations.

I also participated in the Public Administration and Constitutional Affairs Committee: **Inquiry into Civil Service Effectiveness**, which focused on how Ministers and civil servants work together, and the effectiveness of the departmental Board.

This year the Civil Service has been moving to implement the UK's exit from the European Union. It is essential that the Civil Service has the right people in the right place to manage this, and that major projects (especially digital projects) are well procured and managed. This is where non-executives can provide great support.

I am delighted to have been re-appointed by the Prime Minister as Government Lead Non-Executive, for a second three year term starting on 2 April 2018. It is my intention to use my second term to keep up the high calibre of non-executives, and to push on particular cross-cutting themes such as talent, major projects and prioritisation.

I would also like to thank those non-executives who retired as their terms of office came to an end, and welcome more than 26 new non-executives to the network. We look forward to supporting Ministers and civil servants over the coming year.

A handwritten signature in black ink, appearing to be 'I. Cheshire', written over a faint horizontal line.

Sir Ian Cheshire
Government Lead Non-Executive

Chancellor of the Duchy of Lancaster

The non-executives and department boards continue to demonstrate how government can benefit from such diverse expertise and experience, as we deliver the significant challenges that face us. I thank them for their insight and dedication to departments and look forward to their continued support, challenge and advice.

Sir Mark Sedwill, Cabinet Secretary and Head of the Civil Service

We have significant challenges to meet in terms of EU Exit and making ourselves a truly brilliant Civil Service – one that constantly innovates, anticipating and adapting to advances in technology and new trends in society. Our non-executives are key in ensuring we achieve this success. Their focus on working with department boards is instrumental in achieving the right outcomes in a complex landscape and continually challenging us to think about whether we could do things differently.

John Manzoni, Chief Executive of the Civil Service and Permanent Secretary to the Cabinet Office

Non-executives continue to provide vital challenge and support to government. Their expertise has improved the operation of departmental Boards and helped to focus attention on our priorities for major projects and talent. Over this next period, as we move to EU Exit Implementation, our non-executives will play an important role by helping departments to prioritise across their delivery areas and to prepare for the upcoming Spending Review.

Miranda Curtis, Lead Non-Executive FCO

The experience of being a [lead] non-executive in government is a fascinating challenge, providing a bird's eye view of how skilled and knowledgeable civil servants tackle the most complex political, economic and diplomatic issues, whilst offering an opportunity to build on one's own private sector experience to provide constructive challenge and support. In the FCO that role has encompassed issues ranging from the restructuring of the FCO's property portfolio, to preparations for Brexit, departmental and individual performance reviews, through to supporting bids for new budget and resources.

Chapter 1: Review of the departmental board programme in 2017-18

This year marks the seventh year since the introduction of the departmental board model. The model brings together non-executives, ministers and civil servants at departmental boards, chaired by the Secretary of State. This chapter provides information about board meetings and attendance.

It is important to add that non-executives also make a substantial contribution outside of the board room, for example chairing or sitting on Audit and Risk Assurance Committees and People Committees (or equivalent). Non-executives often take on extra roles both within departments and also across government. Examples include:

- providing advice and challenge to the development and refresh of the department's Single Departmental Plan
- providing advice and challenge relating to specific major projects and transformation programmes
- engaging in activities to build talent, such as staff development programmes
- leading annual performance reviews of Permanent Secretaries
- providing informal advice and support to officials and ministers
- taking part in appointment exercises within departments and in their wider departmental family organisations

The departmental case studies, set out in Annex 1, provide great examples of these types of roles in action. Being open and welcoming of challenge, particularly from those with extensive experience of running complex organisations, can help to prioritise work, expose problems early, manage risks in a sensible way, develop creative solutions, and ensure that government delivers on the commitments that matter.

Board Meetings

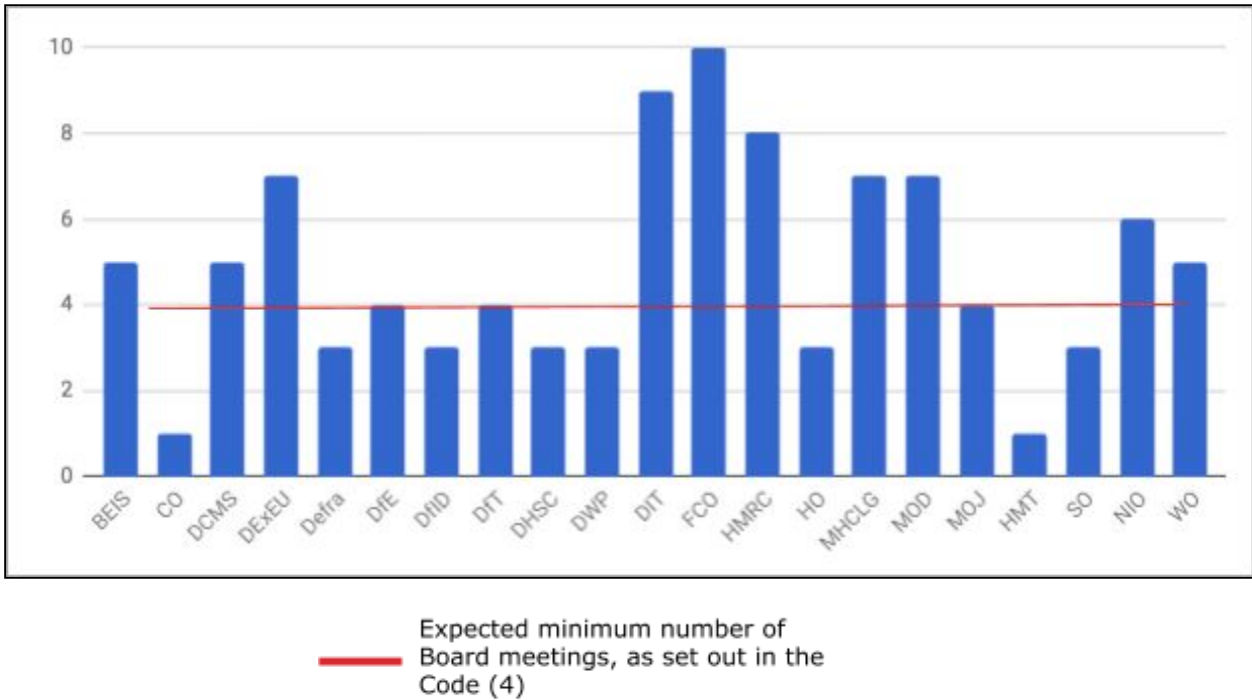
Frequency

In 2017-18, 101 departmental board meetings were held across 18 central government ministerial departments and 3 Territorial Offices.¹ This represents an average of 5.5 meetings per department, which meets the required minimum of four meetings per department per year. The average number of meetings has increased from 2016-17.

There has always been a variety in the frequency of board meetings across departments, and, as Figure 1 illustrates, the majority have met at least four times.

¹ The 18 Departments are: BEIS, CO, MHCLG, DCMS, Defra, DEXEU, DFE, DFID, DFT, DHSC, DIT, DWP, FCO, HMT, HO, MOD, MOJ, one non-ministerial department (HMRC), and 3 Territorial offices (Scotland Office, Wales Office, Northern Ireland Office).

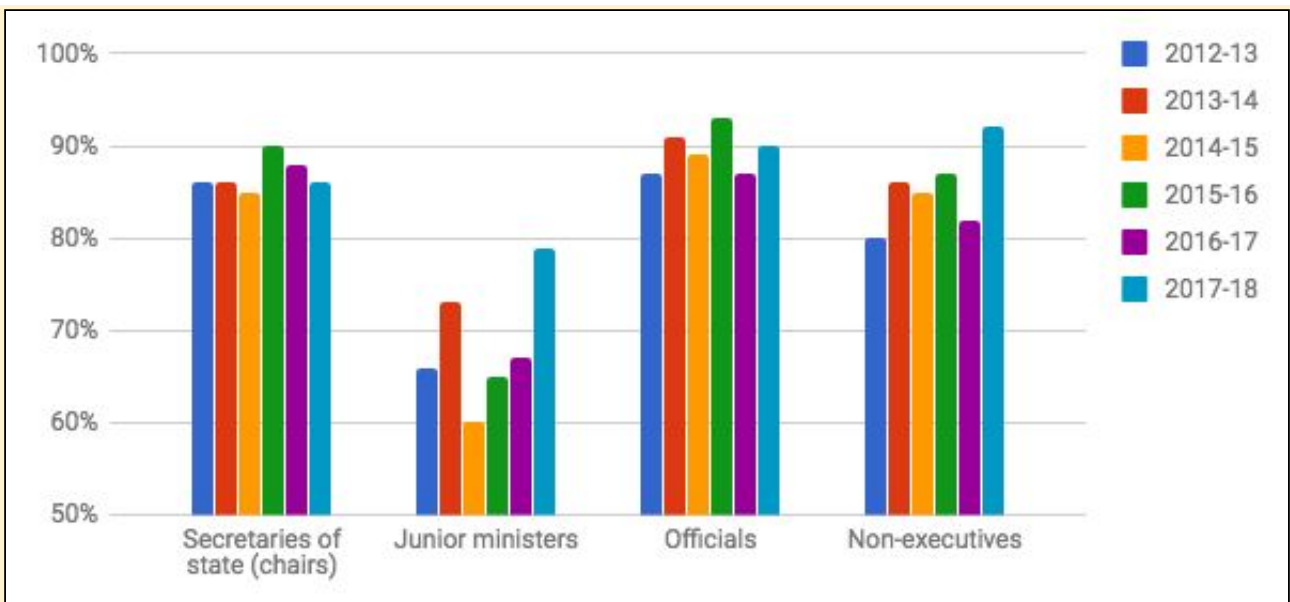
Figure 1 : Number of Departmental board meetings held in 2017-18



Attendance

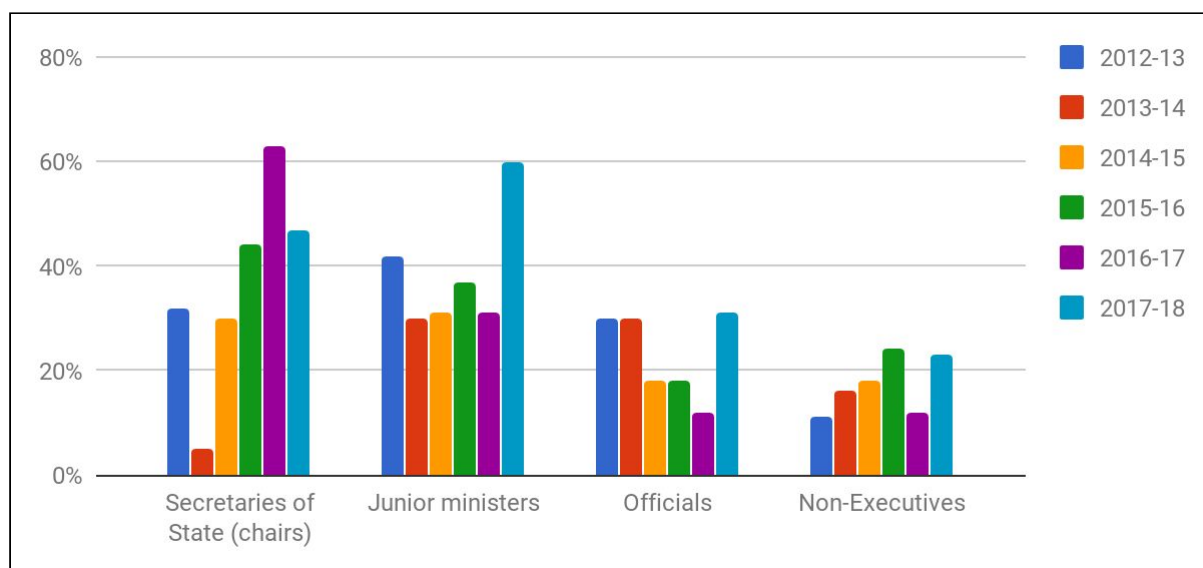
Overall attendance at board meetings remains high, at 87%. This is an increase on the previous year. Figure 2 illustrates all of the constituent groups of board membership, and indicates a varied level of engagement in each category. Secretaries of State show a slight decrease on the previous year, whereas junior ministers, officials and non-executives participation has continued to increase. All levels of attendance compare favourably to the 2012-13 baseline.

Figure 2 : Attendance at Departmental Board meetings



As shown in Figure 3 there has been a higher turnover of junior ministers this year compared to the previous one. Non-executive turnover was below 24% and like last year, they have provided some continuity during periods of change.

Figure 3 : Turnover of Departmental Board Members



Non-executive board members

There are now 80 non-executive board members across 21 central government departments (17 ministerial departments plus HMRC and three Territorial Offices)². A list is provided in [Annex A](#) (and up-to-date details are on departmental websites).

Non-executives are appointed on merit by the department’s Secretary of State, and all roles are advertised on the Cabinet Office’s [Centre for Public Appointments website](#). Non-executives on central government boards are recruited primarily from the commercial sector and have experience of managing large and complex organisations.

Skills

In the last year, talented people have joined our non-executives network with experience from highly varied organisations, such as: NHS Trust, Lloyds Banking plc., BAE Systems, Warwick Business School, Wizz Air plc., Walmart and the Confederation of British Industry. A number of non-executives are leading practitioners in senior corporate roles such as Chief Finance Officers, Group HR chiefs, Chief Operating Officers and senior partners in law firms.

Departments have continued to make strong appointments in areas of identified skills gaps such as: digital, technology, trade, finance, data, change management and talent management. For

²As at 31 March 2018

example, the Department for Exiting the European Union has appointed non-executives with experience of corporate management, auditing and taxation.

Other departments have sought non-executives with policy skills, for example, the Department For Environment, Food and Rural Affairs has recruited non-executives with expertise in agriculture, food sustainability and data science.

Diversity

Diversity continues to be a priority for both the Civil Service and public appointments and in December 2017, the Government published a Public Appointments Diversity Action Plan, which states that:

“Inclusive and diverse public boards are more effective, better able to understand their customers and stakeholders, and benefit from fresh perspectives, new ideas, vigorous challenge and broad experience.”

The Government intends that, by 2022, 50% of all public appointees should be female and that 14% of appointments should be from ethnic minorities, bringing their representation into line with the resident population of England and Wales.

At 31 March 2018, women made up 45% of non-executive board members and 43% of all non-executives appointed in the period April 2017-March 2018. These figures are much higher than in FTSE 250 companies where in 2017 female non-executive board members made up 28% of the total number.³ We do not have good data on the proportion of non-executives in relation to BAME, disability and other protected characteristics, and it should be a priority for the Cabinet Office to collect and monitor this going forwards. I remain concerned on this issue and will be seeking to ensure that Secretaries of States, Ministers, senior officials and lead non-executive board members continue to work to ensure that recruitment processes encourage candidates from a wide range of backgrounds.

Role of the Government Lead-Non Executive

This year, I have met regularly with Secretaries of State, permanent secretaries, non-executives and others. In total, in my role as Government Lead Non-Executive, I undertook 98 meetings (including 9 teleconferences with lead non-executives representing all central departments).

I have chaired six Network events, with a wide range of speakers, including Ministers, the Cabinet Secretary and functional leads.

The Network met with the Institute for Government senior team in September 2017 to discuss the functions and EU Exit Planning. In May 2017, we held an in-depth discussion about devolution with the territorial offices and UK Constitution Group in May 2017. I was also pleased to speak,

³ Vinnicombe,S;Sealy,R;Humbert,A - p.1 (2017) “The Female FTSE Board Report”, Cranfield University

with Sara Weller (Lead Non-Executive, DWP), to members of the Whitehall and Industry Group in November 2017.

I chair the Permanent Secretaries Remuneration Committee, which makes recommendations to the Prime Minister about the remuneration of the most senior civil servants. I led the annual performance reviews of Sir Jeremy Heywood (former Cabinet Secretary and Head of the Civil Service) and John Manzoni (Chief Executive of the Civil Service and Permanent Secretary to the Cabinet Office).

The non-executives were invited to a reception at No.10 hosted by the Prime Minister in January 2018 to thank them for their public service. This reception was attended by: The Rt Hon David Lidington MP, Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster; The Rt Hon Oliver Dowden CBE MP, Minister for Implementation; and The Rt Hon Chloe Smith MP, Minister for the Constitution. We were heartened by the Prime Minister's support for the programme, and for the contribution of the non-executives across government.

External Examination

This year has also included two far-ranging examinations into the value of departmental boards and the non-executive director model.

The first was produced by University College London: Non-Executive Directors on Whitehall Boards and was a study of the role and contribution of non-executive members of departmental boards in Whitehall. Overall, the report was positive about non-executives but proposed further thinking about the Board model. Generally, there are clear opportunities for the non-executive network to do more on cross-cutting priorities, and the NEDs have spent a considerable part of the year focused on EU Exit as part of this. The recommendations made by the report have been considered and built into forward thinking and activity where appropriate.

The second was the Parliamentary and Constitutional Affairs Committee Inquiry into Civil Service Effectiveness and the report recommendations will be carefully considered.

Chapter 2: Cross-cutting priorities for the non-executive network

Introduction

One of my priorities is to bring together and coordinate the efforts of the network of non-executives, to ensure their contribution is as effective as possible. In 2017-18, I identified three areas where non-executives are particularly well placed to add value, and support the priorities of both the Cabinet Secretary and Head of the Civil Service, and the Chief Executive of the Civil Service:

- 1) Talent
- 2) Single Departmental Plans
- 3) Major projects

2017-18 progress and 2018-19 plans

1) Talent

Non-executives continue to play an important role in supporting talent management, ensuring the Civil Service is well placed to deliver the Government's ambitions during such a critical time.

The collective efforts of civil servants across government in talent are led by Mervyn Walker, lead non-executive at HMRC, who chairs the Talent Action Group (TAG). I'd like to thank Mervyn and the members of the group for their continued support and hard work.

The TAG is made up of non-executives from across the Civil Service who have come together to support and challenge Civil Service HR - working closely with the Chief People Officer - as it seeks to increase its capability to deliver current and future priorities of Government and deliver the commitments in the Civil Service Workforce Plan.

Last year the Group identified three priority areas where members felt they were well-placed to add value and the Group intends to continue its focus on these areas in the year ahead:

- Gathering and sharing good practice about the role of non-executives in talent management across departments;
- Supporting the attraction and specifically the retention of external talent in the civil service;
- Identifying and removing the barriers to developing the talent already in the civil service.

In July 2017, the TAG published a Good Practice Guide for the role of non-executives in talent management to assist in supporting departments and beyond. Non-executives are encouraged to use the guide. The TAG has also been involved in improving the induction process for new senior hires, particularly those joining from external organisations, as well as taking part in the selection and moderation activities for the internal accelerated development schemes (which support individuals with potential to take on the most critical roles in government).

Looking ahead, the TAG is looking to gather case studies of non-executive involvement in talent to share across our network so we can continue to learn from each other. The TAG will also

continue to support high-potential civil servants through delivering events and sharing expertise, and I encourage all non-executives to volunteer to support if they can.

The TAG reports regularly to the Senior Leadership Committee (SLC) - the most senior level of governance on talent in the Civil Service - and Mervyn Walker has recently joined the Committee as a non-executive member. The Talent Board and Leadership and Learning Board have also recently added non-executives from the TAG to their membership. This allows non-executives to provide independent challenge, as well as ensuring the work of the TAG remains closely aligned to Civil Service priorities.

2) Single Departmental Plans

Single Departmental Plans (SDPs) are the basis of the Government's planning and performance framework. They set out a department's objectives, how it will use its resources to achieve them, and how its performance can be measured.

The Single Departmental Plan process is designed to achieve:

- **Better prioritisation:** Enabling departments to identify the resources and capabilities they need to deliver their objectives and the Government's agreed public commitments; and to identify and address issues and pressures, such as those arising from preparations for EU exit scenarios, at the planning stage;
- **Greater delivery confidence:** To facilitate effective business planning within departments and to highlight the interdependencies between different areas of work;
- **Clearer accountability:** SDPs improve understanding and accountability within the department and also forms an agreement with Cabinet Office and HM Treasury on what the department will deliver, how it will deliver it, and with what resource;
- **More effective performance management:** To provide a clear framework for departments to manage their progress and performance, with robust milestones and indicators against each work area. This makes it easier to identify emerging issues and to make effective decisions about future resourcing and policy direction.

Since the previous annual report there has been two updates to SDPs:

(i) **Update of SDPs for 2017/18:** departments updated plans following the 2017 general election. This ensured that SDPs reflected the Government's new programme, any changes to departmental objectives introduced by the Secretary of State, and developments in preparations for EU exit.

(ii) **Annual revision of SDPs through the 2018/19 planning cycle:** As part of the annual planning cycle departments have updated their SDPs, drawing on their internal financial, workforce and business planning processes. Departments have proactively used the SDP process to prioritise their activity, particularly in response to increased EU exit activity.

Non-executive directors have been more closely involved than ever in the development of their department's SDP. They have provided challenge to Ministers and senior officials, particularly on the prioritisation of resources and capability. They have reviewed and scrutinised the SDPs to ensure that they can be delivered. They also continue to support holding departments to account for performance against their plans, including through their role on departmental boards.

3) Major projects

Non-executive directors bring extensive experience in managing major projects, and are able to support Civil Service commercial capability. EU Exit has an impact on current contracts (for example, as currency fluctuates), and introduces a need for new procurements, for example for large IT systems.

The Infrastructure and Projects Authority have supported non-executives to ask the right questions about major projects by developing an aide-memoire of how NEDs can offer advice and challenge to their departments to help drive successful project delivery. This document was shared with non-executives in July 2017 and sets out best practice on how they can scrutinise the performance of major projects in departments through considering the strategic objectives, people and capability, ensuring projects business cases are realistic and challenge areas including:

- **Business Cases:** Projects that are not well set up are highly unlikely to recover and deliver successfully.
- **Suppliers and Commercials:** Projects require an extended team, often a majority of which are in the private sector, to align and get behind delivery.
- **Technical Delivery:** A key concept in the delivery of a major project is to consider it as a 'temporary organisation' with an organisational design that enables and facilitates project delivery. The approach and methods involved in delivery of the project need to be appropriate for the context and also particulars of the project.
- **Governance:** clear accountability and transparency, as well as role of Senior Responsible Officer

Chapter 3: The year ahead

Non-executives come from a variety of backgrounds bringing a wealth of experience to departments, helping to set priorities and support departments to deliver. The UCL study undertaken during 2017 concludes that we are attracting high calibre NEDs but that a significant part of their work takes place outside structured board meetings.

The next period faces a number of significant challenges, not least:

- Implementing EU Exit
- Spending Review 2019 through the lens of a constrained fiscal envelope and increasing demand
- Embedding Single Department Plans and the Functional model
- Continuing the journey to become A Brilliant Civil Service and the most inclusive employer in the UK by 2020 (both diverse and inclusive, making the best use of the talent that exists in all parts of society)
- Investing in and developing the skilled workforce needed to deliver a modern civil service

This year we will place greater emphasis on how boards demonstrate their effectiveness, both to ensure they continue to make significant contributions to government but also to draw out examples of best practice that will support learning across the non-executive community.

Much is made of the need to “speak truth to power” and non-executives have a particular role in providing challenge to Ministers on the prioritisation of resources / capability, through the Single Department Plans ambitions.

Over the next year we will prioritise the following specific activity:

- Keeping the non-executive network diverse and high calibre, attracting appointees in line with the ambitions of diversity and inclusion
- Supporting the process of the implementation of EU Exit - focusing on functions as they relate to this work
- Ensuring departments are able to effectively prioritise activity supporting EU Exit, Spending Review 2019 and ‘business as usual’.
- Talent management and the potential challenges around digital and commercial resource availability

Annex 1: Department Case Studies from Lead Non-Executives



Sir Ian Cheshire
Government Lead
Non-Executive

Cabinet Office Lead
Non-Executive

Overseeing the functional agenda

During 2017-18 the Cabinet Office non-executives focused their attention on the effectiveness of the cross-governmental functions delivered by the Cabinet Office, recognising the reliance across government on these services in preparations for Brexit. The consolidation of Civil Service HR into the Cabinet Office in early 2017 and the embedding of the Government Commercial Function both received scrutiny, along with the delivery capability of Government Digital Service. Considerable attention was given to the establishment of the Government Property Agency which was launched in April 2018.

Recognising the dual role now played by the Cabinet Office in delivering its own responsibilities as well as providing services across government, the Audit and Risk Committee has recently adopted an approach to risk oversight that considers internal departmental risks for which it is clearly accountable alongside risks for which it might be deemed responsible by virtue of providing services through its functions. This should prove valuable in identifying potential gaps in oversight between the CO and other departments with respect to the functions.



Archie Norman
Lead Non-Executive

Department for
Business, Energy and
Industrial Strategy

Supporting BEIS's Industrial Strategy

In line with the Department's priorities, the Board has continued to place a strong focus on the Industrial Strategy over the past year. The Board has considered various elements of the Industrial Strategy, including the Grand Challenges, Sector Deals, how we best engage with business and how we measure effectiveness of the Strategy. The Board aims to ensure the Strategy has a strong impact and endures for the long term.

This year the BEIS Board also took the opportunity to hold an away day outside of Whitehall, where we considered the Grand Challenges of the Industrial Strategy in more detail through hosting a stakeholder workshop. We invited external stakeholders and colleagues from across Government with expertise in Clean Growth, the Future of Mobility, the Ageing Society and AI and Data to join us for the workshop in order to hear their perspectives on how the UK can best compete and what the roles for Government, business, civil society and academia should be in tackling the Grand Challenges.

We believe that the Board's consistent focus on the Industrial Strategy will support the Department to ensure that it continues to build on

the progress made since the launch of the White Paper last year.



Charles Alexander
Lead Non-Executive

Department for
Digital, Culture,
Media and Sport

Promoting growth, talent and managing risk

During 2017-18, our Non-Executive board focused on the growth and talent management of DCMS, as well as the course of EU exit negotiations in the context of DCMS sectors. The Board will continue to support the progress of DCMS's growth and transformation, and to use the knowledge and expertise of the Non-Executive team to forge the department's new forward looking identity.

This year, our non-executive board members led the completion of the Mendoza Museums Review (with a non-executive board member-led Challenge Panel), as well as reviews of the Heritage Lottery Fund and UK Anti-Doping. Non-executive board members have also steered the expansion and integration of additional resources dealing with 40 ALB accounting and risk complexities, the BREXIT-related risk and resource challenges the further integration of the Office of Civil Society and the rapid expansion of tasks relating to the Digital element of the Department's new title.

We have encouraged the development of the DCMS culture and narrative of the future, of enrichment of lives and sense of well-being, of participation, place, and global soft power. Our aim is to help with the further elimination of silos, the creation of a common and confident purpose, with increased emphasis on cross Whitehall collaboration.



Richard Pennycook
Lead Non-Executive

Department for
Education

Setting up our governance to support delivery

I joined the department as the Lead Non-Executive Board member in October 2017 and I am very grateful to my fellow non-executive board members for their work with the Department prior to my arrival. My early focus has been on making sure that the Department's governance is set up to support a challenging and ambitious programme of transformation and delivery across the Department. We set up a Nominations Committee to scrutinise and advise on the Department's arrangements for senior talent management and public appointments processes. We reformed our existing Performance Committee to widen its remit as Implementation Committee, which now considers significant delivery and organisational challenges across the whole Department. Following the appointment of the Secretary of State, the Board was also revised, with the aim of creating a smaller, more focussed membership, and there is now a roughly even balance of ministerial, official and non-executive members.

In addition to these changes, we are also creating more opportunities for the non-executive team to provide effective challenge on major projects. This will include supporting deep dives to challenge critical areas of delivery, which will be reviewed through Implementation Committee meetings. We will also contribute to the oversight of the Department's Arm's Length Bodies with a proportionate and risk based approach. We are setting up a Chair's forum for ALB chairs to be to share best practice.

I believe we have made significant progress in improving the effectiveness of the Department's governance, which we will continue to build on in the coming year.



Henry Dimbleby
Lead Non-Executive

Department for
Environment, Food
and Rural Affairs

A Department in transformation

Once seen as one of the quieter ministries - except in times of flood or disease - Defra is now experiencing a dramatic change of pace.

Alongside business as usual, it is implementing an ambitious 25 Year Environmental Plan, launched in January by the Prime Minister, which increases the importance of the environment in government policy. It is also managing over 60 projects connected to Brexit; from completely restructuring subsidies to the farming sector so that it continues to produce world class food and play its part in maintaining vibrant rural communities, to working out how horses will cross borders seamlessly.

Over the course of 2017-18, the non-executives contributed their knowledge and expertise across a range of key areas, in particular EU exit organisation, IT and digital transformation, among other matters, and the Audit Risk and Assurance Committee.

Along with other four new non-executives, I was appointed in May 2018. The non-executives have found a remarkably energised, open and cooperative department. Our roles have been divided to better enable us to cover the breadth of work. Colin Day is chairing the Audit and Risk Committee. Elizabeth Buchanan is focusing on food and farming. Ben Goldsmith has taken the environment brief. Lizzie Noel is leading a review into organised crime in the waste sector, which costs the taxpayer £1 billion per year.

I have been asked to support and advise the teams overseeing the Brexit-related projects, creating an organisational design for Defra in a post-Brexit world, and fashioning a cross-governmental food plan.



Susan Hooper



Margaret Stephens

Non-executive board members

Department for Exiting the European Union

Bringing expertise and challenge to manage risk and shape the department's agenda

Finding our feet quickly in one of the smallest, youngest, most dynamic Whitehall departments was as much of a challenge as we were anticipating; but the department had a very clear vision of the benefits that we could bring to bear and offered us every support possible.

Bringing outside expertise and constructive challenge to the table, we have sought to help DExEU accelerate maturity of its risk management arrangements. We are particularly proud of the progress made during the past year to use a risk-based approach to prioritise some key actions including enhancing and expanding the department's reward and development offers.

Whilst establishing our role in the department we have sought to focus on the efficiency of decision making, contributing to a streamlined governance structure and helping to shape agendas to ensure that decisions are being considered in the right fora at the right time.

We have also sought to act as envoys for the department across government; EU exit is a cross-Whitehall task and one which requires unparalleled engagement. We believe there has been great benefit to government from the cross Whitehall network of non-executive board members and Audit and Risk Committee Chairs. We have been supported by focused network briefings given by senior DExEU officials. We have been able to provide an interface between the wider pool of non-executives and the department itself.



Vivienne Cox CBE
Lead Non-Executive (until Dec 2017)

Department for International Development

Driving ambition on 'doing development in a digital world'

Tim Robinson chairs DFID's Digital Advisory Panel (DAP). Over the last year, Tim and the DAP have been instrumental in steering the development and launch of an ambitious new digital strategy on 'Doing Development in a Digital World'. This commits DFID to making greater and better use of digital technology to tackle global poverty and deliver on the Global Goals.

The DAP are also playing a significant role in supporting strategy implementation, ensuring that DFID's digital vision translates into concrete action and results. This has involved a significant drive for DFID staff to become 'intelligent commissioners' of digitally-enabled development programmes.

To this end, Tim challenged the department to get a better understanding of how many DFID-funded programmes utilise digital technologies in their delivery, and how successful they have been. This resulted in the development of the Digital Grid: a user-friendly online tool that catalogues nearly 200 programme examples searchable by sector, country, technology and development challenge. The tool ensures that learning and effective models are shared across the organisation.

DFID's supplier review

Additionally, DFID's Non-Executive Directors provided invaluable expertise, challenge and scrutiny to DFID's 2017 **review of its supplier management and practices** at each stage of the process. They brought private sector experience to bear in shaping a comprehensive package of measures to drive greater value for money, expand DFID's supplier market and provide greater assurance of ethical behaviour along DFID's supply chains. They are now providing continuing insights to support the implementation of the Review's outcomes and DFID's ongoing commercial transformation.



Simon Walker
Lead Non-Executive

Department for
International Trade

Engaging with Executives to shape department's business plans

Looking back over the last financial year, it is clear that the Department has seen significant growth and maturity as it has become a fully-fledged department of state. The Non-Executive team has continued to work closely with the Board to support the Department's vision and mission. Under the leadership of the Secretary of State, the Departmental Board – which meets ten times a year – is an exemplar of how to drive collaboration and momentum in a government department.

An example of the Board and the Non-Executives working together was demonstrated earlier this year when business planning was considered at the Board. During the Board discussion, the Secretary of State tasked the Non-Executives to engage further with the business planning team outside of the Board to independently scrutinise plans in development and to report back to ministers. This resulted in Non-Executives meeting with officials to test the points raised during the Board discussion, and input into a subsequent Ministerial away day discussion. This further engagement was of benefit to officials and Ministers but also to the Non-Executives, helping them remain fully engaged with the detail. Similar meetings on fiscal planning will now be had on a quarterly basis.

Likewise, the Non-Executives have been involved with the development of the Single Departmental Plan, meeting with the Strategy Team throughout its development to help steer its direction and influence its content ahead of publication.



Ian King
Lead Non-Executive
Department for
Transport

Supporting Change and New Challenges

In the last year, DfT has seen significant change in the Ministerial team as well as the appointment of four new Directors-General (including a job-share) and four new non-executive board members: Richard Aitken-Davies, Richard Keys, Tracy Westall and me. Tony Poulter remains on the Board, bringing valuable expertise.

DfT NEBMs continue to be engaged across the Department, providing support, challenge and an independent voice across governance and assurance, business improvement, policy development and programme delivery.

In addition to providing independent advice through the Departmental Board and the Executive Non-Executive meetings, we chair and attend various Board Sub-Committees, including the Investment Committee (Ian King, Tony Poulter), the Audit, Risk and Assurance Committee (Richard Keys, Richard Aitken-Davies), and the Nominations Committee (Ian King, Tracy Westall).

The Prime Minister has commissioned an outsourcing review to consider the lessons learned from Carillion. I sit on this panel and have worked closely with the Cabinet Office in relation to this.

Tony has worked extensively with officials on work regarding Rail franchising, bringing valuable private sector expertise to assist the Department in its aim to improve and refine our approach to franchising.

Since joining the Department, the Non-Executives have established themselves very well with Ministers and officials.



Kate Lampard
Lead Non-Executive

Department of Health
& Social Care

Supporting the Department to tackle strategic challenges

2017-18 has been a year of significant change for the Department with an almost entirely new non-executive team being appointed including Dame Sue Bailey, Sir Ron Kerr, Michael Mire, Sir Mike Richards and myself.

Since joining the Departmental Board team, the non-executive directors have involved themselves in a variety of ways to challenge and support the Department including speaking at an SCS Leadership Forum about issues such as creating an environment where it is safe to challenge, identifying a new programme of work through strategic discussions at the Departmental Board and providing expert advice on key areas of work for the Department such as the Children and Young People's Mental Health Green Paper and the Workforce Strategy.

In particular, as part of our role in challenging the Department, we have scrutinised the Department's state of readiness and plans for EU Exit. This has given the non-executive team the opportunity to bring their broad external expertise and insight to the discussion and has led to those plans being further strengthened.



Sara Weller
Lead Non-Executive

Department for Work
and Pensions

Supporting the departments' Digital Programme

In preparing its budget for the start of the 2018/19 year, whilst the Department was able to fund all its new digital change initiatives, the volume of change proposed exceeded what either the Digital teams or the systems themselves had the capacity to handle.

Ashley Machin, a Non-Executive on the departmental board with extensive experience of such prioritisation exercises, worked with the Digital Director-General and other members of the Executive Team to help them better understand the constraints on capacity, and how best to prioritise within this capacity.

Ashley met with key stakeholders to identify their views of the process to date, and then supported the Digital team to identify and close gaps in their prioritisation approach. He then worked with digital colleagues to validate their revised prioritisation model, and presented the proposed revised prioritisation to the Executive Team.

Several of the departmental Non-Executives also joined this session, and through the discussion enabled the Executive Team to agree a final prioritised digital programme that was deliverable and maximised the impact of digital within the department's change portfolio.



Miranda Curtis
Lead Non-Executive

Foreign and
Commonwealth
Office

Non-Executive support to the Bangkok Embassy sale

I have been FCO Lead Non-Executive for a year and have been struck by the scale and variety of shifting challenges the FCO faces. As Non-Executive Directors, we have provided support and challenge inside and outside Board meetings on issues as varied as EU Exit preparations, the Global Britain strategy, budget negotiations, corporate change programs and estate sale and investment. I have chosen as a case study the Non-Executive role in supporting the biggest estate sale the FCO has ever had to complete.

The FCO, as with all of government, has had to make some hard decisions with its budget. Nowhere more so than with the FCO's global estate, which has suffered over many years from underfunding of both capital and maintenance. A number of key embassies need addressing, most notably Washington with a crumbling 1960s office complex and a fine Lutyens residence; the Beijing Embassy that has outgrown its estate and needs modern offices for over 500 staff representing virtually every government department; Paris, a fine complex in desperate need of attention; and Kabul, which needs upgrading to meet modern security standards. All this, on top of maintenance requirements in every country, meant hard decisions had to be made.

The Bangkok Embassy compound had been compromised by the sale of part of the site some years ago and no longer met the needs of a 21st century Embassy. As it was also the most valuable site (in the FCO estate), it was identified for sale.

The Non-Executives, and in particular Sir Edward Lister, were closely involved in all aspects of the sale from inception to final contract negotiations. Non-Executives provided support, challenge and commercial expertise to help ensure the FCO raised the absolute maximum in income, identified a fit for purpose and value for money new office complex and a residence for the Ambassador, and found suitable homes for the war memorial and statues of Queen Victoria. The sale was protracted and was the largest and most complex sale ever undertaken by the FCO. The sale eventually raised over £420m, which secured enough money to re-provision our estate in Bangkok and reinvest in the FCO's overseas estate, especially Washington, Beijing, Paris and Kabul, which are all essential developments.



Mervyn Walker
Lead Non-Executive

HM Revenue and
Customs

Providing challenge and expertise to Executive on the EU exit plans

This year has been another year of change for HMRC's Board which, following Sir Edward Troup's retirement, I now chair as HMRC's Lead Non-Executive. I would like to take this opportunity to thank Sir Edward for his leadership of the Board and the significant contribution he made to the Tax profession over many years.

The Board continues to provide valuable insight and support to the Department. As with many Departments, the Board's focus has increasingly sharpened on supporting the Executives' work on preparations for the UK's exit from the European Union. We have used Board meetings and discussions to review and scrutinise plans for customs and the border in particular, but also for the many other systems and processes that will need to be adjusted or put in place.

The Board receives regular updates and reports on the Department's preparations and has provided support and challenge in areas such as planning, resourcing and ensuring that the skills needed to carry out the Department's EU exit work are in place. The Board has also had a keen focus on the Department's communications and engagement activities, providing steers based on the breadth of knowledge Board members bring to the table.

The Department has recognised the importance of rigorous prioritisation, to make sure that it can both execute its EU exit work, and maintain the momentum of its transformation programme. The Board has worked closely to support the Permanent Secretary to deliver on this difficult task. The Executive Committee has delivered impressively on this challenge, making difficult decisions based on clear criteria, to ensure that the focus continues to be on the Department's top strategic priorities.

The Board was engaged at every stage. While we finished the year with a sizeable challenge ahead, the Department is well prepared to rise to it.



Dame Amelia Fawcett
Interim Lead
Non-Executive

HM Treasury

Supporting departments’ priorities and SDP

As interim lead non-executive, I am writing this report following Baroness Sarah Hogg’s retirement in December 2017. Sarah had been the lead non-executive for seven years, and her expertise, challenge and experience were highly valued both, by the department and the other non-executive directors.

The non-executives continue to play a vital role in the development of Treasury’s Single Departmental Plan, challenging the Executive Management Board to make it a living, embodiment of what the Treasury has set out to achieve and rigorously holding it to account for performance against the plan.

This year the non-executives played an enhanced role in supporting management in its oversight of our Arm’s Length Bodies. They brought commercial, governance and people skills and experience to bear in a number of areas. They continued to add value with their work outside the Boardroom, working across the department in many areas and providing an independent and private sector viewpoint. Tim Score plays a significant role in Treasury’s relationship with the Royal Mint both in connection with the replacement of the £1 coin and in providing commercial insights to the new contractual arrangements between the parties. Richard Meddings, Chair of the Audit and Risk Committee, has been instrumental in helping the department refresh its risk management framework and bolster its system of evidence-based assurance. I have taken the lead in supporting and challenging the Treasury’s Building a Great Treasury initiative, with a particular focus on talent, diversity and prioritisation.



Sue Langley OBE
Lead Non-Executive

Home Office

Providing invaluable expertise towards planning and governance

Home Office non-executive board members continue to contribute to the running of the department in a variety of ways. Our five non-executive board members chair or sit on a variety of boards including the Audit and Risk Assurance Committee (John Studzinski, Nicholas Shott), the Data Board (Adrian Joseph), People Strategic Workforce planning committee (Suzy Levy) and the Nominations and Governance Board (Sue Langley). They also provide valuable support, challenge and assurance by attending monthly ExCo committee meetings and departmental boards. Alongside this activity, the NEBMs have carried out a number of reviews, supported recruitment and mentored a number of individuals across the HO.

Since joining the department in September 2015, Adrian Joseph has

focussed upon diversity, digital and data activity. As a member of the Home Office Data Board Adrian has provided external challenge and advice on strategic planning, governance, innovation and data science, all which support change management (including transformation) across the department. His input and challenge into Data Strategy, Ethics and testing readiness of implementation of the new General Data Protection Regulations (and the Data Protection Bill) at Board meetings has been valued. He has also built relationships bilaterally with key players in the data and digital sectors of the department, as well as with the Ministerial lead.



Nick Markham
Interim Lead
Non-Executive

Ministry of Housing,
Communities and
Local Government

Challenging and advising the department to improve governance and promote transparency

Mary Ney was appointed a Non-Executive Director at DCLG in October 2016, bringing expertise from her career in local government and fourteen years as Chief Executive of the Royal Borough of Greenwich. Mary took on the role of Lead Commissioner for Rotherham Metropolitan Borough Council, where she has strengthened the strategic and performance culture so that powers can be returned to Councillors.

Mary’s perspectives of transparency and assurance came to the fore in her review of Local Enterprise Partnerships (LEPs). Following publication of the Commons Public Accounts Committee report into LEP governance, the Department commissioned Mary to lead an independent review of governance and transparency, which started in April 2017.

LEPs are private sector led partnerships which determine local economic priorities, drive economic growth and support creation of new jobs. Introduced in the 2010 Localism White Paper, each LEP has some flexibility to determine its own governance arrangements.

Mary’s review was reported in June 2017 and detailed 17 recommendations. She provided advice and challenge to the Department’s work to strengthen LEP governance and promote transparency. She advised on implementation and the guidelines issued by the Department which set out a framework of best practice for LEPs including building robust governance structures, managing conflicts of interest, enhancing the LEP Annual Review process and dealing with weak performers. Mary’s comprehensive review was acknowledged by the Public Accounts Committee and adopted by MHCLG in October 2017.



Sir Gerry Grimstone
Lead Non-Executive

Ministry of Defence

Supporting the People Agenda - People Committee in Defence

Defence plays a vital role to protect the security, independence and interests of the UK both at home and abroad. Our civilian and service personnel are critical to the success of Defence, at a time when the geopolitical landscape is evolving and the threats are becoming more acute.

Defence is working towards a more modernised and affordable offer for its workforce, which better reflects the aspirations of the Armed Forces personnel and potential recruits, whilst reflecting the realities of modern life and the UK's current financial position. The People Committee chaired by Danuta Gray, a Non-Executive Defence Board Member, has responsibility for providing the Departmental direction, guidance and oversight on all strategic Defence people and training matters and oversees the delivery of the People Change Portfolio.

Working collaboratively with the Commands, a significant element of the work during the year has been to deliver the Armed Forces People Programme (AFPP) and the Future Defence Civilian Programme (FDCP). Deep dives into the four main AFPP projects has ensured that progress is being made:

- the Future Accommodation Model (FAM), which aims to provide affordable, good quality accommodation to Service personnel and revolutionise current provision to deliver a more sustainable model for the future, providing greater choice and better support for all Service personnel to get the housing they need, in partnership with the private sector;
- Flexible Engagement System (FES) has nearly completed the legislative process and will aim to provide a more modern and flexible framework that will better reflect the realities of modern life;
- the New Joiner Offer which aims to better recruit and retain the right mix and talent to meet the demands of modern military service; and
- the Enterprise Approach which is exploring ways to manage skilled people in the world of Defence by understanding the demand across the public and private sector, sharing skills where and when they are needed especially in key areas such as logistics, cyber and medical services.

The FDCP is being aligned with several other transformation initiatives. The Committee has also challenged the Department's performance on recruitment and retention and diversity and inclusion. The reporting on people issues is a key priority across the Ministry of Defence and has

strong links with the Defence Audit and Risk Assurance Committee. The Defence Board is also appraised on key issues and progress made. I am grateful to the Non-Executives for driving forward these important programmes and taking a whole force approach which recognises the significant value of military personnel, reserve forces, civil servants and defence industry contractors.



Liz Doherty
Interim Lead
Non-Executive
Ministry of Justice

Resilient Risk Management

During 2017-18, the MoJ experienced the appointment of three successive Secretaries of State for Justice, an almost complete change of ministerial team and the departure of a number of Non-Executives. Our Lead Non-Executive, moved on in September 2017 when he was appointed Lord Agnew of Oulton, Parliamentary Under Secretary of State for the School System. Until Lord Agnew's departure he concentrated on supporting financial activities, continuing his development of a culture of cost consciousness within the department.

Lizzie Noel, who has recently transferred to DEFRA, dedicated her time to providing valuable insight and challenge in these areas. As Chair of the Audit and Risk Committee, I have been particularly keen to ensure that momentum on the department's strategic priorities has been maintained during this period of change and that progress continues to be achieved.

The ARC has focused on two areas in particular, ensuring the MoJ operates within its financial settlement and improving the adequacy of risk management. As part of the latter, a more robust risk management framework has been developed, clear accountabilities have been assigned and there have been regular reviews to ensure that actions identified are promptly executed. We have also used the ARC as an opportunity to conduct deep dives into those risks deemed most significant. This has enabled us to scrutinise and challenge at a more detailed level the robustness of plans to mitigate risks in commercial contracting and cyber security amongst others.

We have also worked to gain better oversight of our Arms Length Bodies (ALBs); creating a more harmonised and unified approach to risk across the department. This has led to a better understanding of the interdependencies between ALBs and the centre, facilitated shared learning, accelerated some activities and allowed for more informed choices to be made.



Dawn Johnson
Lead Non-Executive

Northern Ireland
Office

Providing expertise to meet the complex challenges of EU exit

My Non-Executive Board colleague, David Brooker, and I had another busy year supporting the NIO Board through a particularly challenging period of continuing political uncertainty and demands emerging from the complex work in respect of EU Exit.

The Non-Executive Board members used their experience and skills to contribute to discussions and challenge the senior management team on the adequacy of resources, achievement of objectives and management of risk. We also used Non-Executive networks to broaden our understanding of Government priorities and how other Whitehall Departments are dealing with common issues.

Non-Executives also brought knowledge and expertise to the work of the NIO's Audit & Risk Committee, which focused this year on refining processes to manage financial risk and monitoring arms-length body oversight arrangements. I saw real improvements in the identification, assessment, and management of financial risk during the year. This work provided the Board with an understanding of the true level of financial risk the Department is carrying and helped inform discussions on mitigation.

Both David and I were actively involved in a number of Senior Civil Service and public appointment recruitment panels. This provided us with an opportunity to scrutinise and provide an independent perspective to the process. I am satisfied that all senior level recruitment complied with relevant guidance and all appointments were made on merit.



Shonaig Macpherson
CBE

Interim Lead
Non-Executive

Scotland Office

Leading on SDP delivery and devolution

The Office of the Secretary of State for Scotland and Office of the Advocate General Non-Executive Directors have continued to play a significant role in enhancing the profile of devolution capability and intergovernmental relationships across the UK Government. A significant event which contributed to raising the importance of understanding and considering the different devolution settlements across the UK when developing and delivering policy was the the UK Government's NED Devolution Conference held in Whitehall in May 2017. Initiated by the Office of the Secretary of State for Scotland NEDs, a NED from each UKG Department was invited to participate and hear presentations from the Directors of each Territorial Office outlining how they support UKG Departments.

The event was very successful in creating an understanding of why all departments should be focused on devolution as a policy consideration. The Non-Executive Directors who attended from other UKG Departments were interested in how they could use their network and role of their Boards in Whitehall departments to work with the Territorial Offices in delivering on single departmental and devolution capability plans. The Office of the Secretary of State for Scotland plans to arrange a further event in the Autumn.



Isobel Garner
Lead Non-Executive

Wales Office

Working together towards common goals

The office of the Secretary of State for Wales is a small department that has the need to influence, be adaptable and agile and utilise complex and wide stakeholder relationships to achieve its priorities.

The Non-Executive Members were keen to probe more deeply into priorities and resources and, working with the Director, agreed with the Secretary of State that a Departmental workshop should be held where he and his ministerial team could outline their priorities for the coming year as well as articulating what they would like to have achieved post Brexit.

The day had a three part format. First, the SoS and the team spoke to the whole Departmental Board. The Executives and Non-Executives retired to have an open discussion about priorities, resources and emerging risks and held a discussion with the SoS on the deliverability of his agenda.

The Lead Non-Executive Member facilitated the day by preparing material for the SoS to think about in preparing his talk to us, encouraging and facilitating the Executives to speak freely about

	<p>priorities and resources and helping get across the key messages to the SoS.</p>
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The impact of this workshop has been wide. Not only have the Executives felt able, as a collective, to have a detailed discussion about the resources required to meet the challenges ahead and the risks involved, but the whole Department Board has a much clearer idea of the priorities of the SoS and what he wants to achieve. Another major benefit has been the ability to develop Divisional Business Plans based on the outcome from the workshop. These in turn allow the Non-Executives to challenge more effectively.

Annex 2: List of Central Government non-executive board members (as at 31 March 2018)

Department	Lead non-executive						
BEIS	Archie Norman	Charles Randell	Professor Ann Dowling	Kathryn Parsons	Dame Carolyn McCall	Lord Stephen Carter	Stuart Quickenden
CO	Sir John Parker	Catherine Brown					
DCMS	Charles Alexander	Matthew Campbell-Hill	Fields Wicker-Miurin	Neil Mendoza			
DfE	Richard Pennycook	Ian Ferguson	Baroness Ruby McGregor-Smith				
Defra	Henry Dimbleby	Elizabeth Buchanan	Lizzie Noel	Colin Day	Ben Goldsmith		
DEXEU	No Lead	Margaret Stephens	Susan Hooper				
DfID	Vacant	Sally Jones-Evans	Tim Robinson	Richard Keys			
DIT	Simon Walker	Dr. Phillipa Malmgren	Noel Harwerth	Julie Currie			
DfT	Ian King	Tracey Westall	Richard Aitken-Davies	Tony Poulter	Richard Keys		
DWP	Sara Weller	Andrew Graham	Hayley Tatum	Ashley Machin			
DHSC	Kate Lampard	Gerry Murphy	Michael Mire	Sir Ron Kerr	Sir Mike Richards	Sue Bailey	
FCO	Miranda Curtis	Warren Tucker	Sir Edward Lister	Julia Bond			
HMRC	Mervyn Walker	John Whiting	Joanna Baldwin	Simon Ricketts	Dr. Alice Maynard	Juliette Scott	
HMT	Vacant	Richard Meddings	Dame Amelia Fawcett	Tim Score			
HO	Sue Langley	Adrian Joseph	Suzy Levy	John Studzinski	Nicholas Shott		
MHCLG	Nick Markham	Pamela Chesters	Daniel Morley	Mary Ney			
MoD	Sir Gerry Grimstone	Simon Henry	Paul Skinner	Danuta Gray			
MoJ	Vacant	Liz Doherty	Lizzie Noel				
Northern Ireland Office	Dawn Johnson	David Brooker					
Scotland Office	Vacant	Shonaig Macpherson	Graeme Bissett	Joyce Cullen			
Wales Office	Isobel Garner	Tom Jones					