

The impact of the Code of Good Practice

Building partnerships between government
departments and public bodies



About this report

The *Code of Good Practice* for partnerships between government departments and public bodies was published by the Cabinet Office in February 2017. The Code was a response to the findings of a National Audit Office review of, and subsequent Public Accounts Committee hearing into, the oversight of public bodies, which highlighted a lack of consistency across government departments.

To encourage better relationships and in support of the Code, the Public Chairs' Forum, the Association of Chief Executives and the Institute for Government sent a survey to chairs and chief executives of public bodies, to assess their current relationships with Whitehall. The results were published in July 2017. In March 2018, the survey was re-sent to public bodies in order to measure the level of the Code's impact. This report summarises the findings from the second survey.

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Summary

Public bodies deliver services that are vital to the functioning of government, from front-line services, to regulation and providing specialist advice. Effective relationships between public bodies and government departments are therefore important to good government.

The *Code of Good Practice* for partnerships between government departments and public bodies was published by the Cabinet Office in February 2017.¹ The Code was a response to the findings of a National Audit Office review of,² and Public Accounts Committee hearing into,³ the oversight of public bodies, which found a lack of consistency across government, and a need for greater clarity on roles and responsibilities on both sides of the public body–department relationship.

To encourage better relationships and in support of the Code, in March 2017 the Public Chairs' Forum, the Association of Chief Executives and the Institute for Government sent a survey to chairs and chief executives of public bodies, to assess their current relationships with departments. The survey questions were based around the Code's four principles: purpose, assurance, value and engagement. The findings, published in July 2017,⁴ were encouraging; many public bodies reported a strong shared understanding of purpose and risk, frequent updating of framework documents, and opportunities to contribute to policy development. However, issues were raised about a lack of skills-sharing, engagement and cross-government working.

In March 2018, a year after the *Code of Good Practice* was published, the survey was re-sent to all public bodies in order to assess the Code's longer-term impact. This report summarises the findings of the second survey.

The results show that while the areas with positive results have been broadly maintained and improvements in cross-government working have been reported, the overall picture is fairly stagnant and awareness of the Code across government is poor. Inconsistency across government departments, lack of transparency regarding performance, the inefficiency of the public appointments process and high levels of ministerial turnover are still barriers to productive relationships. The survey also found that public bodies want more opportunities to share skills, knowledge and experience through initiatives such as two-way secondments and shared training programmes with government departments.

The survey revealed concerns regarding insufficient engagement over preparations for Brexit and with individuals of the appropriate seniority within government departments, such as ministers, permanent secretaries and non-executive directors.

Our results suggest that the Code has had limited impact. The principles of the Code are still relevant and are an excellent starting point for establishing effective partnerships between public bodies and government departments. However, the Cabinet Office and other government departments must embrace the opportunity to spread awareness of the Code.

1 Introduction

There are over 300 public bodies that spend more than £200 billion per year and employ over a quarter of a million people.¹ These range in purpose, size and the distance required from Whitehall to deliver their services and functions effectively. Getting the right balance between proportionate central government oversight, the sharing of skills and expertise, and appropriate levels of autonomy for each public body, can be a challenge, but the rewards are unquestionable: better alignment between policy making and the delivery of services, more effective risk management, and the avoidance of duplication and unnecessary costs.

In 2016, the National Audit Office (NAO)² and Public Accounts Committee (PAC)³ found a lack of consistency in the capability of government departments to oversee public bodies, and a need for greater clarity on roles and responsibilities on both sides of the public body–department relationship. In response, in February 2017 the Cabinet Office (CO) published a *Code of Good Practice*⁴ for partnerships between government departments and arm’s-length bodies (described in this report as ‘public bodies’). While acknowledging the diversity of public bodies, the Code sought to encourage consistency in oversight through four common principles: purpose, assurance, value and engagement.

The Code states that “the purpose of the arm’s-length body should be clear and well understood; there should be a proportionate approach to assurance; departments and arm’s-length bodies should share skills and experience; and most importantly, partnerships should be based on open, honest and constructive working relationships”.⁵

In 2017, the Institute for Government, the Public Chairs’ Forum (PCF) and the Association of Chief Executives (ACE) sent a survey to chairs and chief executives of public bodies to assess the relationships between them and government departments and encourage an understanding of the Code. The survey asked a variety of questions based on the four principles of the Code. This set a benchmark for current relationships. The results were anonymised and published in July 2017.⁶ To assess changes over time and the extent of the Code’s impact, the survey was re-sent to public bodies in March 2018. This report summarises the key findings of the second survey.

2 Methodology

As with the first survey, a comprehensive mailing list of public bodies was compiled from the CO's Public Bodies 2017 dataset, ACE and PCF membership databases, and the listing of departments and agencies on GOV.UK. The survey was then sent to as many public body chairs and chief executives as it was possible to find direct contact details for – 342 organisations. Responses were received from 129 organisations; a response rate of 38%, which was similar to the 39% response rate for the first survey.

The survey was built around the same questions as the first survey, but included additional questions on public appointments, transparency, ministerial turnover and Brexit. These were added in response to feedback from participants in the first survey, who were asked to identify any further factors affecting the relationship with their department.

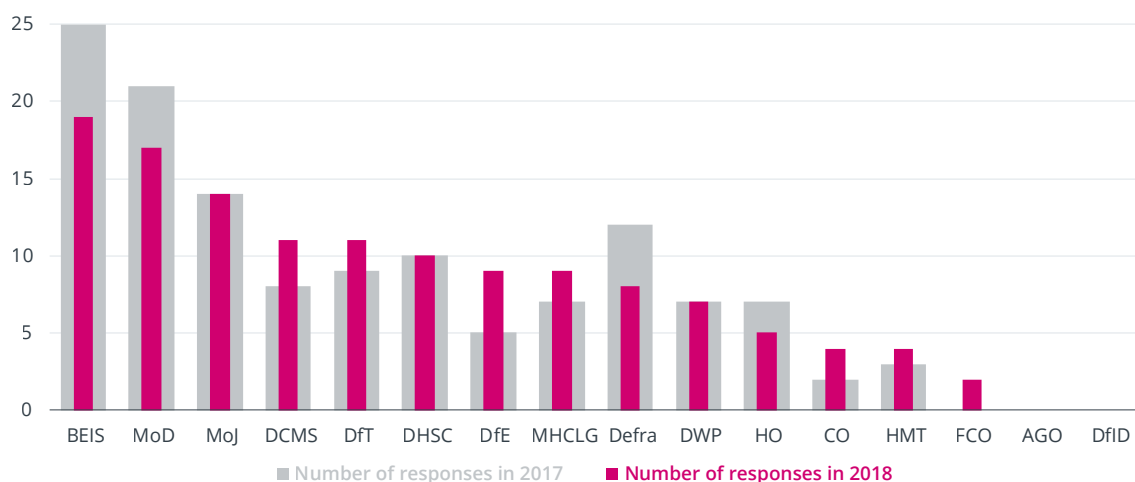
For simplicity, the names of government departments have been abbreviated throughout this report. A list of these and other abbreviations is in the Appendix. Please also note that neither the Department for Exiting the European Union nor the Department for International Trade is included in the figures in the report, as these departments are not responsible for any public bodies. The Code does not apply to the devolved administrations.

As the survey was sent to both chairs and chief executives of each public body, where they have both within their governance structure, a small number of organisations responded twice. Therefore, the number of individual responses is higher than the number of public bodies that responded. This document reports on how each individual respondent judged the relationship between their public body and its overseeing government department.

Figure 1 shows that the number of responses from public bodies in each department was fairly similar to the result in 2017. As last year, public bodies from the Department for Work and Pensions (DWP), the Department for Business, Energy and Industrial Strategy (BEIS), the Ministry of Defence (MoD) and the Ministry of Justice (MoJ) engaged well with the survey, with responses from more than half the public bodies in each of these departments.

However, again, it was disappointing to not receive any responses from public bodies within the Attorney General's Office (AGO) or the Department for International Development (DfID), or a greater number of responses from departments that oversee a large number of public bodies, such as the Department for Digital, Culture, Media and Sport (DCMS), the Department for Environment, Food and Rural Affairs (Defra) and the Home Office (HO).

Figure 1: Response rate, by government department



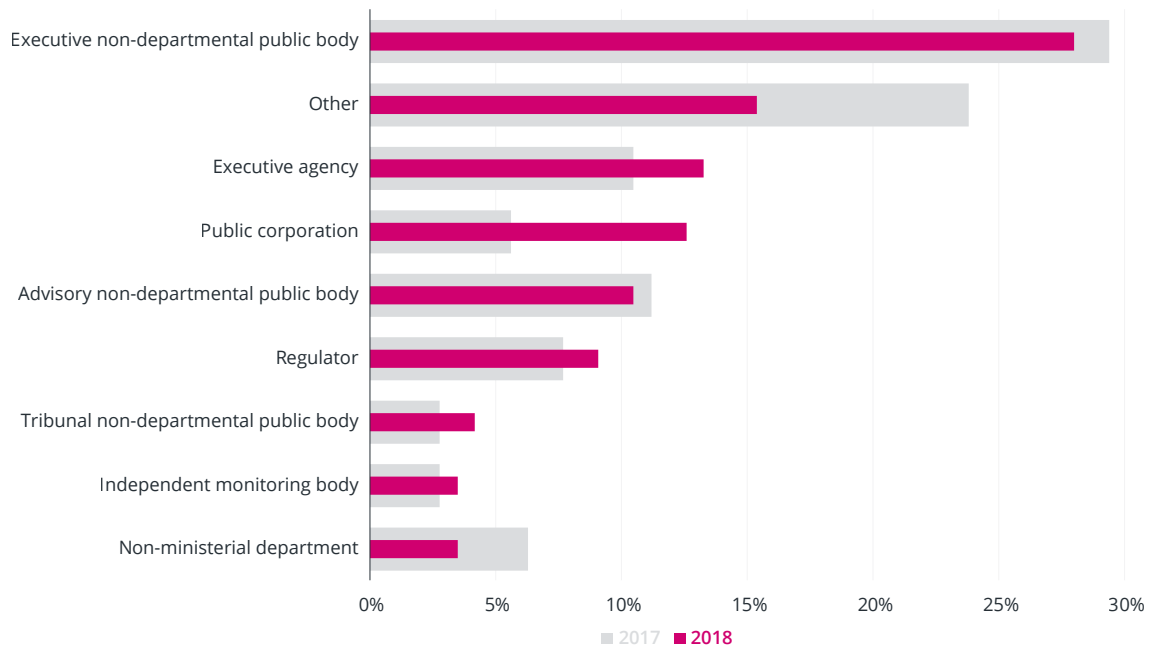
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

As with the first survey, responses came from a range of public bodies, but mostly executive and advisory non-departmental public bodies (NDPBs) (38%), and executive agencies (13%), followed by small proportions of non-ministerial departments, independent monitoring boards and a number of bodies that identified as 'other', which included:

- independent charities designated to exercise regulatory functions
- government companies
- publicly accountable but privately owned bodies
- non-profit institutions within the public sector or charities
- central government bodies with Crown status
- trading funds
- special health authorities
- national museums
- ombudsmen
- public office holders
- independent executive bodies
- offices supporting statutory office holders.

The number of respondents for each classification (Figure 2) broadly reflects their representation in the public sector. For example, executive and advisory NDPBs make up 80% of public bodies, therefore it would be expected that a higher number of responses would come from such organisations.¹ Some public bodies have multiple identities; where this is the case, the main classification has been used.

Figure 2: Response rate, by classification of public body

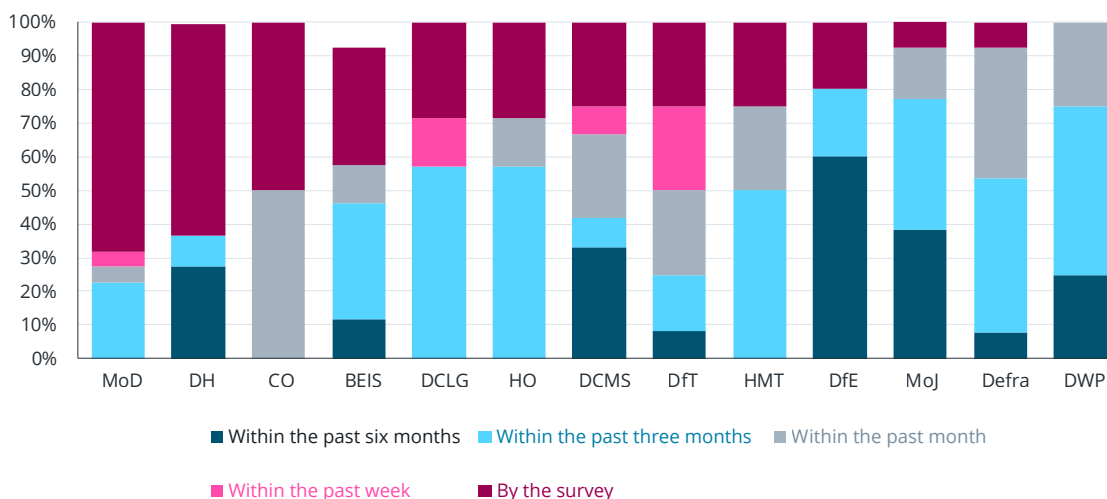


Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

3 Key findings

In 2017, when respondents were asked when they first came in contact with the *Code of Good Practice*, it was surprising that a significant proportion of public bodies were introduced to the document by the survey itself, as Figure 3 demonstrates.

Figure 3: When public bodies first heard of the Code of Good Practice, by government department



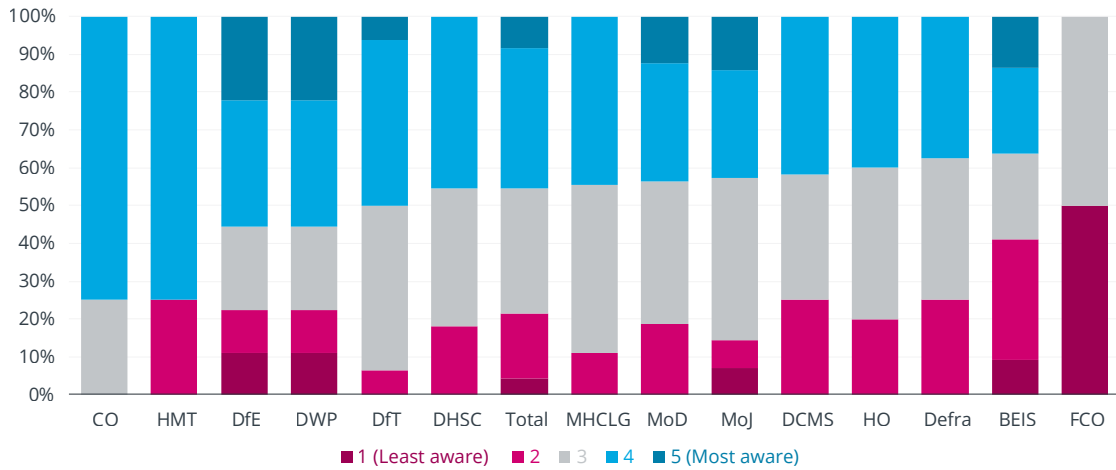
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017.

Given the positive improvements to the public body–government department relationship that could arise from embedding the principles of the Code into the culture of government, these results were disappointing. We hoped therefore that over the past year, departments and the CO would have made a concerted effort to spread awareness of the Code among public bodies. Unfortunately, when we asked respondents this year to rate from 1 to 5 (with 1 being 'strongly disagree' and 5 being 'strongly agree'), whether there was an awareness of the Code within their public body, 33% neither agreed nor disagreed (a rating of 3).

As Figure 4 shows, while 37% of respondents reported high awareness of the Code within their organisation (a rating of either 4 or 5), the results varied across departments. In the CO and HM Treasury (HMT), 75% answered 4; while in BEIS and the MoD, the results were particularly mixed; and in the Foreign and Commonwealth Office (FCO), 50% of public bodies were not aware of the Code (a rating of 1).

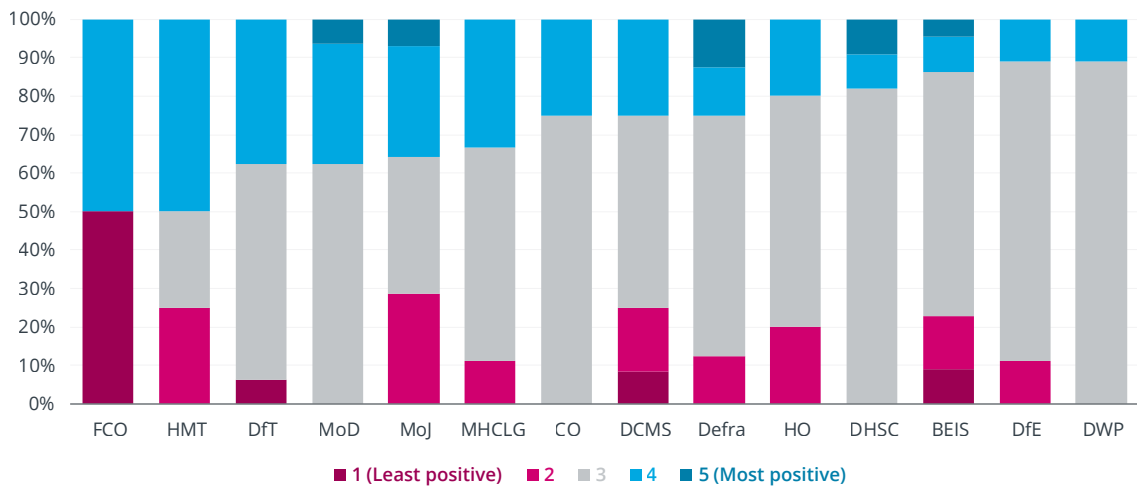
Unsurprisingly, therefore, when respondents were asked whether the Code had a positive impact on the relationship between the public body and the department, almost 60% neither agreed nor disagreed (a rating of 3). The response was relatively consistent across departments (Figure 5). However, when broken down by classification (Figure 6), advisory NDPBs reported the most benefits, with 60% responding with a rating of 4 or 5. Worryingly, 92% of regulators gave a response of 3 or below (with 1 being 'strongly disagree').

Figure 4: Awareness of the Code of Good Practice in public bodies, by government department



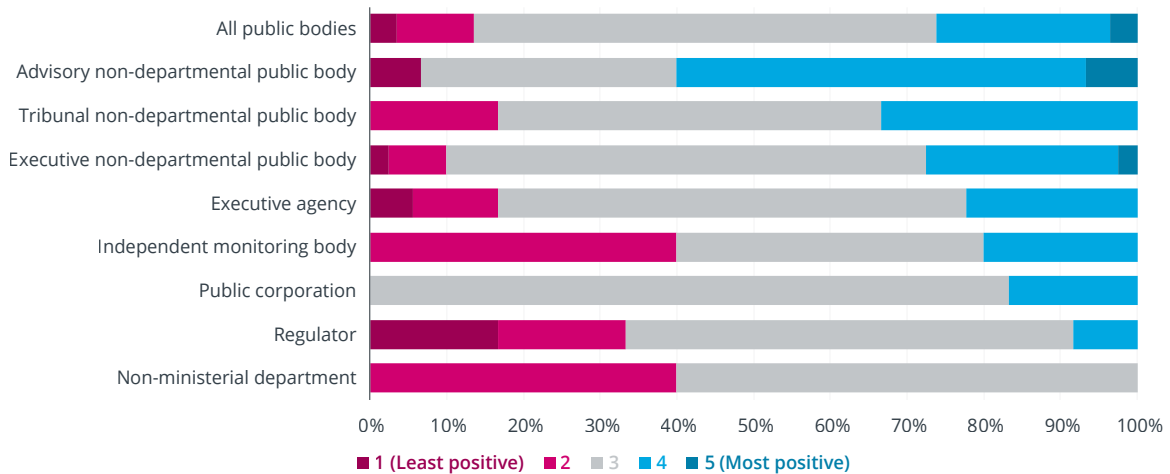
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

Figure 5: The positive impact of the Code of Good Practice in public bodies, by government department



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

Figure 6: The positive impact of the Code of Good Practice in public bodies, by classification of public body



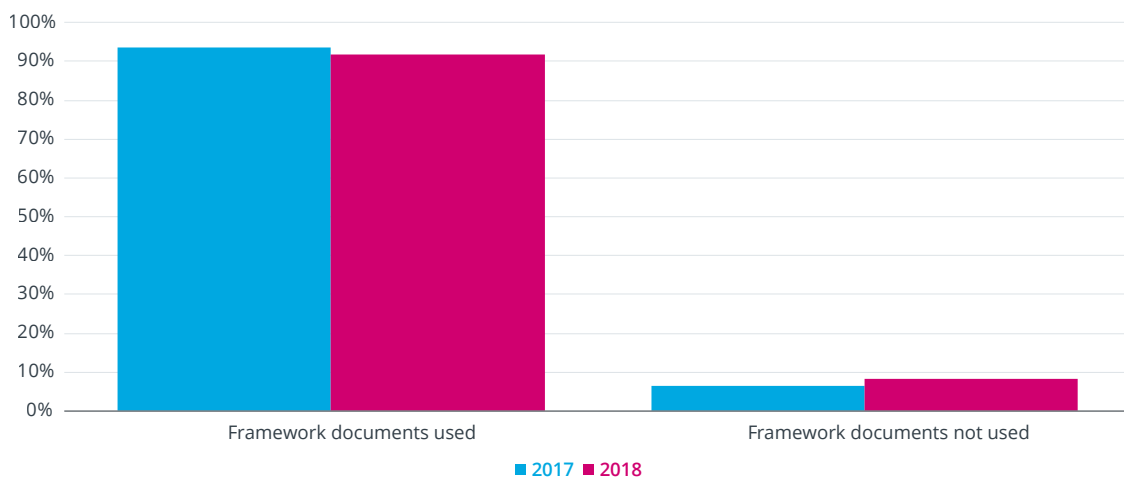
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

Purpose

Partnerships work well when the purpose, objectives and roles of arm's-length bodies are mutually understood; reviewed on a regular basis; and clearly set out in relevant documents. There is absolute clarity about lines of accountability between departments and arm's-length bodies. In exercising statutory functions arm's-length bodies have clarity about how their purpose and objectives align with those of departments.¹

The results of the second survey show that framework documents are still being used by over 90% of public bodies, with a minor one percentage-point decrease since 2017 (Figure 7). These documents are important as they set out the broad governance arrangements within which the public body operates, including the legal framework and accountability to Parliament, and provide for the arrangements for the department to exercise meaningful oversight of strategy and performance.

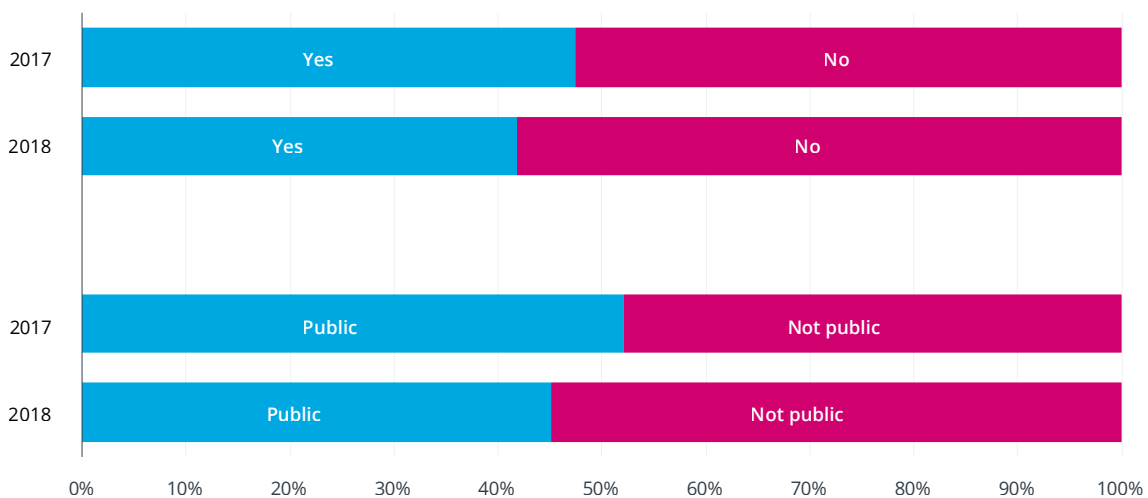
Figure 7: Use of framework documents in public bodies



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

The use of performance agreements and the percentage of those agreements that are published has also decreased from last year, by a greater margin (Figure 8). As the Institute for Government raised last year, not being transparent about performance makes it harder for Parliament to hold public bodies to account; for the public to understand how public bodies are performing; for departments to provide assurance about the use of public money; and for the organisations to manage themselves.² Worryingly, one public body reported that after a change in their governance arrangements, which meant that operational support has been delegated away from the main department to an executive agency, no key performance indicators or personal performance indicators have been set.

Figure 8: The percentage of public bodies with performance agreements and those that are publicly available

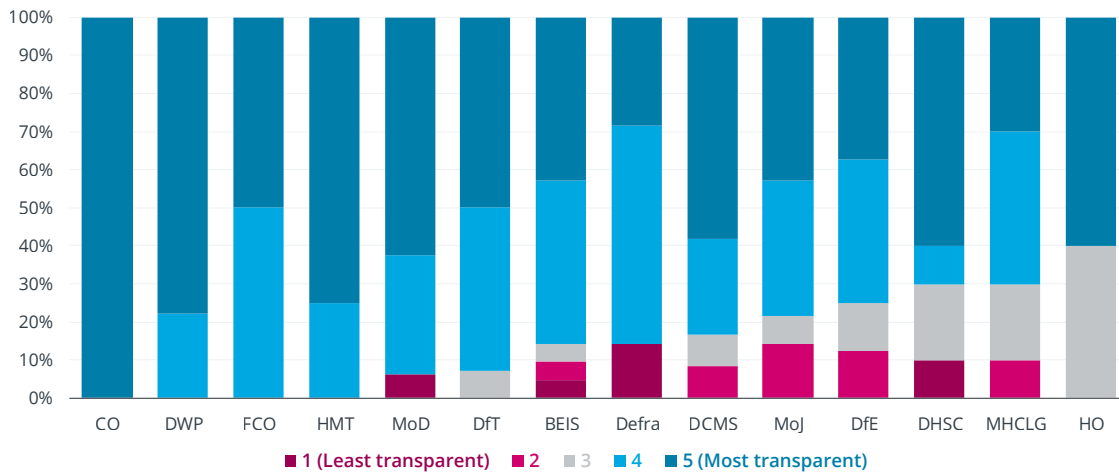


Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

Despite the evidence that a significant proportion of public bodies are choosing not to make performance agreements publicly available, on average 52% of respondents strongly agreed (a rating of 5) with the statement that 'the public body and department are transparent about the purpose, objectives and relationship with government' (Figure 9). PCF, ACE and the Institute for Government regard making performance data available as an important part of having a transparent relationship, and therefore encourage public bodies and departments to publish this information.

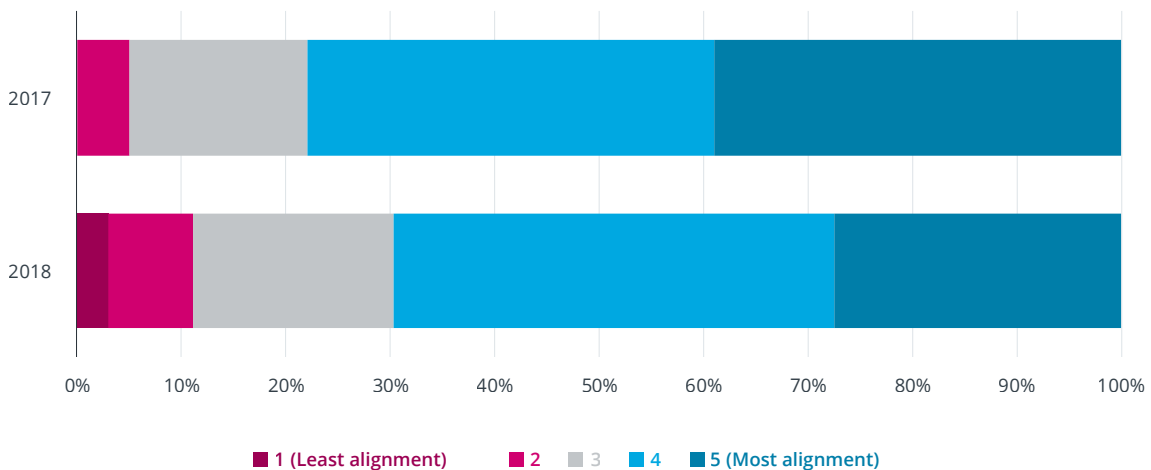
Responses to whether there is 'strategic alignment between the purpose and objectives of the public body and the department' were broadly positive (Figure 10). However, there were minor declines compared with last year's results. In 2017, no public bodies rated this 1 (the lowest rating – least alignment), whereas a small minority (3%) did in 2018. Similarly, the number of public bodies that rated their alignment as 5 (the most aligned) reduced from 39% to 27%.

Figure 9: The percentage of public bodies that felt transparent about the public body's purpose, objectives and relationship with government, by government department



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

Figure 10: The percentage of public bodies that felt there is strategic alignment between the objectives of the public body and the department



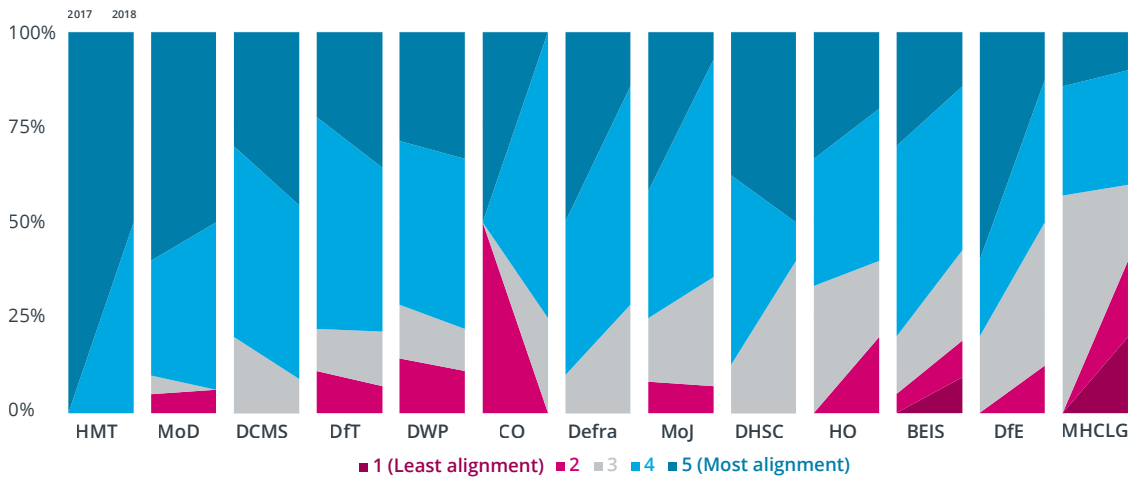
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

When the responses to the question about strategic alignment were analysed by department, the most significant changes were in the Ministry of Justice (MoJ) and the Department for Education (DfE). In 2017, 42% of public bodies in the MoJ gave a rating of 5 (most alignment), which fell to just 7% this year. But the MoJ has recently reformed its sponsorship function into different specialisms, such as policy, assurance and reviews, which is a move we welcome. However, it is possible that there is a slight lack of clarity in the new arrangements while they are in their early days. The Department for Transport (DfT), the Department of Health and Social Care (DHSC),* the DCMS and the DWP were the only departments that saw the number of public bodies giving a rating of 5 for the statement increase with the second survey (Figure 11).

* In January 2018, inbetween sending out the two surveys, the Department of Health was renamed the Department of Health and Social Care.

Unfortunately, there is no comparable data available for the Foreign and Commonwealth Office (FCO) because no public bodies from this department responded to the survey in 2017. However, this year 50% gave a rating of 3 and 50% gave a rating of 5, which was a positive sets of results.

Figure 11: The percentage of public bodies that felt there was strategic alignment between the objectives of the public body and the department, by government department

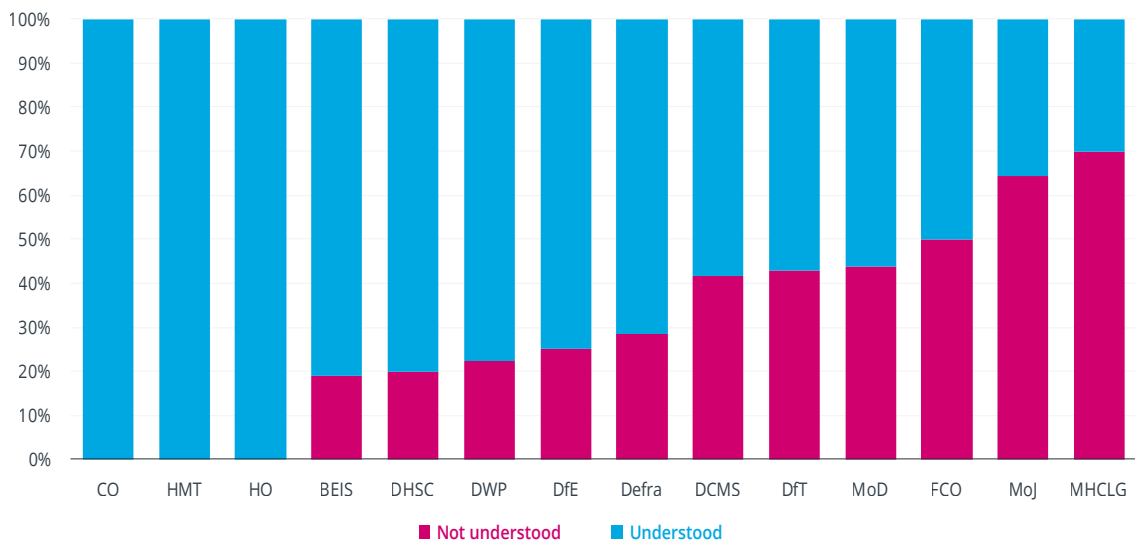


Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

In the 2017 survey, chairs and chief executives of public bodies frequently expressed concern that at more junior levels within the government department there is often a lack of clarity about the role and purpose of the public body. Therefore, in the 2018 survey we asked respondents whether they felt that the purpose and objectives of the public body are understood at all grades within the department. Positively, 65% answered 'yes', but the results were mixed across departments. For example, in BEIS and MoJ, two departments that oversee a similar number of public bodies, there was a big disparity in the results: 81% of public bodies in BEIS felt that the purpose and objectives are understood, whereas the figure for MoJ was 36% (Figure 12).

Overall, on the standards of the purpose principle, progress has been limited. Despite the consistent use of framework documents, which are a useful tool to set the tone of the relationship between the public body and its overseeing department, and the public body's governance arrangements, there are concerns about a lack of clarity within some departments about the responsibilities of the public body, how its objectives fit into the wider governmental strategy, and the transparency of its performance. We would hope to see greater improvements in these areas in the future.

Figure 12: The percentage of public bodies that felt the purpose and objectives of the public body are understood at all grades within the department, by government department



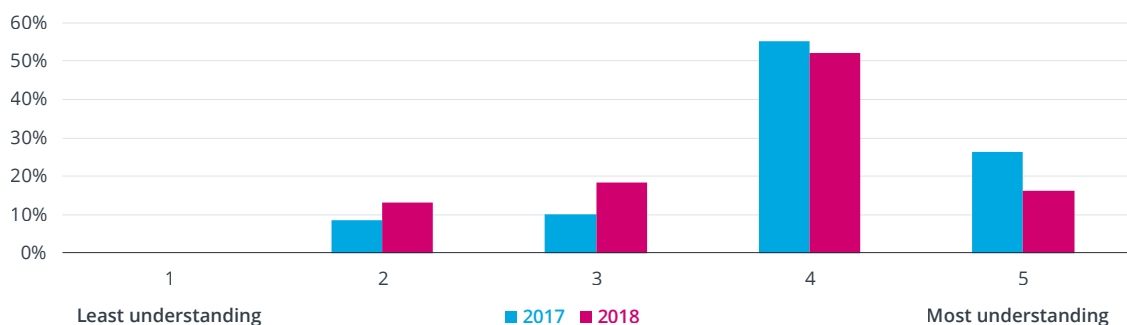
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

Assurance

Partnerships work well when departments adopt a proportionate approach to assurance, based on arm's-length bodies' purpose and a mutual understanding of risk. Arm's-length bodies have robust governance arrangements in place; departments give arm's-length bodies the autonomy to deliver effectively. Management information exists to enable departments and arm's-length bodies to assess performance.³

When asked to rank, on a scale from 1 to 5 (with 1 being 'strongly disagree') whether public bodies and departments have a shared understanding of the public body's risks, 81% of respondents either 'agreed' or 'strongly agreed' with the statement in 2017. This year the percentage fell to 68% and the number of 2 and 3 ratings increased, while the number of 4 and 5 ratings decreased (Figure 13).

Figure 13: The percentage of public bodies that felt there is a shared understanding of risk between the public body and the department

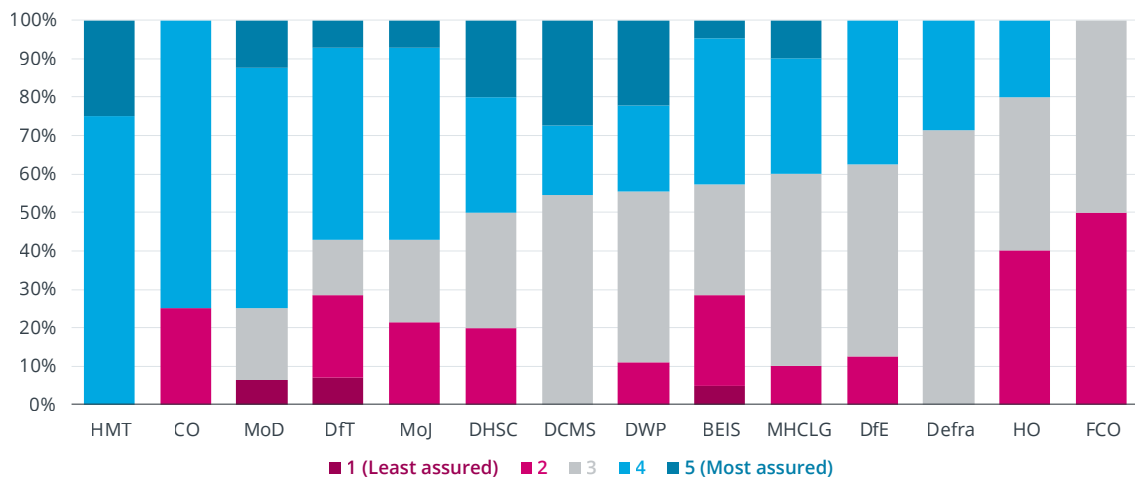


Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

In both years, the responses varied greatly across departments. For example, last year we pointed out that Defra, the DfE, the DfT and HMT were the departments that received high scorings in comparison with other departments. However, this year, the total number of ratings of 4 and 5 decreased for every department, except the CO, BEIS, DWP, DHSC and the MoD.

There was also little change in responses to the question as to whether the public body is assured that the department has the skills to develop an effective partnership (with 1 being least assured and 5 being most assured). In both years around 50% of all respondents answered 4 or 5. However, this year there were particularly positive responses from public bodies in Defra, the DCMS and the HMT, where no ratings below 3 were given (Figure 14).

Figure 14: The percentage of public bodies that felt assured the public body and the department have the skills to develop an effective partnership, by government department



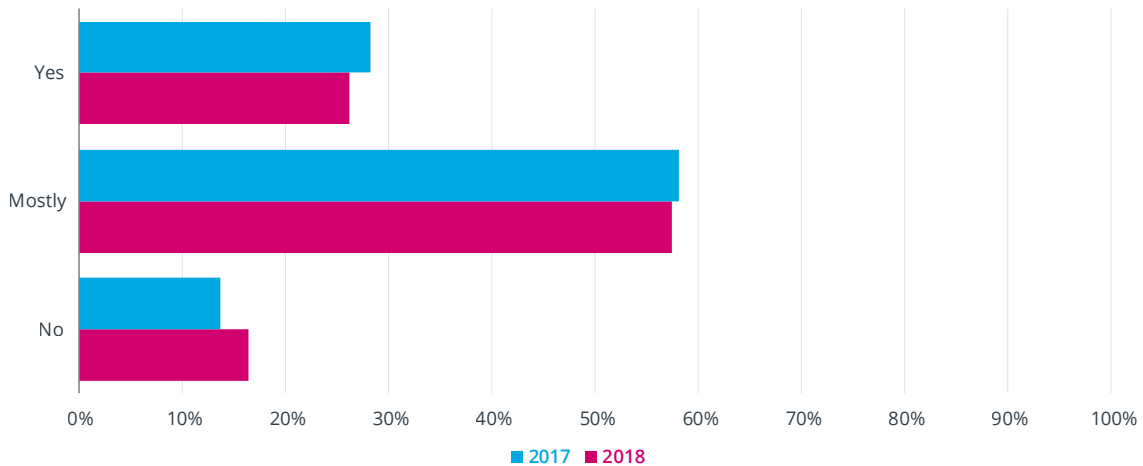
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

Positively, the proportion of respondents that felt that central government data requests are proportionate and relevant remained extremely high. This year 83% of respondents answered 'yes' or 'mostly' to this question, although this was a three percentage-point decrease from last year (Figure 15).

Similarly, the percentage of respondents that felt there have been duplicate requests for information in the past year increased slightly. In 2017, 26% of respondents answered 'yes', compared with 29% in 2018.

In the 2018 survey we again provided chairs and chief executives the opportunity to provide further comment on duplicate requests for information. One public body leader noted that there were "too many to list", and another said that often requests were made with little notice and with no explanation for why they were required.

Figure 15: The percentage of public bodies that felt government data requests are proportionate and relevant



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

For those who did give examples, they were similar to last year:

- duplicate requests from the CO and the department
- European Union (EU) exit work
- same requests from different parts of the department
- financial and human resources
- digital, data and technology information.

The team responsible for public bodies within the DWP informed us that since the publication of the Code, they have developed a database to outline partnership arrangements for the coming year, including when data requests should be sent out, by whom and to which bodies, and who should be attending certain meetings. This is a welcome approach to minimising irrelevant requests and ensuring meetings are held with individuals at the right level of seniority.

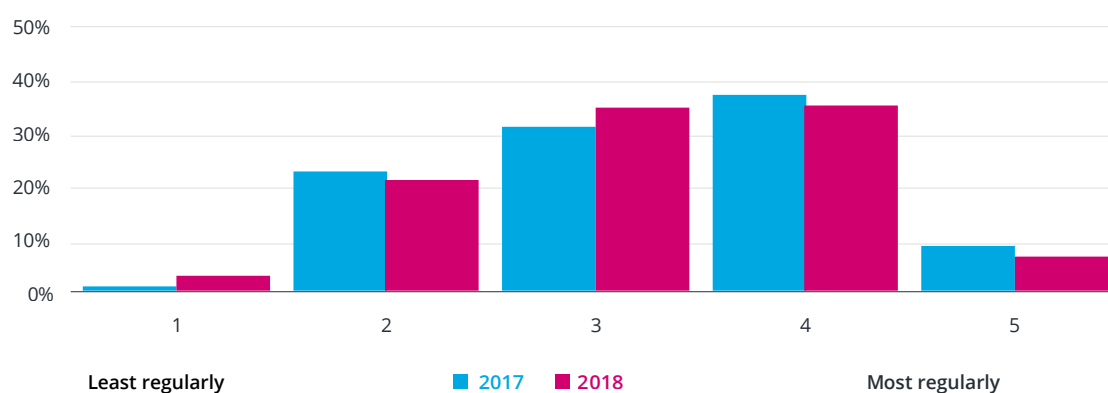
Overall, on the standards of the assurance principle, the lack of progress reinforces the Code's limited impact, particularly when almost half of respondents still do not feel assured that the department has the skills to develop an effective partnership.

Value

Partnerships work well when departments and arm's-length bodies share skills and experience in order to enhance their impact and deliver more effectively. Arm's-length bodies are able to contribute to policy making and broader departmental priorities. There is a focus on innovation, and on how departments and arm's-length bodies work together to deliver value for money.⁴

Unfortunately, when we asked public bodies if they feel the department and public bodies regularly share skills and experience in order to enhance their impact and delivery more effectively, the results were little changed from last year.

Figure 16: The percentage of public bodies that felt the public body and the department regularly share skills and experience



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

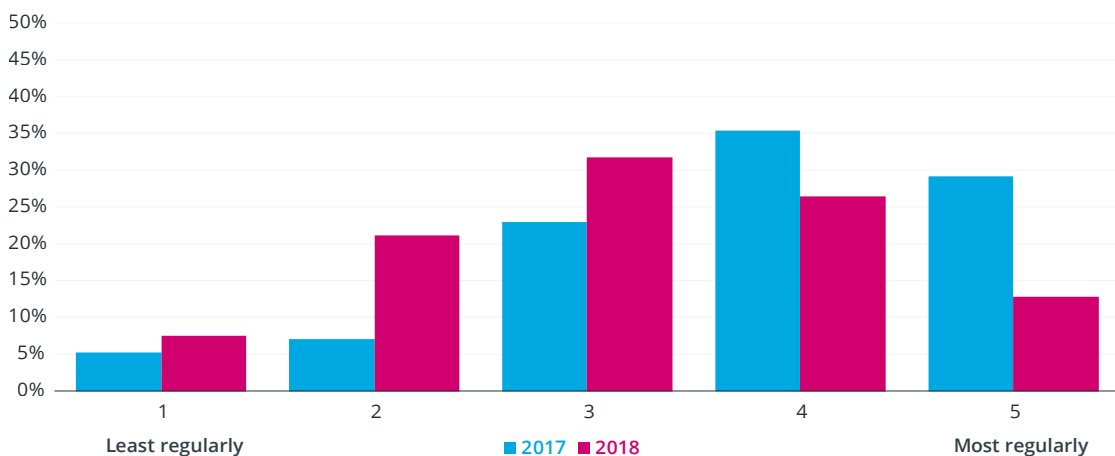
Only 42% of respondents rated their response either 4 or 5 (with 1 being 'strongly disagree' and 5 being 'strongly agree'), which is a disappointing lack of improvement (Figure 16). However, where respondents provided further comment we were able to draw out areas of good practice that should be used more widely. These included:

- secondments that flow in both directions and informal working time shared across departmental and public body offices
- shared training and skills courses
- observer representatives from both sides of the relationship at relevant departmental and public body board meetings and committees
- joint meetings and ensuring collective actions are followed up
- collaboration on long-term investment projects, diversity and EU exit work
- central government support for commercial and digital programmes, recruitment and estates strategy.

Last year, when asked to rank on a scale from 1 to 5 (with 1 being 'strongly disagree' and 5 being 'strongly agree') whether they thought that the public body and the department draw on the experience and expertise of their non-executive directors, we were pleased that our survey found that 65% of respondents either agreed or strongly agreed. The breadth of expert knowledge and experience of non-executives across departments and public bodies is increasingly being recognised as a valuable resource, particularly in times of fiscal constraint. Recent research by University College London's Constitution Unit has highlighted the high calibre of non-executives, mainly from business, but also those with professional backgrounds.⁵ Therefore, we hoped for a continuation of last year's positive trend. Disappointingly, the results dropped significantly this year (Figure 17).

The two ratings that changed the most were 5 ('strongly agree'), which fell from 29% to 13% of respondents, and 2 ('disagree'), which rose from 7% to 21%.

Figure 17: The percentage of public bodies that felt the public body and the department draw on the experience and expertise of departmental and public body non-executive directors

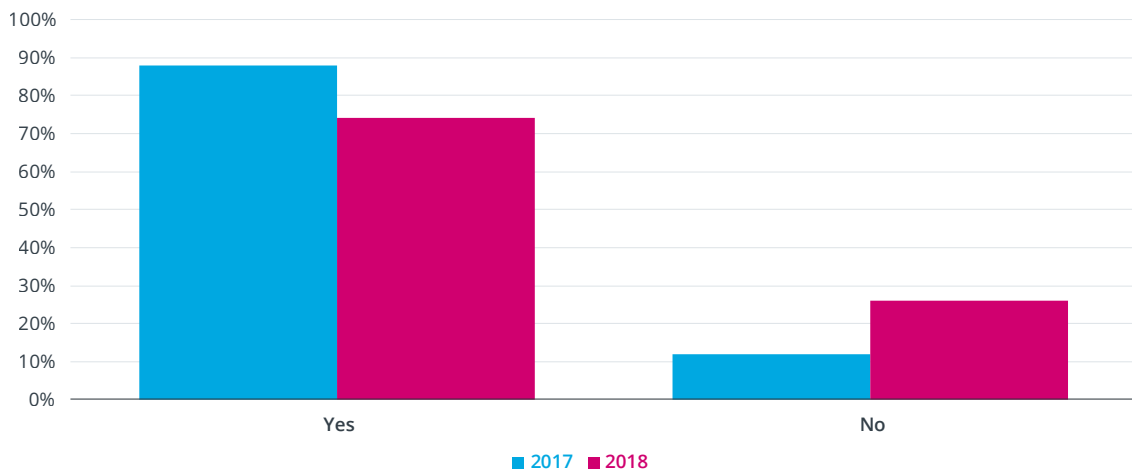


Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

Similarly, a positive benchmark of 88% was set in 2017 for the proportion of public bodies that played a role in contributing to the development of policy. There was a notable reduction to 74% this year (Figure 18).

However, as with last year, we asked respondents to provide examples of mutual policy development work. The responses included a range of excellent examples, such as sharing insights with the centre of government on the practical impact of policy and giving advice on the legislative framework; inputs into reviews, consultations, and green and white papers; and collaborative work on regulatory policy, the industrial strategy, apprenticeships, diversity programmes, service-level agreements, revising business and financial plans, human resource policies and Brexit.

Figure 18: The percentage of public bodies that have contributed to policy development



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

Positively, 59% of respondents to the 2018 survey said they feel involved at the right stage of policy development and with the appropriate frequency. However, for the remaining 41%, many of the additional comments provided insights into where improvements could be made:

- Some felt that involvement is limited, with poor feedback and a lack of tangible evidence of change.
- There is ineffective use of the public body's data and limited progress in making data freely available.
- While the department has become better at engaging with experts at executive and non-executive levels, the appetite from ministers is weaker unless there is specific political interest. Some commented that being involved in early ministerial thinking would be beneficial, as well as being alerted when policies relevant to their business are under review.
- Civil service staff turnover is a barrier to consistent interaction.
- Involvement is often reactive rather than proactive. Public bodies would like more opportunities to contribute practical considerations during the 'testing phase' of policy making, before crises develop and before submissions are made to ministers.
- There should be greater awareness of the public body's capability, role, responsibilities, duties and powers among policy officials at all levels in the government department (including non-executive director board members and ministers).
- Smaller public bodies are often excluded from consultations, despite also being affected by the policy.
- Policy making is not sufficiently focused on delivery.

- Some bodies that report into their department through UK Government Investments (UKGI) find this to be an extra barrier to effective working and policy engagement.

It is widely recognised that improving the interface between policy making and delivery would lead to more effective and successful implementation of policies. Tony Meggs, Chief Executive of the Infrastructure and Projects Authority, recently referred to the space where a policy is passed from policy team to the delivery body as the 'Valley of Death'.⁶ His advice is to always involve delivery expertise in policy making; therefore it is encouraging to see that this is beginning to happen more regularly across government.

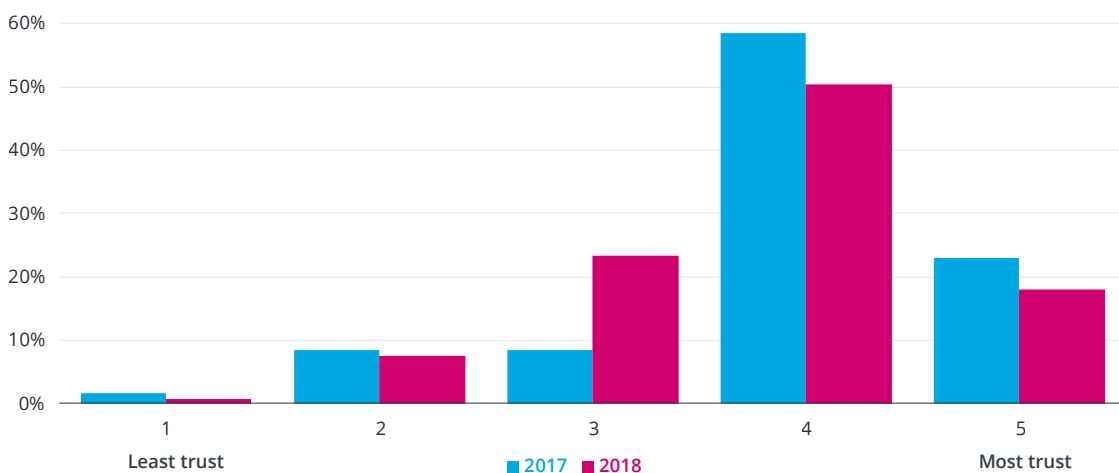
Our research shows that to fully embed the Code's value principle, greater consistency is needed. Furthermore, in addition to responding reactively to policy challenges, regular sharing of skills and experience, and drawing on the experience of non-executive directors, can support a continuous dialogue with the centre of government, leading to a greater understanding of how constructive partnerships can be formed with the right level of independence and at earlier stages of policy development.

Engagement

Partnerships work well when relationships between departments and arm's-length bodies are open, honest, constructive and based on trust. There is mutual understanding about each other's objectives and clear expectations about the terms of engagement.⁷

When asked to rank on a scale from 1 to 5 (with 1 being 'strongly disagree' and 5 being 'strongly agree') whether they agree with the statement 'the public body's relationship with the department is based on trust, respect and shared values', the results were fairly similar to last year. This year, 50% gave a rating of 4 and 18% gave a rating of 5; a slight reduction from 58% and 23%, respectively, in 2017 (Figure 19).

Figure 19: The percentage of public bodies that felt their relationship with the department is based on trust, respect and shared values

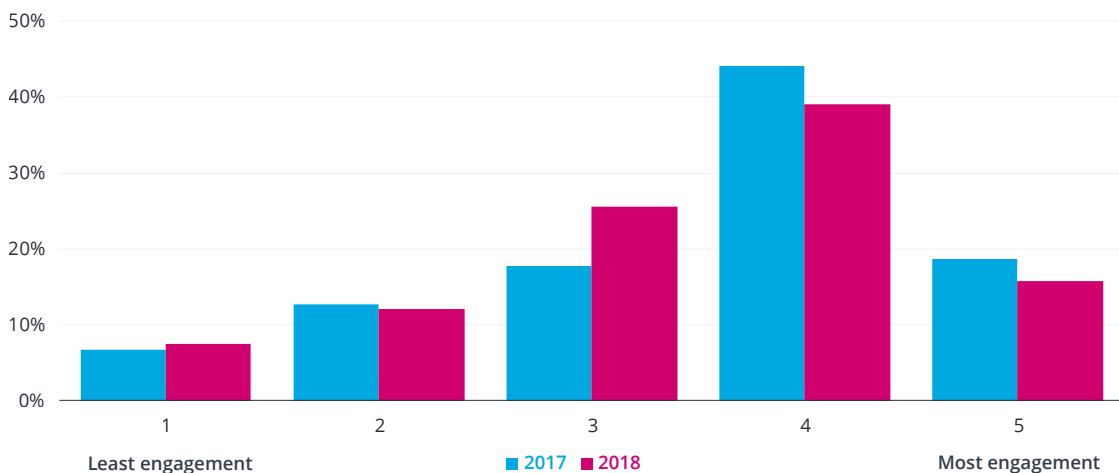


Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

Fewer public bodies than last year felt that the senior representatives in the department, including the minister and permanent secretary, engage with the public body with appropriate frequency. In 2017, 62% gave a response of 4 ('agree') or 5 ('strongly agree') while this year the proportion fell to 55% (Figure 20).

Responses were again variable across departments, and most received a range of both positive and negative responses. The only department to improve their results was the CO, where the percentage of respondents answering 4 increased from 0% to 75%.

Figure 20: The percentage of public bodies that felt senior representatives in the department engage with the public body with appropriate frequency



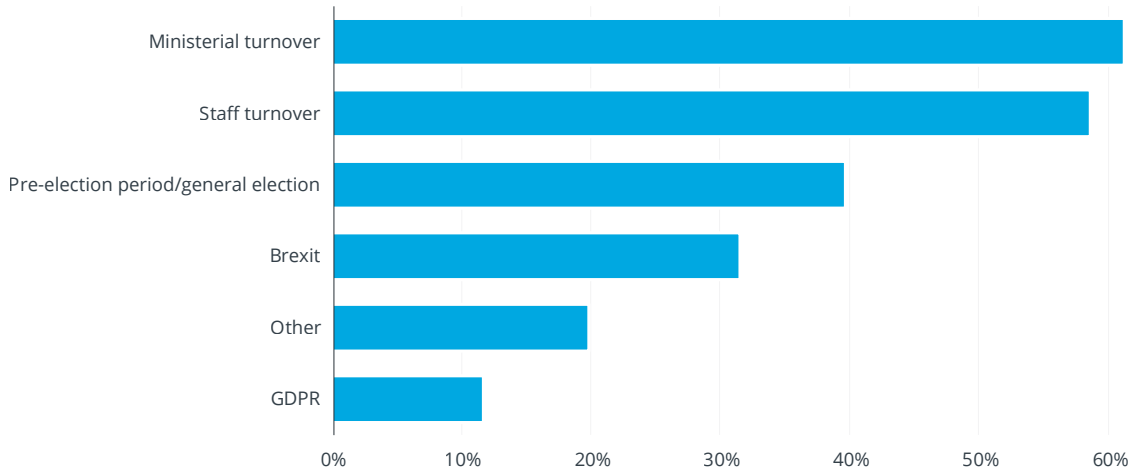
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

This was a particularly disappointing result, as last year when chairs and chief executives were asked to provide comments on any further areas of concern, many felt that relationships with junior representatives in the sponsoring departments could be improved. Several respondents reported that the necessity of the 'arm's-length' independence was not always understood at the junior level and there was no designated interlocutor at director level or above. It is concerning that one public body noted that within the past year, neither the permanent secretary nor the director-generals had been available to the public body at all.

From the additional comments provided, it is clear that public body leaders highly value long-term strategic discussions at senior and ministerial levels. One in particular highlighted a positive case where Dame Sue Owen, Permanent Secretary in the DCMS, wrote to all the staff within the public body after a difficult period. However, too often it was reported that public body leaders are unable to have access to ministers or senior officials. Some respondents said they would welcome insight into the frequency of meetings between ministers and public bodies across government, as currently meeting even annually is difficult to achieve. A framework or protocol for ministers to operate within so there is less variation with each change of minister may assist. It was also reported that, at times, the sponsor team in the department can act as a barrier to accessing the minister, with examples given of paper communications being modified or redrafted, and one-to-one meetings blocked.

Since the publication of the *Code of Good Practice* in 2017, there have been many changes within government, including changes in Brexit policy, a general election, ministerial reshuffles, high levels of staff turnover and the introduction of the General Data Protection Regulation (GDPR). We therefore felt it was important to ask public bodies the extent to which any of these factors have affected their relationship with the department (Figure 21).

Figure 21: The percentage of public bodies that felt relationships have been affected by operational changes in government



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

We were surprised to discover that only 32% of respondents felt that Brexit had affected the level of engagement between the department and the public body. Meanwhile, approximately 60% of respondents felt that ministerial and staff turnover had a significant impact.

Twenty organisations provided specific examples of other areas that have affected the level of engagement, including:

- tailored reviews*
- work relating to the industrial strategy
- delays in the appointment of staff at board and chief executive level
- manifesto commitments
- work relating to finance
- setting up of a new body.

Given that our survey results demonstrate that many public bodies feel dissatisfied with the amount of time they can secure with their minister, and that the level of engagement has fallen, it is unsurprising that many public bodies feel that ministerial turnover affects the level of engagement with the public body.

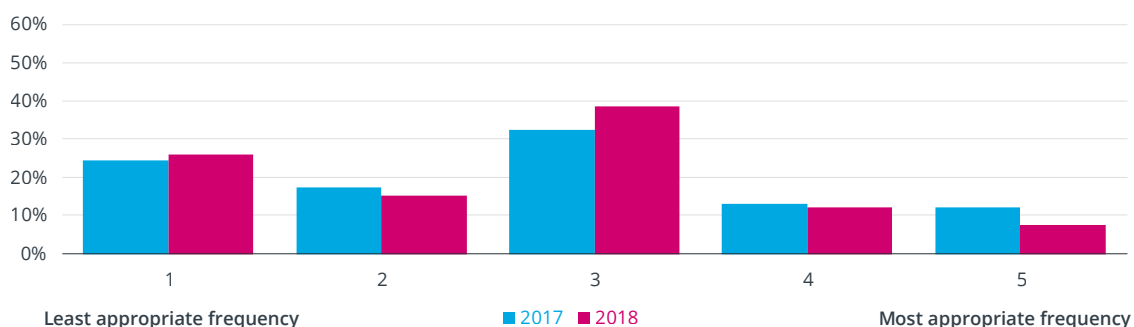
The Institute for Government's *Whitehall Monitor*⁸ highlighted the numerous changes at Cabinet level between the publication of last year's survey results and redistributing the survey in March 2018. Subsequently, Sajid Javid replaced Amber Rudd as Home

* Tailored reviews are periodic assurance reviews of public bodies led by central government.

Secretary in April, and following further ministerial resignations, there was another Cabinet reshuffle in early July. Whenever there is a change in minister, departmental priorities can change. It is therefore important that incoming ministers are properly briefed on the purpose and objectives of the public bodies within their department, and that they understand the importance of making the appropriate amount of time to meet with the chairs and chief executives so that the public bodies can maintain strategic alignment between their own objectives and those of the department.

The survey asked whether public body leaders felt that departmental non-executives engage with public bodies with appropriate frequency. Last year, the results for this question were disappointing: 73% of respondents ranked non-executive director engagement between 1 and 3 (with 1 being the lowest level of engagement). Unfortunately, this year there was no improvement, with the proportion rising to 80% (Figure 22).

Figure 22: The extent to which public bodies felt that department non-executive directors engage with public bodies with appropriate frequency



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

One public body reported that they had not met with a minister or non-executive director since it was designated as a public body, despite a number of requests. However, the DWP has appointed a department non-executive to lead on public bodies, and this seems to have been a productive approach. A public body in DWP said the lead non-executive had made contact with their public body non-executives to discuss better cross-departmental working and general development. This is an excellent idea and we welcome this approach. We would also encourage non-executive directors to share insights and good practice between departments.

The results from further questions on engagement remained positive. For example, 72% of respondents said they feel that the public body and the department engage with each other in a co-ordinated and consistent manner. This was similar to last year's result of 73%.

There was also a small increase in the percentage of respondents who said they feel there is a clear and well-understood process to resolve disputes between the public body and the department; 41% compared with 38% last year. However, there was an inconsistent picture across departments (Figure 23). For the DWP, the result fell from 100% to 67%; for the DHSC, it fell from 75% to 70%; for the DfE, it fell from 80% to

38%; for the DfT, it fell from 67% to 42%; for the MoJ, it fell from 64% to 57%; and for the MHCLG, it fell from 50% to 30%. Again, due to the fact that no public bodies from the FCO responded to the survey last year, there is no comparable data for this department. However, this year 50% of respondents answered yes and 50% answered no.

As noted in the NAO report in 2016, consistency across departments is lacking.⁹ Unfortunately, two years on, this still appears to be the case.

Figure 23: The percentage of public bodies that felt there is a clear and well-understood process to resolve disputes between the public body and the department, by government department



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2017 and 2018.

Brexit

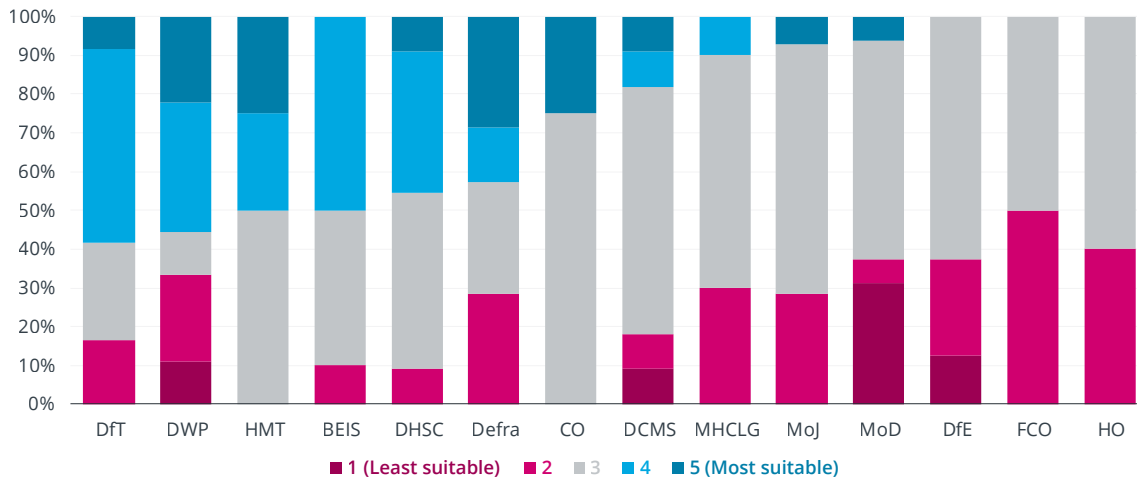
Brexit will affect public bodies in a number of ways, particularly those that will be taking on new regulatory functions. In November 2017, the PCF, the ACE and the Institute for Government conducted a separate survey of public bodies on the impacts of Brexit, where many expressed concern about the level of uncertainty, such as potential changes to funding streams, staffing, and limited powers to influence EU standards that may still affect their operational work. Therefore, in the survey on the *Code of Good Practice* this year, we asked public bodies whether they have had suitable engagement with their department regarding scenario planning and preparations for leaving the EU.

On a scale of 1 to 5 (with 1 being 'least suitable' and 5 being 'most suitable'), 48% gave a rating of 3; neither agreeing nor disagreeing that engagement has been suitable. Considering that public bodies are on the front line of implementing Brexit, this is a concern given that, at the time the survey was sent out, the date for leaving the EU was less than a year away.

Figure 24 shows how engagement regarding Brexit is being perceived by public bodies in each department. While only 6% of all respondents gave a rating of 1, these responses came from just four departments: the MoD (31%); the DfE (13%); the DWP (11%); and the DCMS (9%). In contrast, at least 50% gave a rating of 4 or 5 in BEIS, the DfT, the DWP and HMT. Given that 80% of Defra's responsibilities are currently framed by EU legislation,¹⁰ and therefore Brexit affects a considerable number of its public

bodies, it was disappointing to see almost 60% of its public bodies giving the level of engagement low scorings of 2 or 3.

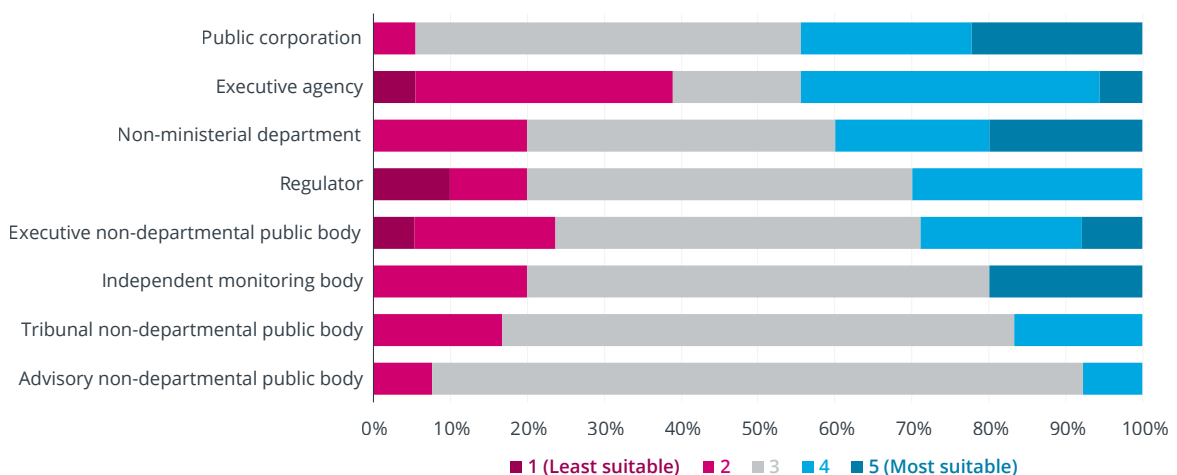
Figure 24: The extent to which public bodies felt there has been suitable engagement with the department regarding scenario planning and preparations for leaving the EU, by government department



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

Looking at the results by classification (Figure 25) also reveals that only 30% of regulators gave a rating of 4 ('agree') and none gave a rating of 5 ('strongly agree'). Given the expected changes to the regulatory landscape, this too was surprising.

Figure 25: The extent to which public bodies felt there has been suitable engagement with the department regarding scenario planning and preparations for leaving the EU, by classification of public body



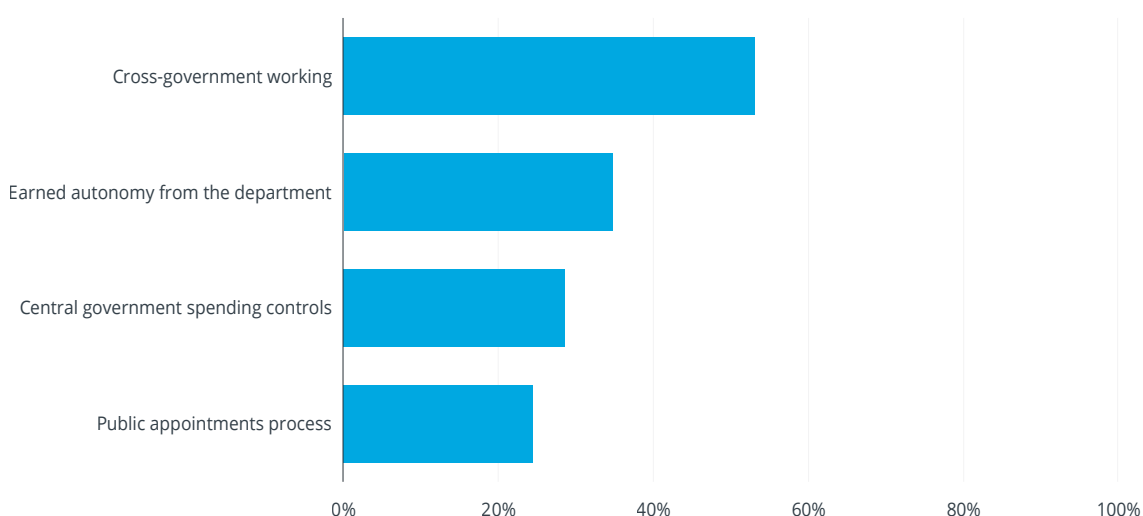
Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

Other

In last year's survey, we asked public bodies whether there were other elements of the partnership with government that affect their ability to meet their objectives. Some recurring issues raised were in relation to cross-government working, the public appointments process, spending controls and a lack of clarity around the meaning of 'earned autonomy'. This year's survey asked whether there have been improvements in these areas.

Unfortunately, 98 respondents chose to skip this question, so the results should not be taken as representative. Others commented that they could not report any improvements in these areas. Nevertheless, Figure 26 shows the percentage of respondents that felt some progress had been made.

Figure 26: The percentage of public bodies that felt there have been improvements within the past year



Source: Public Chairs' Forum, Association of Chief Executives and Institute for Government survey of partnerships between departments and public bodies, 2018.

We asked respondents to provide further comment on improvements in these areas. Some key points emerged:

Cross-government working

Cross-government working is where public bodies have seen the most improvements. However, the appetite for better and more effective cross-government working is still considerable. Many public bodies said they would welcome more opportunities to share ideas and insights with their department. It was even suggested that research could be conducted by the PCF, the ACE and the Institute for Government into how all departments are working with public bodies, not just the parent department. The 'silo' culture of government remains a concern.

However, it was noted that criticisms by the PAC have prompted some improvements. For example, following a tailored review, one public body was afforded the opportunity to establish a cross-Whitehall group to assist them on the delivery of a difficult project. A cross-government group was also created in another instance to

assist with a chief executive appointment. Another public body said they have been working with HM Revenue and Customs (HMRC) and other government departments on conditionality and aspects of the better regulation agenda.

One suggestion given by a respondent was that public bodies would benefit from a more consistent cross-government procurement strategy. It was reported that departments often require documents drafted in different formats, and the production of shared templates for business planning would be particularly useful to save time. The PCF and the ACE have been engaged with the government commercial profession and we welcome the fact that their commercial capability scheme is being rolled out to public bodies. Hopefully this will improve consistency across government, particularly as the PAC has recently called for the CO to establish a 'contracting centre of excellence' that can share good practice across the public sector.¹¹

Earned autonomy from the department

A small number of public bodies reported that autonomy has been granted in some areas. However, in terms of the level of bureaucracy, one public body had been told by their department that all public bodies must be treated the same.

The time taken by departments to make decisions continues to be a barrier to effective service delivery for many public bodies. One public body also reported that a lack of continuity or responsibility at the centre of government remains an issue.

Central government spending controls

There were many reports of improvements in specific targeting and relaxation of spending controls, for example in relation to delegation limits and the attestation process. However, public bodies still find the spending controls document burdensome and fear that the level of bureaucracy runs the risk of reducing the flexibility necessary to operate more efficiently and independently from government. One public body reported financial delegations not being received until six weeks into the financial year, including unexpected cuts with no prior discussion or warning.

There was also inconsistent understanding among public bodies as to whether they were able to increase their organisation's headcount. It is important that departments are clear with public bodies about such issues. Spending controls in relation to pay was a recurrent concern and public bodies said they would like greater clarity over the relaxation of the 1% pay cap in some areas, and how this will affect wider departmental resources. Disparities in pay policies across borders were reported as an issue; for example one public body is answerable to the Scottish Government but is based in London, so it is unclear to which jurisdiction the policy applies.

Public appointments process

In 2016, a cross-government review of public appointments¹² produced a number of recommendations. It was therefore disappointing that a greater number of public bodies did not report improvements in this area. One public body commented that the process has worsened and become more protracted in the past 12 months. However, another said that the process has improved within BEIS. Ministerial turnover in the department and a lack of co-ordination between departments, Number 10 and

the CO were repeatedly cited as barriers to progress. One public body also had concerns about the transparency of the process and the level of ministerial interference.

However, the PCF held an event in June 2018 with the Rt. Hon Peter Riddell CBE, Commissioner for Public Appointments, who reassured chairs of public bodies that despite delays following the general election and ministerial reshuffles, there is now a concerted drive within government to improve the process, particularly in relation to the three-month time limit and the quality of appointments. Several survey respondents commented on the positive work of the Commissioner.

4 Conclusion and recommendations

Impact of the Code

Given the positive improvements to the public body–government department relationship that could arise from embedding the principles of the *Code of Good Practice* into the culture of government, it is disappointing that our survey results show it has had little impact and there is a lack of clarity over some of its features, for example the principle of ‘earned autonomy’.

The NAO and PAC criticism in 2016 that oversight of public bodies is inconsistent across departments still stands, over a year on from the publication of the *Code of Good Practice*. Greater effort is required by the CO to spread awareness of the Code across government, in order to encourage its adoption by departments, reduce inconsistencies and help foster productive partnerships with public bodies.

Purpose

It is positive to see the consistent use of framework documents, which are a useful tool to set the tone of the relationship between the public body and the department. However, there needs to be greater clarity about the roles and responsibilities of the public body at all grades within the department, including how the public body’s objectives fit into the wider governmental strategy and the transparency of its performance.

Assurance

A high proportion of public bodies still feel there is a shared understanding of risk in the department and that most central government data requests are proportionate and relevant. However, the figures are slightly lower than last year. This speaks to the Code’s limited impact, particularly when almost half of respondents still do not feel assured that the department has the skills to develop an effective partnership.

Value

There have been no improvements in the sharing of skills and experience across public bodies and departments, and the number of opportunities for public bodies to contribute to policy development has decreased. This is surprising given the context of Brexit, where public bodies could share many specialist insights into the practical implications for their sector or function.

Departments should embrace initiatives such as mutual training courses and two-way secondments, drawing on the experience of non-executive directors in public bodies and departments, and facilitating cross-government initiatives. We welcome the idea of having a lead non-executive director for public bodies in each department to enhance the engagement between the two.

All these approaches support the development of a continuous dialogue with the centre of government, leading not only to stronger and open relationships, but also to a greater understanding of the public body’s work, objectives and necessary

independence. Only with this constructive set-up can public bodies and government departments begin to bridge the gap between policy making and implementation.

Engagement

Many public bodies believe they engage with their government department in a co-ordinated and consistent manner, and that there is a clear process for resolving disputes. However, there is concern about the high levels of staff turnover within the civil service, the lack of engagement with senior representatives in the department, particularly ministers and non-executive directors, and insufficient engagement regarding scenario planning for Brexit. Considering that public bodies are on the front line of implementing Brexit, this is a considerable concern.

Given the recent levels of ministerial turnover, we welcome the idea of producing a framework or protocol for ministers engaging with public bodies, so there is less variation with each change of minister.

Next steps

The principles of the Code are still relevant and are an excellent starting point to set the tone for effective partnerships between public bodies and government departments. However, there are still many barriers to positive relationships, such as the inefficiency of the public appointments process and the burdensome nature of spending controls. These need to be improved if there are to be more positive working relationships between government departments and public bodies.

There is high turnover among ministers and in the civil service, so it is vital that incoming ministers, officials and non-executives are aware of the important role that public bodies play in delivering the Government's agenda, and know how to work with them effectively. The Code can provide this context. However, publishing guidance such as the *Code of Good Practice* is of little value if it is not embedded into the culture of government. Government departments and the CO must embrace the opportunity to spread awareness of the Code to increase its impact.

Appendix: List of abbreviations

ACE	Association of Chief Executives
AGO	Attorney General's Office
BEIS	Department for Business, Energy and Industrial Strategy
CO	Cabinet Office
DCMS	Department for Digital, Culture, Media and Sport
Defra	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DfID	Department for International Development
DfT	Department for Transport
DHSC	Department of Health and Social Care
DWP	Department for Work and Pensions
EU	European Union
FCO	Foreign and Commonwealth Office
GDPR	General Data Protection Regulation
HMRC	HM Revenue and Customs
HMT	HM Treasury
HO	Home Office
MHCLG	Ministry of Housing, Communities and Local Government
MoD	Ministry of Defence
MoJ	Ministry of Justice
NAO	National Audit Office
NDPB	Non-departmental public body
PAC	Public Accounts Committee
PCF	Public Chairs' Forum

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About the author

Susanna Smith is responsible for supporting the Public Chairs' Forum (PCF) and the Association of Chief Executives (ACE) in all aspects of business, including developing the annual programme of events, contributing to research projects on public service delivery and championing public body reform within government and the wider public sector. Alongside her work for PCF and ACE, Susanna recently completed an MA in Politics and Contemporary History at King's College London.

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