

Chair's report covering the period November 2014 to December 2015

Overview

I have been delighted to see ACE strengthen and deepen its role this year, as membership has grown, events have increased in number and quality, and our relationships with senior stakeholders at the centre of government reinforced a growing interest in the value and role of ALBs and their leaders. This year has also seen us build on the progress ACE made organisationally in 2013/14, embedding ACE's new support arrangements and continuing to benefit from the closer links with Institute for Government and develop our relationship with Public Chairs' Forum (PCF). We have also increased the regularity of our communications to members, introducing a new ACE update in between editions of the ACE reporter, with the aim of ensuring that members are fully briefed on key developments relating to the ACE and the ALB community as they happen. As I step down as Chair of ACE after three years, and following five years on the Board, I reflect that ACE has weathered some challenging times and is well-placed to support members and the centre work together more effectively to deliver the government's agenda.

Engagement with stakeholders

The General Election set the context for ACE's programme of work and provided us with an opportunity to strengthen our relationships with key stakeholders either side of the election.

Following Sir Jeremy Heywood's contribution to the ACE annual conference in November 2014, we maintained our engagement with him over the course of the year, building on discussions relating to areas such as joining up policy and delivery, talent interchange between Departments and Arm's Length Bodies (ALBs), and increasing engagement between Chief Executives of ALBs and the centre of government. Sir Jeremy has outlined his commitment to work with leaders of ALBs, and we are already seeing good progress in many of the areas that have been highlighted.

Sir Jeremy spoke again to ACE members in July, which was a good opportunity to engage with him on Government's priorities early in the new Parliament.

In September, Sir Jeremy sent a letter to all Permanent Secretaries expressing his support for ACE as a network and highlighting the valuable work that Chief Executives of ALBs do. He encouraged Permanent Secretaries to inform their ALBs about ACE and to consider joining. We really value this support and his endorsement of ACE has led to a number of new members joining.

As part of the Cabinet Secretary's renewed interaction with ACE we were delighted to welcome Sue Owen, Permanent Secretary at DCMS, who was asked by Sir Jeremy to act as our new ACE Permanent Secretary sponsor earlier this year. We have been engaging with Sue on ACE's programme of work since her appointment, and we are delighted that she will be speaking at ACE's Annual Conference on 3 December. We are looking forward to continuing to work with her over the coming months, and hearing her insights and perspectives on important ALB related issues.

I would also like to take this opportunity to thank Lin Homer, our former Permanent Secretary sponsor, for the warm support she provided to ACE during her time with us, and I know she will continue to bring to bear her understanding and experience of ALBs as an honorary member of ACE.

We have also established a good relationship with John Manzoni, since his appointment as Chief Executive of the Civil Service towards the end of the last year. Following his meeting with the ACE Board on 12 March 2015, the Chair wrote to him outlining the Board's thoughts on changing ways of working with ALBs to enable big ideas to be generated and transformation across the civil service to happen at pace. As part of the drive to deliver meaningful transformation, the PCF also wrote to John Manzoni and outlined some ideas for a small number of cross-cutting reviews in government earlier this year, since when ACE has joined John Manzoni and the PCF in the development of these reviews, the first of which will consider regulators. We hope this new approach will give Chief Executives a leading role in driving and shaping transformation in ALBs.

We have continued to have regular bilateral meetings with the Cabinet Office Public Bodies Reform Team, which are helpful in ensuring ACE is fully up to speed and engaged with the latest ALB related policy developments in government and enable members of the Board to raise issues of concern to the ALB community with Cabinet Office and other parts of government. The meetings are a key means of following up on areas discussed at events and other meetings, and the Public Bodies Reform Team have helped ACE to progress across a number of fronts.

These have included a number of discussions with the centre of government regarding the importance of increasing interchange between the Civil Service and ALBs. James Norton, Head of Civil Service Resourcing, attended one of our recent engagement meetings with Cabinet Office, and outlined the scheme's desire to increase the number of Fast Stream secondments hosted by ALBs. We subsequently highlighted this opportunity to ACE members, and we are delighted that Emma Aston from the Civil Service Fast Stream has been seconded to work for ACE and PCF as part of this initiative.

We have continued to work closely with Catherine Lee, Director-General of the Ministry of Justice and Government Sponsorship Champion to look at ways that the sponsorship of ALBs could be improved. We had a really useful dial-in on sponsorship with members at the beginning of September, and have sent Catherine and the Public Bodies Reform Team a summary of the main issues and priorities that were identified in the discussion.

Events

We've had some great events over the past year, a full list of which is included in the annex at the end of the report. Highlights included our annual conference in November last year, which took place over two days at our new home, the Institute for Government. The conference was designed to help us look to the future from three perspectives – that of the individual Chief Executive or senior leader; the organisation; and the wider ALB community. The event was informal and conversational in tone – and featured thought provoking contributions from some excellent speakers, including the Rt Hon Lord (Chris) Smith of Finsbury, former Chair of the Environment Agency; Sir Jeremy Heywood, Head of the Civil Service; Matthew Taylor, Chief Executive of the Royal Society of Arts; Lin Homer CB, Chief Executive and Permanent Secretary of HMRC; Paul Kirby CB, Partner KPMG, former head of the No.10 Policy Unit; and Rupert Soames, Chief

Executive of Serco. The conference provided members with an opportunity to network and share experiences with peers as we looked to the challenges ahead, including helping to shape the collective agenda for ACE.

In January, we held a joint workshop with Cabinet Office and the Public Chairs' Forum to discuss the classification review of public bodies, which was an opportunity for Cabinet Office to present and test their initial findings with Chairs and Chief Executives.

Our event in March was an opportunity to consider the evolving role of shared services in government. The contributions from the panel, who included Hannah Boardman, Operations Director for Shared Services; Louise Woodford, Evolve Shared Services Programme SRO & Director Shared Services Client & Contract Team, Ministry of Justice; Claire Bassett, CEO of the Parole Board; and Martin Waters, Transformation Director at Shared Services Connected Limited (SSCL), sparked, some really interesting discussions and the presentations and highlighted that a lack of offer for shared services in smaller ALBs had been causing issues for many organisations.

In July, we heard from Sir Jeremy Heywood, Cabinet Secretary and Head of the Civil Service, as he discussed with members the priorities for ALBs in light of the new parliament and how central government and ALBs can work together with the civil service to bridge the gap between policy and delivery. We have continued our engagement with Jeremy since this event and have recently submitted a collection of apprenticeship case studies from our members following his request for examples of successful programmes in ALBs, which are available to read on the members' area of the ACE website.

In October, we held an interesting seminar on 'Lessons of Unusual Leadership', chaired by Richard Burge, Chief Executive of Wilton Park. We heard from three speakers with very different perspectives on leadership: Vice Admiral Tony Johnstone-Burt, CB OBE, Master of the Royal Household; Vice Admiral Duncan Potts, Director General of the Defence Academy of the United Kingdom; and Claire Bassett, Chief Executive of the Electoral Commission, formerly of the Parole Board. All three speakers made some fascinating observations about effective leadership which included understanding the difference between command and leadership; the need for clear and shared objectives early on; and the importance of living to your values.

The ACE Board held its Business Planning Day in September which offered an opportunity to discuss and agree board priorities and a plan of action for next 12-18 months. The meeting provided space to reflect on our offer to members, and many of the ideas that were discussed have been worked up for discussion with members at this year's AGM. In preparation for this discussion, we have also circulated a questionnaire to members on what they value most from their membership, and we hope to use these responses to inform our programme of work over the next year.

Membership

We now have a total of 94 corporate members, which is good improvement from the beginning of this financial year. The corporate membership model, which was introduced during the last financial year, enables Chief Executives to register up to 6 of their direct reports as members of ACE. We currently have 157 individual members registered on the ACE database.

Looking forward

2016 looks set to be another interesting year; the Spending Review has set us all some big challenges, and ACE is committed to ensuring that we offer tailored and responsive support to our members as they respond to the challenges ahead.

ACE Executive Board

The ACE Executive Board for 2015 included:

Penny Ciniewicz (Chair)

Chief Executive, Valuation Office Agency

Sheenagh Adams (co-opted 1 April 2015)

Keeper & Chief Executive, Registers of Scotland

John Alty (Vice-Chair)

Chief Executive, Intellectual Property Office

Claire Bassett

Chief Executive, Parole Board

Adrian Belton

Chief Executive, Construction Industry Training Board

Richard Burge

Chief Executive, Wilton Park

Elaine Lorimer

Chief Executive, Law Commission

James Sanderson (Treasurer)

Chief Executive, Independent Living Fund

Anne Sharp

Chief Executive, ACAS

Rosemary Winter-Scott (until 31 March 2015)

The Accountant in Bankruptcy and Agency Chief Executive, Accountant in Bankruptcy

Penny Ciniewicz - ACE Chair

22 January, Cabinet Office Workshop with ACE and PCF: Administrative Classification Review

This workshop offered Chairs and Chief Executives an opportunity to discuss the themes that had emerged from Government's Classification Review of public bodies, and to think about how the current framework could be changed or improved. Cabinet Office's discussion paper, which was published towards the end of 2014, invited people to share their views on the current classification system. Common issues arising from the responses include:

- clarifying where the classifications fit and how they work;
- the need for better guidance on the existing classification process;
- the impact of controls.

There are also a significant number of people who say that the system works well for them as it is and that, crucially, any reform must not impact on delivery.

Attendees were invited to consider the implications of three different approaches:

- tightening the existing classification system;
- loosening it; or
- starting a new classification system from scratch.

12 March, The latest thinking in Shared Services

This event was an opportunity to consider the evolving role of shared services in government from the four very different perspectives of:

- Hannah Boardman, Operations Director for Shared Services, who outlined Cabinet Office's strategy and the implications that this has for ALBs;
- Louise Woodford, Evolve Shared Services Programme SRO & Director Shared Services Client & Contract Team, Ministry of Justice, gave a departmental perspective on the move to shared services;
- Claire Bassett, CEO of the Parole Board, shared her experiences of implementing shared services in an ALB; and
- Martin Waters from SSCL, provided an overview of the SSCL approach and strategy for delivering shared services in government.

In particular, the meeting highlighted a lack of offer for shared services in smaller ALBs which is causing issues for many organisations.

23 April, Strategic Risk Management

Our seminar in April focused on strategic risk management in arm's length bodies.

- Trevor Llanwarne, former Government Actuary, presented his thoughts on risk management in the public sector,
- Richard Anderson of AndersonRisk discussed the importance of risk appetite and risk culture in developing long term sustainable organisations, and
- Richard Judge of the Health and Safety Executive outlined the challenges faced by the HSE in minimising health and safety incidents at work respectively, which cost the government over £14 billion a year.

This was followed by productive discussions including how to bridge the gap between risk at strategic and operational levels, the importance of NEDs in managing risk, and how best to cope with unforeseen events.

19 June, Customer perceptions of Public Services, Ben Page, CEO, IPSOS Mori

Ben Page, CEO of Ipsos MORI, addressed ACE members in a private seminar and spoke about the public's main concerns surrounding the provision of public services.

The discussion that followed focused on topics such as:

- Leadership – do we have people who can do it, and who is prepared to do it?
- The media's negative reaction to public sector change – should we care?
- The importance of identifying the drivers behind views of public services
- Managing expectations and communicating with users effectively

17 July, A private breakfast seminar with Sir Jeremy Heywood, Head of the Civil Service

In July, we heard from Sir Jeremy Heywood, Head of the Civil Service, as he discussed with members the priorities for ALBs in light of the new parliament and how central government and ALBs can work together with the civil service to bridge the gap between policy and delivery.

8 October, Lessons in Unusual Leadership

A fascinating seminar on 'Lessons of Unusual Leadership', chaired by Richard Burge, Chief Executive of Wilton Park. We heard from three speakers with very different perspectives:

- Vice Admiral Tony Johnstone-Burt, CB OBE, Master of the Royal Household;
- Vice Admiral Duncan Potts, Director General of the Defence Academy of the United Kingdom; and
- Claire Bassett, Chief Executive of the Electoral Commission, formerly of the Parole Board.

All three speakers made insightful observations about effective leadership which included understanding the difference between command and leadership; the need for clear and shared objectives early on; and the importance of living to your values.

4 November, What can ALB leaders offer to the centre?

Following up from the July event with Sir Jeremy Heywood, this seminar explored talent interchange across ALBs and central government in greater depth.

- Tom Fraine, Deputy Director for Talent at Cabinet Office, came to hear ALB leaders' perspectives on how to improve connections with central government departments.
- Shirley Pointer, Director of Human Resources then gave an overview on how the Department of Health implement a successful talent scheme.

We then heard about the experiences of three people who have participated in talent interchange schemes.

- Natasha Chick, Deputy Director Deputy Director, Trade, Mark and Design Policy, IPO,
- Teresa Allen, Associate Director from NHS Blood and Transplant,
- Ian Wood, Director of Strategy, ACAS,

FINANCIAL REPORT FOR YEAR ENDED 31 MARCH 2014

Overview

ACE had a deficit in the year of £18,278 which reduced reserves held to £46901. The board took the strategic decision at the beginning of the year to use reserves held to enable a lower membership fee and additionally offer the annual conference at no additional charge.

Due to a concerted focus on bringing in new members and the introduction of a more effective corporate membership fee subscription income rose by 28.5% to £49,462.60 which was in line with forecast.

The corporate membership fee has enabled ACE to move to a more sustainable position for the future, whilst providing members with an improved offer for their organisations.

Administrative and event expenditure was controlled to limit the deficit for the year.

Risk Management and Looking Forward

The Board has been managing the risk of lower potential renewal rates through a targeted programme throughout the year.

The move last year to a new management arrangement in conjunction with the Public Chairs' Forum and the Institute for Government has proved administratively and financially effective. One off expenditure was incurred in year as a result of the transition to new management arrangements. The arrangement incurs a management fee of £50,000, and therefore the target position in future years is to ensure that surplus funds are retained at this level to balance corporate financial risks.

The renewal rate for members is the main financial exposure but reserves, along with expected income from the autumn conference will more than cover one-year's administrative expenditure which provides financial stability.

ACE Association Financial Summary 14/15						
	YTD	Actuals	Actuals	Actuals	Actuals	Forecast
	Total	Q4	Q3	Q2	Q1	2015-16
Income						
Subscriptions	45,329	10,097	13,194	13,093	8,945	55,000
Other sources						
Conference charge						9,000
Income from all sources	45,329	10,097	13,194	13,093	8,945	64,000
Expenditure						
Management charge accrual	50,000	12,500	12,500	12,500	12,500	50,000
Admin/running costs	13,607	672	7,265	45	5,625	11,000
Total expenditure	63,607	13,172	19,765	12,545	18,125	61,000
Surplus/Deficit	-18,278	-3,075	-6,571	548	-9,180	3,000

James Sanderson - ACE Treasurer



Minutes of the ACE Annual General Meeting

Thursday 3 December 2015

Institute for Government

1. Election of Board and Officers

The board were content to elect the board on the basis of the nomination statements.

There were no contested positions. All Officers were ELECTED.

The Board therefore comprised:

John Alty – Chair

Claire Bassett – Vice-Chair

Ian Gambles- Treasurer

Adrian Belton

Elaine Lorimer

Anne Sharp

Sheenagh Adams

Glenys Stacey

Graham Farrant

2. Appointment of Chair

It was agreed that John Alty be elected to chair the rest of the meeting.

John Alty thanked Penny Ciniewicz, who has now stepped down from her position, for her contributions to ACE as Chair.

3. Apologies for Absence

There were no apologies to note.

4. Minutes of the last meeting and matters arising

The minutes of the last Annual General Meeting of ACE held on Friday 21 November 2014 were approved as a correct record. There were no matters arising.

5. ACE Annual Report 2014/15

Penny Ciniewicz delivered a report of the activities undertaken during the past twelve months.

Penny reported that it has been a successful year for ACE with an increasing membership, strong attendance and speakers for events and building stronger ties with the centre. ACE meet regularly with Cabinet Office Public Bodies Reform Team at different levels and are working with Cabinet Office on a number of reform initiatives, such as the cross-cutting review of regulators. Moreover, formal endorsement from John Manzoni and Sir Jeremy Heywood have had a positive impact on membership and reinforced the weight of ACE's voice within Whitehall. John Manzoni is keen to remain engaged with the regulatory review and to continue to strengthen relations with ACE.

Report and Accounts of the Association for 2013/14 were formally received and noted.

6. Breadth of ACE Membership

John Alty, as ACE Chair, invited members' to give their opinions on widening the breadth of ACE membership. He noted that the ACE board were keen to have a discussion with members to scope the direction of ACE and where membership boundaries should lie.

John Alty noted that as public bodies embark on another period of rationalisation there will be an increasing variety of business models and approaches developed, particularly in the encouragement of increased commercial capability over this parliament. In this respect, ACE members could potentially benefit from interaction with a wider range of bodies with different business models, rather than the current landscape which is an almost explicitly government-owned and taxation-funded ALB membership base.

One key concern was that including a wider variety of bodies may change the nature of ACE, which currently comprises of CEOs in similar organisations facing similar challenges. However, this is dependent on how wide-ranging the membership goes, it was suggested that membership could include bodies from the third sector or the private sector, but also that all members should have some involvement with government. A potential threshold for membership could be the amount of income they earn from government for the services they provide and whether these services are for UK citizens.

John Alty noted that some bodies have their own membership organisations, such as NHS providers, and rather than widening our membership, ACE could also think about improving links to these other organisations. One member suggested hosting workshops with other organisations to share ideas and best practise on cross-cutting issues. Another member also suggested improving engagement with the wider nations, such as Scotland.

A valued part of ACE is the opportunity to hear honest and open comments from speakers and members from similar organisations, and one of the main apprehensions towards a wider membership base was diluting the value and openness of these conversations. One member was concerned that the successful relationships that have been built with the centre, notably with Sir Jeremy Heywood, John Manzoni and the opportunity to engage with Cabinet Office reviews, could be jeopardised by including bodies from outside government.

The overall consensus was that members are content for the Board to look at potential new thresholds for membership but that the purpose and value of ACE must be not diluted in the process.

John confirmed that after this meeting, members will receive a formal proposal outlining the future of ACE membership.

7. Member Priorities

Prior to the AGM, members were asked to complete a questionnaire on the strategic direction of the organisation. Amy Noonan highlighted some of the key themes to emerge from the 13 responses received.

Members identified priority areas for this year's programme of events including the spending review, digital capability, issues surrounding pay, strengthening relationships with ministers, senior officials, and sponsoring departments, transformational change as well as management and leadership and how to think strategically to build a high performance organisation. The questionnaire also revealed a desire for more opportunities for sharing best practise and peer support between members, further engagement with the centre, more insight from senior Civil Servants about plans and rationale and the potential to include events for senior leaders such as operational directors, and setting up interest groups for sub-groups such as regulators. Some members would also like access to mentors and mechanisms for knowledge sharing, perhaps via an intranet, or work shadowing for ALB staff; there are multiple opportunities here for learning and development.

In strengthening links with the centre, members would like to see a more inclusive relationship with departments, perhaps having some Chief Executives invited to internal gatherings. They also expressed interest in increasing the awareness of ACE as a stakeholder and interested party in information sharing.

For specific event ideas, the questionnaire responses highlighted several ideas, such as continued engagement with John Manzoni, an event outside London, seminars on topics such as better regulation and security and an event with Sir Ian Cheshire, Lead Government NED to facilitate discussions around board composition and the relationship between departmental NEDs and ALBS.

John Alty then invited members to feedback whether there were any outstanding priorities for the oncoming year, or if there were any areas they disagreed with. One member felt more could be done to ensure the purpose and achievements of ACE are communicated outwards, to reinforce the strength and voice of the organisation. Another member suggested publishing a review of the first cross-cutting cluster review once progress has been made. There were no other comments.

John Alty confirmed that the material from the questionnaire, the main points from the discussion today as well as the programme of events for 2016 will be circulated to all members.

8. Any Other Business

There was no other business.