



**ACE Annual Conference 2016
Perspectives on Brexit and Leadership**

24 November 2016
Institute for Government

Event Summary

The Association of Chief Executives was delighted to welcome a range of speakers providing fascinating insight into both our key topics for this year's conference: Brexit and leadership.

The sessions began with **Rt Hon. Ben Gummer MP** (see p2 of this document for further details) who gave us his take on where the opportunities and challenges of the new government lie, prompting a lively Q&A session. This was followed by an interactive panel sharing their **perspectives on Brexit** (p4) and an interesting conversation on how different bodies were responding to the environment of uncertainty ahead. This led to **discussion groups** (p6) on key areas, with members feeding insights back to the room on regulation, the legislative programme, devolution and engagement.

After our **Annual General Meeting** (the minutes for which will be circulated separately) and lunch, we proceeded with a **Mindfulness workshop** (p9), and a number of members commented how Mindfulness had made a big difference to their work lives and leadership style. **Dame Lin Homer** (p10), former CEO of HMRC, then led us through leadership lessons learnt from a fascinating career. Our **panel on effective governance** (p11) prompted discussion including on the subtleties of the relationship between an accounting officer and board, the optimum role of a non-executive director, and useful advice for seeking better quality assurance.

We finished the day with a talk from **Baroness Dido Harding** (p13), whose insights into her own leadership journey. The successes and challenges of her time at TalkTalk led to valuable advice for members on areas like planning, team-building and resilience. This was followed by a drinks reception, giving members the opportunity to network and reflect on the day's discussions.

Thank you again to all speakers and members who were able to attend and contribute.

Keynote Speech: Rt. Hon Ben Gummer, MP, Minister for Cabinet Office

The Rt. Hon Ben Gummer, MP opened our annual conference with a keynote speech setting out the current challenges and priorities within government. These included preparing for Brexit, continuing to deliver on the 544 manifesto commitments of this parliament, and addressing key issues such as local growth, productivity, skills and infrastructure through an advanced industrial strategy to ensure that the United Kingdom enhances its place as a competitive nation.

The Autumn Statement set out by the Chancellor last week highlighted the many challenges ahead to strengthen the economy and also the need to restore trust in democratic institutions by delivering the best possible negotiation for leaving the EU, delivering on the mandate of this government and restoring faith in the public sector through high-quality service delivery.

The minister was keen to emphasise the importance of continuing to transform, including advancing our digital capability, major projects and working cross-government to meet the current challenges; both between departments and arm's length bodies (ALBs). The Cabinet Office is set to play an important co-coordinative role in the work going forward whilst networks like ACE present a great opportunity for ALB leaders to share topline business approaches. The Minister highlighted the value of ALB delivery-expertise and encouraged CEOs to engage directly with their Ministers to play a role in developing policy. He also noted that Ministers too have a responsibility to use the talents of their ALBs, whilst respecting the arm's-length relationship. The Minister noted the cross-functional review of regulators has been a good example of where it has been useful to listen to the views of ALB leaders. It was encouraging for members to hear support for ALBs to have the freedom for strategic thinking.

The importance of facilitating local growth was a key theme in this discussion. As MP for Ipswich, Gummer noted that even his constituents, only just outside of London, often feel disengaged from the City. The Minister confirmed that the government will be continuing the agenda set by the coalition government to address regional policy; following the successes of areas such as Manchester. In going forward, the Minister asked attendees to reflect on their own organisations and consider the ways in which they are working towards creating a United Kingdom that works for everyone.

The Minister then answered questions from the audience, key themes included;

- Members were supportive of the drive to create a government that works for the whole of the UK but felt in light of this, the government should be doing more to facilitate dual-location working. It was noted that one consequence of shrinking departments is that some jobs have moved back to London from outer-regions, yet there are often barriers enabling staff to travel for work. One member noted a specific example with HM Revenue and Customs which the Minister confirmed he would follow up.

- ACE members supported the opportunity for ALBs to be more imaginative in the policy sphere but also noted that the departmental oversight model is often resistant to receive advice. The Minister encouraged CEOs to get in touch if they feel their department is not being receptive.
- Members agreed that that sensible and flexible regulation can aid innovation.
- Attendees welcomed the drive for cross-government working, but asked for Cabinet Office to consider the channels ALBs can use to engage with departments outside their sponsoring one. The Minister confirmed that Cabinet Office is currently working on this and encouraged members to get in touch if they have not had a progress update soon. It was noted that ACE is always keen to facilitate cross-government working and would encourage government to use our network.

Panel: Perspectives on Brexit

Our panel for this session was led by outgoing John Alty, ACE chair, and included;

- **Sarah Healey**, Director General, Department for Exiting the European Union (DExEU)
- **Josh Hardie**, Deputy Director, Confederation of British Industries
- **John Pullinger**, CEO, Office for National Statistics (ONS)

Sarah Healey began by pointing out that leaving the EU is the biggest administrative challenge the government has faced since the Second World War. She commented that she was impressed by how quickly government can adapt to changing circumstances; two government departments were set up and running with staff within days of the referendum, and have come a very long way in only five months.

Sarah emphasised that DExEU is not there to own the process for the whole government – they are a smaller department than DCMS and will keep themselves small. She also commented that in times of uncertainty, we need nimbleness and flexibility, and need to become better at scenario planning and risk management.

Josh Hardie described the last five months as extraordinary, and that socially it feels like we are in a different world. He pointed out that we have a resilient economy and that business is good at dealing with uncertainty. He said the CBI see their role as helping to get the best of Brexit; looking at a range of business voices, sector by sector, and providing their expertise to government. There is a growing sense that the government is listening.

Their key concerns focus around the ease of trade with the EU, access to skills, the regulatory environment and the global trade environment. Josh added that, be it a sudden change or a slow transition, the way in which we exit may be as important as the final deal. He also looked forward to the opportunities of the government's new industrial strategy.

John Pullinger outlined that his role was both as a statistician and a Chief Executive. He noted that devaluation had not had significant impact on prices, the job market was still stable, the high street is not doing as bad as feared and debt last year was down; we have not fallen off the post-Brexit cliff.

He commented on the environment the ONS was working in; a data revolution, a massive efficiency challenge, and a 'post-truth' society. The ONS plays an important role as an independent body disseminating information to departments to assist with their negotiations and decisions.

The panel then took comments from the floor. Key themes included:

- Identifying and managing required resource in uncertain times was a challenge. DExEU have a team dedicated to looking at domestic

consequences across government including resources needed, so they can map and plan. John commented that we need to be more business-like about making the case for more money – clearer on the return on investment.

- Attendees discussed the possibility of a differentiated deal for regions, including the devolved nations. Sarah pointed out it was a priority for the Prime Minister to keep the country together. It was noted that the industrial strategy will play an important role in ensuring a national deal that balances the impact of Brexit across industries and regions.

The ACE perspective of Brexit: an examination of the impact on ALBs

This session saw our members break into four groups to discuss key issues around Brexit:

- **The legislative programme**, with a group led by **Phillip Golding**, CEO, Law Commission
- **Regulation**, led by **Marcus Coleman**, CEO, Seafish Industry Authority
- **Devolution**, led by **Francesca Osowska**, OBE, Director for the Scotland Office
- **Engagement**, led by **Joseph Owen**, Institute for Government

Some key points that came out of that discussion were then reported back to the group as follows:

Devolution

- This group briefly explained the role of the Scotland office to hold the Prime Minister to account and ensure that the UK government are working with colleagues in Scotland, Wales and Northern Ireland. The devolved administrations have formed a joint-ministerial committee which is now meeting monthly, working together on a multilateral approach. Although there is still little clarity at the moment over how different sectors and regions may be affected differently by Brexit.
- If the UK deal is not suited to the Scottish Government, they will be looking at a differentiated solution and are currently publishing proposals for their deal. Although it was noted that a differential approach may be difficult to implement due to land border issues. There is still the possibility of triggering a second independence referendum, unless the deal they are aiming for is secured. Francesca emphasised that the issue of independence is still very live in Scotland and is something they are trying to transmit across Whitehall.
- These are unprecedented negotiations, it was noted that it must not be a conventional negotiation between the UK and EU but one that is 360 degrees and directly involves devolved administrations.
- ALBs need to consider the impact of Brexit on their staff and sustaining morale. Meanwhile, it is important to think of ACE members in the devolved nations as citizens as well as CEOs and employers.
- The impact of Brexit on research budgets is likely to be significant and there needs to be a forward plan for how a strong research base in the UK may be able to continue and how it will be managed.

- The unintended consequences of Brexit must also be considered e.g. the impact of less people coming to work for the construction industry would affect availability of social housing.

Regulation

- Influence: Some members are already noting that UK influence in European fora is being challenged, with colleagues excluded from meetings. There is a challenge to continue our influence on regulation while still in the EU.
- Transition: The process of coming out is still unclear, and we need to know when exactly things will change; how to work with our EU neighbours in the interim period, as some people are acting as if we are already out, giving regulatory bodies enforcement issues
- Questions over our place in the world post-Brexit – it was discussed whether UK regulation will take the opportunity to look globally. There is a danger that the UK could become too introverted, however John confirmed that the UK will be looking at new partners.
- Resources: need to be ‘fit and competent’ whilst it also very difficult to plan ahead.
- Communications: It is difficult for ALBs to be authoritative when it is unclear how negotiations will unfold. The group felt that it is important to have open, honest, transparent discussions with sponsoring departments to ensure ALBs have all the available information so they can continue to be the voice of authority in their field.

The legislative programme

- With much legislation being needed to be amended, this group highlighted the value of ALBs to provide insight into the practical end of how legal and regulatory framework operates across the UK.
- Three groups of issues:
 - There are some provisions in EU legislation that are integral to our legal framework and it is vital that all the important aspects are identified and integrated into new legislation.
 - The group discussed the challenge to position ourselves on future legislative interests, including how to get a good brief from the Minister and influence at the table. Data protection will be an important theme. It was noted that in areas that it are not a high political priority, ALBs may be the ones themselves working out the best outcome.

- There are many parts of the legislative framework which are based on implementing EU regulation and directives, particularly regarding harmonisation and the single market. For example in areas such as employment and health and safety, we will need to work out what legislation will want to bring forward and in the longer term what sort of country we want to shape. During the earlier session with the Minister for Cabinet Office it was noted that regulation needs to provide a framework for growth and attracting business to the UK.
- There are also opportunities for ALBs to position themselves for the future by putting forward legislative change that will make a practical difference on the ground. It is likely that the legislative programme in parliament is likely to be quite light so if ALBs in partnership with departments could have prepared proposals this could be a good opportunity to make a difference. It was noted that it would be good opportunity to work collectively and ACE could be a useful channel. It was suggested that ACE could create a log of the risk, issues and opportunities facing our organisations.

Engagement

- The current model of engagement operates with DExEU at the centre working with individual departments, which can make it difficult for ALBs to engage as they are one-removed. One positive example was the work DEFRA are doing in relation to Brexit, with their ALBs leading on certain priority areas.
- Members also noted the difficulty of engaging with departments on non-Brexit related issues.
- It was also noted that ALBs, working in areas more sensitive to operational delivery, may be able to offer valuable input to the potential unexpected and secondary consequences of Brexit.
- Overall members gave positive feedback toward engaging with their Ministers and felt they were able to have open and honest conversations.

Mindfulness at Work with Louise Chester

Louise began by introducing her own experience of Mindfulness, having come from a demanding career in investment banking and being introduced to it by a neighbour. This led her to found Mindfulness at Work seven years ago.

She shared a quote from Viktor E. Frankl:

“Between stimulus and response there is a space. In that space is our power to choose our response. In our response lies our growth and our freedom”

Mindfulness is about finding space to make conscious decisions rather than working at pace on autopilot and just reacting. Many of us work in pressured environment required to be ‘always on’, facing information overload and constant distraction. Attention and awareness training help us to find greater calm, focus and clarity.

Louise went on to run a simple mindfulness exercise, discuss some of the neurology behind it and impress upon members the importance of taking regular, short, mindful breaks. One tip was to place small stickers on things you interact with every day as reminders to be mindful, such as your phone, door or steering wheel.

She concluded her talk appealing to members who were interested to contribute their thoughts on leadership to a new book being produced on the Mind of a Leader in partnership with Harvard Business Publishing. Anyone interested in getting involved can contact: Louise.Chester@PotentialProject.com

At the end of the talk a number of members commented on their personal experiences with Mindfulness, including more than one recommending it to others and indicating that it had changed their life.

Keynote speech, Dame Lin Homer DCB Former CEO of HMRC

Our next speech was with Lin Homer, former Chief Executive of HMRC, during which members had the opportunity to learn about her experiences as a senior leader across local government and the civil service. Lin had five key areas which she felt were instrumental to effective leadership:

1. **Leader as listener.** Lin stressed the importance of understanding the view of others.
2. **Building talent and good quality teams for now and the future.** Lin was the first in her family to attend university and is passionate about passing on skills as a teacher, she is very supportive of apprenticeship schemes and the duty to hand gateways to talent.
3. **Leader as motivator** – a strong leader should be able to energise organisations to a higher level of self-belief and productivity. Lin dealt with a lack of self-confidence at Suffolk County Council and understands the importance of motivating staff and ensuring they are aware of their value and skills. She was also able to motivate staff at HMRC by engaging directly with the Public Accounts Committee who were often their main challengers.
4. **Leader as strategist** – not just planning and reviewing but implementing ideas.
5. **Leader as a protector** – Lin's roles with the Civil Service have been high profile positions dealing with sensitive issues such as tax and immigration. Lin spoke about the importance of acting as a buffer to your organisation to sustain high motivation in the face of public scrutiny, but also knowing when to protect yourself and considering whether the organisation would be able to move on from an issue more easily with new leadership.

Connecting with users was a key theme in Lin's presentation; whilst the use IT and social media can be daunting to organisations in fear of more open and reactive public scrutiny, Lin encouraged their use as a way to engage directly with customers and get feedback about new services. She stressed importance of taking the time to teach your workforce to feel comfortable with these approaches to user engagement.

Lin also emphasised the importance of investing in personal development and resilience, building a network of strong advisers, ensuring a strong work-life balance and understanding the right time to have conversations with ministers when you have a practical solutions to offer.

Panel: Examination of how effective governance and quality assurance supports delivery

Our panel for this session was led by Graham Farrant, incoming ACE chair, and included;

- **Bronwyn Hill CBE**, Non-executive Director, Office for Nuclear Regulation (ONR)
- **Mark Boyle**, Chair, Pensions Regulator
- **Sue Owen CB**, Permanent Secretary, Department for Culture, Media and Sport (DCMS)
- **Dame Glenys Stacey DBE**, Chief Inspector of Probation, HM Inspectorate of Probation

Bronwyn Hill began the panel by emphasising the positive impact effective governance can make to public service delivery. There can be a tendency for non-executive directors to strive for increased levels of governance, but the emphasis should be on better quality governance. It is essential that non-executive directors add value to the leadership team and bring their experience and expertise. This requires good strategy days. Cost effectiveness is a priority at the ONR, and that can be achieved through benchmarking and looking at other sectors.

Mark Boyle continued the discussion by describing his experience with ineffective and effective boards. There is a danger that choreographed board meetings can lead to pre-made decisions just receiving approval from the NED in the board room; rather than an opportunity to discuss ideas and innovate. Often, Chairs have been known to hold meetings with board members individually before the meeting. Another issue raised was excessive departmental interference, with sponsor partners generating multiple duplicate meetings. Effective governance is easier when there is proper sponsorship alignment – when you know exactly what the sponsor department (both Minister and officials) wants from your organisation and yourself. A strong relationship between the Chair and Chief Executive is also essential.

Sue Owen discussed her experience at DCMS. As a small department with a great variety and number of arms-length bodies, they cannot have a micro-managing model. They measure areas like financial, organisational and reputational risk multiple times a year for each organisation and only get more deeply involved in management if there are multiple red flags in these areas. As a permanent secretary, it is important to her that her Chairs and chief executives are able to get in touch easily when in need.

Glenys Stacey focused on quality assurance and believes we can learn from approaches taken in the private sector. There are barriers to good quality assurance in the public sector. For example, not readily accepting responsibility for errors, which may lead to compensation claims. However institutional change can come

from empowering people to challenge common practice. She also felt that good quality assurance was important and did not have to be onerous.

The panel then took comments from the floor. Key themes included:

- There can be uncertainty from both sides on the role of a non-executive director. The panellists emphasised that NEDs need to earn trust and show clearly where they add value.
- Discussion on the role of the accounting officer. Mark commented that the Chair was there to share responsibility to parliament, so that if something goes wrong, you are both there. Glenys described how important it is to appoint the right people to challenge you, particularly on financial decisions, so that you are ready to be held accountable.
- Legal challenges can drive better governance decisions. Regulators are regularly sued and it affects culture. Complete clarity on who is accountable for specific decisions is essential.

A concluding comment was to ensure that board papers are concise so they can be thoroughly scrutinised by NEDs and board members.

Keynote speech, Baroness Dido Harding CEO Talk, Talk

Baroness Harding looked at six lessons from her career:

1. Leadership is about creating a shared sense of purpose
2. That sets out what your organisation really believes in
3. With a clear plan that everyone understands
4. Persistence and resilience matter more than the precise accuracy of the plan
5. Bring together a team of diverse talents that want to work together
6. And believe in their ability to change the world.

She talked about the challenge of creating a shared sense of purpose at TalkTalk as it was made up of so many acquired smaller companies, and their different cultures persisted. Through strategy meetings and discussions the company had united around five key principles, including:

- Community – We know our customers have a choice
- Innovate – We ‘zig’ when the world ‘zags’
- Value – We always save our customers money
- People – We can be ourselves here
- Community – We know it’s not just about money

Talking in more depth about those principles, she highlighted the success of the People principle. TalkTalk attracts, challenges and retains brilliant staff overlooked in other companies because they let them be themselves, and in so doing, flourish.

Dido spoke about Talk Talk’s cyber-hacking incident in 2015, a time when great resilience was required from her and the business. She pointed out that after a temporary dip, trust in TalkTalk has increased beyond levels prior to the incident. She believes this is partially due to how quickly they were honest with customers about the fact they had been hacked, despite advice not to disclose it because of the investigation.

Dido stressed the value of having a team that is diverse in their roles, opinions and background. She felt that by investing time in understanding what makes people different, it enhances their ability to work together.

Dido concluded by saying that she liked nothing better than competitors thinking they were mad – organisations should dream big!

Dido then answered questions from the audience:

- When asked where she gets her resilience from, Dido described how her grandfather, a World War 2 General, used to tell her that you cannot be brave unless you are afraid.

- You have to know when to separate the failure of your plan from yourself, pick yourself up and look for alternatives.
- Dido was asked about how to be more diverse. She said that it starts at the top with a leadership team that is diverse. This requires investing time with your leadership team so you know each other really well; you understand what makes people different and you see how people can best work together.
- She commented that, if she could go back and handle the cyber-attack differently, she would not have spent three hours arguing with the police about whether was right to tell her customers about the incident.
- Dido's tips for working on a board included keeping the chairman close, bringing the board into problems ("*share but do not scare!*") and recognise that they feel equally emotionally attached to the company but have less levers than the CEO, which can make it more difficult for them when things go wrong.