

**Public Chairs' Forum and Association of Chief Executives seminar
Tailored and cross-functional reviews
Event Summary**

PCF and ACE welcomed the opportunity to hear the latest thinking on reviews of arm's-length bodies (ALBs) on 12 January 2018. With input from John Manzoni, Chief Executive of the Civil Service, Cabinet Office's Public Bodies Review Team, and leaders of public bodies, members were provided with a stimulated event and an opportunity to feedback their thoughts to the centre.



John Manzoni opened the event, setting the context in which reviews are carried out and public sector transformation is set to continue, against a backdrop of Brexit negotiations that are gaining momentum, and consideration of the economic climate.

John explained how he would like reviews to be used to improve the relationships between ALBs and the centre, in addition to examining the body against the department's delivery objectives, strategy, purpose and efficiencies. Reviews will also have input at a senior level from departments' non-executive directors, (NEDs), who can provide focus on delivery. He went on to say that a proportionate flexible approach will be taken to reviews, to ensure they do not hinder other work and that they

contribute to progress, and are not just a process. He added that reviews have led to efficiencies with shared working, and encouraged work outside of London, for example, opening museum archives to host regional exhibitions. In addition, cross-functional reviews had identified big potential savings. The expert advisory board review had been valuable because it had simplified the advisory board landscape.

There followed a panel session with Cabinet Office's Director Public Bodies Reform Team, Lesley Ann Nash; Ofsted Chief Inspector, Amanda Spielman; and HM Land Registry's Chief Registrar and Chief Executive, Graham Farrant.

Lesley Ann Nash described how her team is working to improve the system of reviews, moving away from lengthy reviews of small organisations which do not have time to implement

recommendations before their next review, to proportionate reviews that can have greater impact. Whilst 64 reviews are planned for the coming year, a tiered approach will be taken. Having considered the whole ALB landscape, a small proportion will be tier one for big-budget and/or high-profile bodies. Reviews of these bodies will have a different approach to those in tier three. The review's guidance has become more flexible, allowing a different approach between the tiers. The review team is also integrating its approach to what may already be happening in departments, to ensure they are more strategic and less bureaucratic. By way of example, Lesley Ann described how they had become embedded in a broader review of museums in DCMS, where they looked at governance arrangements. The reviews programme is also working to be more pragmatic, considering broader issues such as Brexit. She described how reviews were involving fewer, but more senior, representatives from the ALB. As mentioned by John, she discussed the involvement of department NEDs used during tier one reviews either on a challenge panel or during the review.

Amanda Spielman spoke about the Regulatory Futures Review. She described how the review looked at common functions across 65 regulators, and whether they were being approached in a sensible way. The review cut-across a number of ministers and a range of complicated relationships between ALBs and departments. Whilst there had been optimism that a group review could also deliver everything that could be achieved through an individual review including operations, it quickly became clear it had to be something more strategic yet also make a difference in terms of transformation and efficiencies. The cross-government work was challenging, but it provided the opportunity to look at the same issues but think differently. The commitment by individual ALBs involved in such a review is small, compared to standard reviews, yet much can be gained from cross-government thinking. She said it had been important to have a determined team to plan and implement the findings.



Graham Farrant spoke about the recent HM Land Registry review, which had a strategic, proportionate and pragmatic approach. It began in response to government's consultation on the privatisation of land registry and digitalisation. Previous reviews had been efficiency focussed and taken resource away from the process of land registration. The review was chaired by John Manzoni who wanted the people who ran the business to conduct it because they knew the business. An interim report

was requested within 10 days, with updates were provided to the Prime Minister, via the Minister for Cabinet Office every six weeks. The review went back to basics, considering why the organisation had been set up. It then set out its objectives and how it could achieve them. The end result was a five year strategy, with a reinstatement of business objectives, mission and values, which has driven up staff engagement.

During the Q and A sessions, the following matters were discussed.

- ALBs have to communicate through a hierarchy of civil servants to a minister, both generally, with questions about the messages being given to Ministers and SPADs by civil servants. There are also layers of personnel involved in reviews. Reviews could be an opportunity to evaluate the relationship between ALBs and departments. The Code of Good Practice can also be used to examine this partnership.
- There is desire for the layers to be removed and for greater involvement of senior leaders and experts in the process.
- A lot of time and resources can be put into reviews that have an outcome indicating that the ALB is performing as desired. Therefore, reviews need to be streamlined and proportionate, such as the tiered approach being taken by Cabinet Office.
- Having the Cabinet Office conduct the HM Land Registry review meant stronger support across Whitehall, with director level representation from Treasury and Director General input from Government Digital Service, plus support from central parts of Cabinet Office, such as the Government Property Unit.
- The Regulatory Futures Review arose from an overwhelming ambition of regulators for change, and they found huge cost savings. However, it may not have been adopted by departments who did not share the same ambition, possibly because of potential political tensions. Involving a broad range of people early on, including those at a senior level within departments, with effective communication is important. There is a need to ensure there is robust evidence to demonstrate what is possible and enable choices to be made.
- ALBs should be clear about what they want out of the review, which can help reinforce the direction the organisation wants to move in. The department should also be clear about what it wishes to achieve and both should engage actively at the start of the process to establish terms of reference. This can ensure the scope is not changed during the course of the review.
- There is a desire for ALBs be more entrepreneurial, but there needs to be a level of trust between the ALB and centre to allow this to happen. Cabinet Office's Code of Good Practice for partnerships between departments and ALBs describes this as "earned autonomy", recognising the expertise that leaders of public bodies have, with an element of appropriate control.
- There is benefit to having a co-ordinated approach to reviews with consideration of policy, specific topics or industry. This points to the Code of Good Practice principle of ensuring the value of the ALB is recognised, for example through the use of their experts. ALBs were encouraged to speak to the Cabinet Office with ideas of how this can happen.
- There is a risk that Brexit may stymie the development of the principles within the Code, leading back to a parent/child relationship between department and ALB because of the political attention to ensure the process goes well, and insistence from HM Treasury for business cases and approvals.
- The ACE, PCF, IfG survey, to be conducted in the early spring, will provide ALBs with the opportunity to comment confidentially about how effective the Code of Good Practice has been.

Tailored Reviews - Some Lessons from Chairing a Challenge Panel

Charles Randell, non-executive board member, Department for Business, Energy and Industrial Strategy, was unable to join the event as planned. However, he has provided an outline of five important lessons from a recent experience chairing a Challenge Panel for a tailored review.

Lesson 1

The Challenge Panel - or as a minimum its chair - needs to be in place before work on the tailored review begins. This enables the Panel to:

- Ensure that the Review Team's skills match the scope of the review
- Ensure that the Challenge Panel's skills match the areas in which challenge is likely to be required.

Lesson 2

General departmental civil servants have many skills, particularly in the area of policy analysis and advice. However, they are often not equipped to assess financial or operational performance, so:

- Consider supplementing the Review Team with people with financial and delivery experience, and in particular who can read a set of accounts and management information, judge the appropriateness and implications of Key Performance Indicators and suggest other measures of efficiency and effectiveness
- Consider whether the Challenge Panel has the right skills to provide effective challenge in the above areas

Lesson 3

The Challenge Panel should sign off a high level work plan before the review commences.

- This ensures that the work is appropriately directed/focussed and proportionate
- It should include key areas of evidence which the Review Team needs to assemble and investigate
- The evidence should include input from external stakeholders/ service users

Lesson 4

The review should focus on the adequacy of the sponsor department's performance as sponsor as well as the organisation.

- It's all too easy for the Review Team to give their colleagues a relatively soft ride
- The Challenge Panel's role in this area is, therefore, particularly important

Lesson 5

Departments should capture the lessons learned from each review process and ensure they are applied to subsequent reviews.

- This should include an assessment of whether the review added value that justified the resources consumed
- Chairs of Challenge Panels should seek out people who have previously performed this role and get their input.