



# Public Administration and Constitutional Affairs Committee

## Oral evidence: [The Role of Non-Executive Directors in Government, HC 318](#)

Tuesday 8 November 2022

Ordered by the House of Commons to be published on 8 November 2022.

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Members present: Mr William Wragg (Chair); John McDonnell; Lloyd Russell-Moyle; Beth Winter.

Questions 44 - 102

### Witnesses

I: Sir Ian Cheshire, Non-Executive Chair and former Lead Non-Executive, UK Government; Miranda Curtis CMG, Director, Liberty Global plc and former Lead Non-Executive, Foreign and Commonwealth Office; Dame Sue Street DCB, Chair, Rambert and former Non-Executive, Ministry of Justice.

### Examination of Witnesses

Witnesses: Sir Ian Cheshire, Miranda Curtis and Dame Sue Street.

Q44 **Chair:** Good morning and welcome to this meeting of the Public Administration and Constitutional Affairs Committee. Today the Committee is continuing its inquiry into the role of non-executive directors in Government. This morning we will be hearing from individuals with first-hand experience in Government non-executive roles, and exploring where non-executives can add most value in Departments, the requisite skills and experience required to undertake the role, and possible areas for reform.

We are joined this morning by Sir Ian Cheshire, former Government Lead Non-Executive and non-executive in the Cabinet Office; Miranda Curtis, former lead non-executive at the Foreign and Commonwealth Office; and Dame Sue Street, former non-executive at the Ministry of Justice. Good morning to you all. I wonder if, after that brief introduction, you might introduce yourselves for the record.

**Sir Ian Cheshire:** Good morning. I served as a lead non-exec for Government for five years, having previously done four years at DWP as a lead non-exec for the Department. I now sit as a non-exec chairman in



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a number of other capacities, including chairing Channel 4 and chairing a hospital group.

**Miranda Curtis:** I am Miranda Curtis. I am a director of Liberty Global plc. I have been a trustee of the Institute for Government since its creation 11 years ago, alongside Ian. I was formerly lead non-executive director of the Foreign and Commonwealth Office, and I serve on and chair a number of other boards.

**Dame Sue Street:** I am Sue Street, career civil servant. I worked my way up through the Home Office to the sunny uplands of the Culture Department, where I had the privilege of serving one single Secretary of State for five years. After I retired, I served on the board of HMRC for two years and then on the Ministry of Justice board for five years. I currently chair Ballet Rambert, which I commend to you all.

Q45 **Chair:** I wonder, Dame Sue, if we might start with you on this question. As a member of a departmental board, how effectively were you able to challenge, influence and facilitate strategic decision-making in those Departments?

**Dame Sue Street:** HMRC was a non-ministerial Department and was huge, obviously. It was pretty difficult, to be honest, because the scale of the Department and the way that it was chaired by somebody who was very capable, but did not know Government business and the sensitivity of the material we were dealing with, meant that we had to think long and hard before we challenged, but when we did we were on very firm ground. There are a couple of examples when we challenged. I was a member of the audit and risk committee and we challenged, and the Permanent Secretary upheld our view.

In the Ministry of Justice, as I am sure you have heard from everybody who has given evidence, oral or written, it depends on the Secretary of State, their approach in the chair and whether they are interested. Do they want a critical friend or do they close their ears to challenge? I served two Secretaries of State. They were very different, but both of them were ready to hear challenge, so I was grateful for that.

**Miranda Curtis:** My experience is limited, of course, to the Foreign Office. I led a team of non-executive directors who worked very closely with the Permanent Secretary and his team on all matters pertaining to strategy, operational planning, financial planning and leadership issues. I served two consecutive Foreign Secretaries, Mr Johnson and Mr Raab, neither of whom demonstrated any interest whatsoever in working with their non-executive teams. We had little or no engagement as a team with either the Foreign Secretary or the ministerial teams. It is probably worth noting that, if the Secretary of State does not show an interest with working with the non-executive teams, the likelihood is that the ministerial team will take their cue from the Secretary of State. That seems to us to be a lost opportunity.



**Sir Ian Cheshire:** As lead non-exec, I have been on quite a lot of boards and sat in on quite a lot of them over some time. I can back up what Miranda and Sue are saying, which is that this depends fundamentally on the level of interest the Secretary of State has. We had some very good examples and some very unengaged pieces. I would say, though, that even in the unengaged, where the Secretary of State was not there, my experience was that the Perm Secs involved did welcome and appreciate the input, and it was essentially three grown-ups trying to help. This could have been a very difficult idea when it was first launched—"Who are these people coming in and telling me how to run my Department?"—but actually, that side of the triangle between politician, civil servant and independent worked very well.

In my personal experience, when I was at DWP we had a really excellent board. It was allowed to do a lot by the then Secretary of State, Iain Duncan Smith. He used the board very effectively, so it is very context and relation specific.

Q46 **Chair:** Did you feel that there was clarity regarding your role upon appointment or did that develop over time? Does anybody have any thoughts on that?

**Miranda Curtis:** I was appointed as lead non-executive director at the Foreign and Commonwealth Office on the basis of a direct recommendation, and the process of my appointment was limited to a single conversation with the Permanent Secretary. The Foreign Secretary was not directly involved in the process at all.

I was familiar with the concept, not least because in my role at the Institute for Government at the time with Francis Maude, and my work on developing the boards, I had worked very closely with John Browne and his team in developing the concept. We had talked particularly about the role of the lead non-exec.

I would suggest that there is a real distinction to be made between the role of the lead non-exec director and other non-exec directors who tend to represent functional skills in the Department. The lead non-exec director role is by definition less structured, but also has the most potential to offer real value, both to the ministerial team and to the senior leadership of the Department.

**Dame Sue Street:** Your question assumes there was ever clarity, either at the beginning or afterwards. It was not exactly clear, but I would say it was perhaps the better for that. All of us who served as non-execs have experience on other boards or have some ideas of governance. I hope you will come on to the word "policy", because it had a very odd effect on everybody concerned. Once we were clear that we were advisory, and clear on what we could and could not do, I quite appreciated the blurred edges. As you earned the trust of the Department, you could do more outside the board meetings. I would say it was never crystal clear, but it was possibly the better for that.



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**Sir Ian Cheshire:** There have obviously been versions of non-execs around Whitehall for over 40 years in various incarnations. I would date the difference to a Francis initiative, when he brought in a very large cohort with a specific remit to be more effective in Government and to challenge the Department on delivery, not on policy.

In my first year at DWP, I really noticed much greater clarity by the end of the year on how we could work together, helped not least by the fact that the management information board reports we were getting at the beginning were literally incomprehensible. We had to do quite a lot of work with the Department to turn it into, "How do we know what good looks like? What are we measuring and how is that working?" My experience was that, over that four-year cycle, it got a lot clearer and a lot better.

When I was lead non-exec, we tried to ensure that we co-ordinated the network of non-execs to talk about some of the cross-cutting cross-departmental themes, because, when you are talking about something like talent, it is the same set of challenges that you keep coming back to. We developed the role. In that nine-year period I saw much greater clarity, with a lot of very experienced people like the colleagues here working out where they could add the most value. It was different by Department.

Q47 **Chair:** Did you feel that the lack of clarity you talked about in the reports that came to you was deliberate or accidental? You were an alien structure descending upon a Department. That was entirely novel and therefore there was a lack of experience, perhaps.

**Sir Ian Cheshire:** There were three things I would note. First, parliamentary Government accounting is fascinating, but not necessarily what you will find in the plc world. Some of the ways things are accounted for or not accounted for, over what time period, and the ways it is controlled are completely different. Secondly, there was a tremendous desire to fill a huge number of pages. Everything was in there; there was no sense of, "To make a difference here, the four most important things are these."

Finally, there was a sense that we had maybe not worked out our agenda as a board, so we had not asked. By the time we got into a better conversation, there was much more comprehension. I have to say that the entire experience with the Civil Service I had was, if anything, too responsive: "Here is more stuff". Trying to get it into a sharper shape was the responsibility of the board as much as anyone else.

Q48 **Chair:** Dame Sue, what do you think was the impact of the 2010 reforms to departmental boards, including the Secretaries of State taking over the chairmanship?

**Dame Sue Street:** When I chaired the management board as Permanent Secretary of the Culture Department, we would invite the Secretary of



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State and Ministers to come to every meeting, and they did not. They did come to some and those were qualitatively different and better, although it is always tempting—and I think that continued later—for the Secretary of State to use that captive audience to lecture on what they really want, but over time that became manageable.

I was very much in favour of Francis Maude's reforms. The Secretary of State in the chair, whether or not they are fully engaged, is a really important part of that very delicate pipeline from announcement to delivery and impact. If Secretaries of State and Ministers are only focused on upstream and not on whether something is feasible or deliverable within resources, we all lose. It was very different and better, but more difficult.

**Q49 Chair:** Was that lack of engagement from some because they were incapable or just disinterested? Was there no sense of direction from the top—from the Prime Minister of the day? Francis Maude embarked on these reforms. Did his fellow Cabinet members and those who succeeded them understand what the purpose was?

**Dame Sue Street:** If the question is addressed to me, I never had the misfortune of experiencing a Secretary of State who was not engaged at all, but it is fair to commend Ken Clarke as a model of an engaged Secretary of State who had run a board. He would mix with us informally and ask, "How do you think that went? What should I really concentrate on?" He had a very clear strategic view of what he wanted to achieve in the Ministry of Justice. That is what good looks like.

I was not conscious of a lack of direction from the Prime Minister, but how would I know? What we were all aware of was that the strategic clarity, which the Corporate Governance Code demands that the board set, was very difficult to achieve. There are lots of reasons for that. If we got that from any Secretary of State, everything else worked well.

**Q50 Chair:** Sir Ian, in your role as lead non-executive director, what challenges, if any, did you face in co-ordinating across Government?

**Sir Ian Cheshire:** Maybe I could just add one point, which is that Francis had fantastic backing, from originally the coalition and then the Prime Minister. I personally sat in and attended a Cabinet meeting to re-explain to Cabinet Ministers the value add of boards, and so I did get a validation. If anything, you then have advocates almost going the other way, which would include someone like Michael Gove, who embraced it from a completely different end of the spectrum, where he almost had people acting as his SPADs and Ministers by the end.

There was an array. I actually felt we were well supported through the coalition and the Cameron years, and Prime Minister May was very positive as well. I saw that, but it was not centrally mandated. It was not, "Thou shalt do this," but, "We think this is a good idea." Once Francis stepped away, it lost some of that energy.



To actually answer your question about co-ordinating, we did spend quite a lot of time, particularly starting with Jeremy Heywood and then with Mark Sedwill, trying to define the strategic plan for Government, because, if you are going to have a more effective Government, it starts with the strategy and what you are trying to achieve.

We are very clear as non-execs that we are not there, subject to the conversations, to do policy, but we can join up effective Government in a way that perhaps others cannot. We had a constant debate on FCDO type, pre the merger, for example. We also had the debate about how to co-ordinate something as complex as net zero or the interrelationship between the judicial system, the courts, the prisons and the police, so that you had read across, and were not just pushing one and creating a problem elsewhere.

We tried to come up with a series of cross-cutting themes that worked across, and to deal with things that are common issues, such as systems, people and better finance directives. It all sounds very unglamorous, but actually having qualified accountants as finance directors is a good thing.

Q51 **Chair:** Was that particularly novel?

**Sir Ian Cheshire:** It was a bit of a new idea, yes. We identified some common themes and some cross-cutting systemic themes, but naturally Whitehall descends into 26 Departments quite easily, and it is quite hard to reknit them together. That is one of the things we did try—I know Miranda did, in particular.

**Miranda Curtis:** If I might add to that, certainly in my experience as a lead non-exec, participating in the forum of lead non-execs is one of the most worthwhile and valuable parts of the engagement. If you think about it, you have a group of highly experienced, very committed individuals embedded in different Departments, able to look at what is happening within their individual Departments but also coming from a background where, for example, cross-departmental collaboration, streamlining, driving efficiencies and improving processes and systems are normal bread and butter. That was a really useful forum in which, as Ian describes, to have conversations about how we could support Government to implement on cross-cutting issues.

Going back to my earlier point about the distinction between lead non-execs and functional non-execs, there were then functional fora of the finance experts and the human resource and people management experts. They provide a perspective on how Government is working, where good practice can be highlighted, and where Departments might need some support. That has no other parallel that I can think of in the system. There is a really valuable resource if there is a way of channelling and highlighting the expertise that is being deployed.

**Dame Sue Street:** I was a humble, jobbing non-exec, not a lead non-exec, and I really commend all the efforts made through Ian's leadership



at the Cabinet Office to bring us together. It had a distinct effect on the quality of the management information we were all able to demand from our Departments. It occasionally allowed people like me or others to explain the role of the accounting officer with a bit of passion, because if non-execs do not understand the role of the accounting officer it is a sad day for the Permanent Secretary. It allowed a lot of cross-fertilisation, so those of us who were not lead non-execs really benefited from that co-operative, collective approach.

**Q52 Chair:** The role of departmental boards and non-executive directors is currently under review as part of Lord Maude's broader governance and accountability review. This might be a leading question, given that you are witnesses before us this morning, but who should be consulted as part of this process? What changes, if any, would you wish to see implemented, given your experience?

**Sir Ian Cheshire:** It makes perfect sense. I am thankful for the opportunity today to talk to people who have been through this process, recognising that some things work well and others probably need readdressing. I am sure that, if Francis were here, we would have the same conversation.

To my mind, I would be very interested to reinforce—building on what Miranda was saying—the functional skills agenda in Government, improving the effectiveness of Departments by having better people. These are really basic things: for example, if you are having a massive procurement project, do you have anyone who is actually a trained procurement manager and has done project management? Equally, good HR and good systems are common issues across Government. Personally, I think that the non-exec community can contribute enormously to those functional improvement agendas without getting sucked into some of the more exciting rolling 24/7 news channel of politics, as it were.

I would consult fairly broadly across Departments to capture both the good and the bad experiences, because we learn from things that did not work. This is possibly overselling the Institute for Government piece, but one thing the institute does is to talk to former Ministers, after they have left, about what actually worked and what it was like. Those types of experiences would be helpful to feed in.

**Q53 Chair:** You mentioned avoiding getting sucked into the 24-hour news agenda. Is that an observation you would make of more recent appointments of non-executive directors?

**Sir Ian Cheshire:** No. It is just that, across the two sides of Whitehall I saw a continuing need to think about the big strategic issues, and then this absolute mayhem that occasionally intervenes in Departments. You can disappear down rabbit holes because something has "gone wrong" or something has happened. A board needs to be constantly asking, "What is the strategy? What are we trying to deliver? Are we getting better as a Department? Are we attracting the right people? Are we doing our



delivery challenge in the best way?" So much energy can be sucked away by the political maelstrom that can pop up.

Q54 **Chair:** Ms Curtis, do you have any thoughts about who should be consulted and what changes are needed, if any?

**Miranda Curtis:** Above all, we go back to the basic principles. Is there a way to encourage the ministerial team to understand that the non-executive teams are there to support, help and advise, to make their Department work better, help them do their jobs better and help them meet their aspirations? That need have nothing to do with policy or political aspirations; it just helps them deliver on being better Ministers. Understanding that non-execs are there as a resource and as a neutral and independent sounding board would be the most valuable thing.

In all our experiences, the bedrock of the relationship the non-execs have with Departments is with the Permanent Secretary and the senior leadership. As you have heard from us all, the relationship with the ministerial teams is much more erratic and much less consistent. If you could get that consistency, that would be the major improvement that I would argue for.

**Dame Sue Street:** Consult with Ministers and members of the Cabinet on what would help them, as long as the focus is always on the impact on public services of their Departments. What would they actually appreciate? How could it work? I will just float another idea, which might be totally misconceived, but I could not find anything in the Ministerial Code about chairing boards and the behaviours that are expected. The Ministerial Code still has a great influence on how Ministers behave. If it matters, maybe have a look at that. If I have missed something, because it was a quick read, I apologise, but that was my thought about a possible change.

**Sir Ian Cheshire:** I would build on the point about helping Ministers, particularly the Secretary of State, who maybe had not ever chaired a board and had no reason to have chaired a board. I feel a lot of sympathy for people who have been chucked into position and do not quite know what that looks like or how it works. Supporting Secretaries of State and incoming ministerial teams with the right bit of training, which does not have to be incredibly elaborate, would help, particularly talking to experienced ex-leads and others to say, "This is what using a good board looks like". I was constantly making repeat offers as we had Cabinet reshuffles to say to people, "Come and talk about what it is like," because a Secretary of State can have such an impact if they are confident about chairing a board. It can really make a difference.

Q55 **Lloyd Russell-Moyle:** Miranda, you talked about how non-execs should not get involved in policy decisions; they should be operational decisions. Where a Department is operational—the Department of Health is a good example—is there a necessary blurring of that line sometimes because you are talking about the operational things?





**Miranda Curtis:** My experience and my sense is that the role of the non-executive team is to focus on the “how” of policy and not the “what” of policy. If this is the policy, how can it be best delivered? What resources are required? What needs to be deployed? What are the challenges? What are the financial implications? What are the resource implications? What are the strategic implications? What does this mean for a project that has consequences for a neighbouring Department? How can you help think through that? It is not about the formulation of policy. We all accept that we come into a Department where the Secretary of State, or the Foreign Secretary in my case, is the arbiter of policy, and the organisation is there to deliver on that. As non-executives, we can help make that process more effective.

Q56 **Lloyd Russell-Moyle:** Maybe I am being naïve. I would imagine that the Department of Health Secretary of State only really has one policy, and that policy is to make people the healthiest and to deliver a system in the cheapest and most efficient way. All the other policies are about how to do that. There are policies, but there are also all the practicalities that you have just talked about.

**Sir Ian Cheshire:** Let me take one example. Yes, we would all agree that we want the nation’s health to be better. You then go to the next level, asking, “What is your obesity strategy? Which levers do you pull or not pull on that one?” Then it goes into exciting areas like a sugar tax and other bits of that early preventive work in the NHS. I am fairly sure that none of us on boards would want to make the policy trade-offs about putting more into that pot or this pot.

Q57 **Lloyd Russell-Moyle:** You might be advising on the policy trade-offs.

**Sir Ian Cheshire:** To Miranda’s point, if you have resources of X and you have to make a trade-off, let us at least capture that trade-off, do the analytics on it for you and maybe help with the level of risk you are taking. If you are trying to make a trade-off, you might have one high risk versus one low risk, so you are looking at these things, trying to get to a balanced decision. I was always very clear that we were not there to go across the policy line, but, if you wanted an effective policy that could be implemented, you would have a bit of dialogue about what would work.

**Miranda Curtis:** In your example, if you take childhood obesity, it is often the non-execs who are in a position to encourage the Department of Health to be working with the Department of Education and encouraging cross-departmental working. All of us have the perception coming in from the business or corporate world that Government are not necessarily as good as they might be at joined-up cross-departmental working. That is an area where the non-exec team can be particularly helpful, in encouraging that dialogue. Sometimes the non-exec to non-exec is actually a very neutral and safe bridge for conversation to start.

Q58 **Lloyd Russell-Moyle:** So there are conversations between non-execs in



different Departments.

**Miranda Curtis:** That was what I was discussing when I was talking about the forum of lead non-execs, and then several other layers of functional non-execs who talk to each other.

Q59 **Lloyd Russell-Moyle:** That happens at an ad hoc level as well as those formal levels.

**Miranda Curtis:** Of course, yes.

**Dame Sue Street:** Can I offer a different view? Sir Ian did say we could have a bit of a scrap. I have thought a lot about policy. As a senior official, my phrase was that the only point of policy is implementation, and that is why we need to get out more as civil servants to understand what evidence we are basing our policy on and what resources we have to implement. It is easy to say, and I am not saying I did it right all the time, but if that is right, why would non-execs not have a role in interrogating the evidence, understanding and questioning—not deciding, absolutely—why that policy is the way it is?

In a Ministry of Justice context, it is very easy to say that we want to reduce reoffending, for example, but then you need to prioritise. Are you talking about persistent young offenders? If so, it was a focus of one of the pledges, which some of you may recall, to reduce that by half. What do you do to achieve that? It could be women; it could be mentally disordered offenders; it could be everybody, but that is where the non-exec says, "It cannot be everybody all at once with this resource envelope. Please make a decision, Ministers." If you do not understand the policy, you cannot really be effective in all the areas of implementation where colleagues bring such a wealth of experience.

Q60 **John McDonnell:** You can see why Sue is at the Ballet Rambert now. Can I just come back on one further point? I will just throw this in for your consideration. You want to ensure that Ministers are capable, or at least have an understanding of the role they play. Before elections, the shadow Front Benchers engage with civil servants on the preparation of policy implementation. Do you think it would be helpful if there was a similar process for you to engage with the shadow Front Benchers, so at least they know what they are getting into?

**Sir Ian Cheshire:** Yes, Miranda and I were talking about that. There was a role for the boards almost to act as corporate memory, because in some cases you have such a rate of turnover in ministerial teams that some of them are seeing a lot of these questions for the first time. I really noticed the difference at the Cabinet Office in particular, when I was there. There was a lot of churn. Some of the details are so important but they are buried, for example, in how we make sure that the civil servants' pension deficit is monitored and run. The answer is that it is in the audit committee of the Cabinet Office. That is where that is done. There is no way someone coming in from outside at a high level will



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necessarily know any of that stuff. We have constantly felt that there was a role for us, and we actually made the offer pre-elections.

**Miranda Curtis:** That is compounded by something that the Institute of Government has done a lot of work on, which is the very high levels of churn in the Civil Service. Ian is aware that there have literally been moments in the last two or three years where the non-executive team have been the holders of corporate memory, because almost the whole senior Civil Service team and the ministerial team have changed, so there is a role there in providing continuity.

Q61 **John McDonnell:** Enabling you to engage in that would require a political decision by the Government.

**Sir Ian Cheshire:** Yes. When we got to the purdah period, I was always very nervous about what we could or could not do, so I just took advice from the Cabinet Secretary and asked, "What should we be doing?" I felt, though, that we had a common national interest in making Government work better. Why would we not do exactly that?

Q62 **John McDonnell:** Maybe it is something we can pick up on. I just have a few questions on wider responsibilities. You have covered some of this anyway. Where did you add most value in the Department, and how much of this work took place outside the boardroom?

**Miranda Curtis:** In my case, almost all of the work took place outside the boardroom. My key contribution was through engagement with the Permanent Secretary and the senior leadership team, rallying the forces of the non-executive team to support them in whatever issues the team were addressing.

There is another important dimension to the lead non-exec role. Permanent Secretaries are very unusual senior leaders in that, unlike almost any other corporate or not-for-profit organisation, they are very solitary individuals; they do not work as a senior leadership team in the way that senior leadership works in every other kind of organisation.

If it is got right, there is a very significant role for the lead non-exec and indeed other non-exec members to act as critical friends, sounding boards and strategic support to the Permanent Secretary. In some cases, the lead non-exec was able to undertake that role with Ministers and Secretaries of State as well, but the anchor role is with the Permanent Secretary and helping support them to deliver on the objectives of the Department.

**Dame Sue Street:** I added most value outside the board. Because I had served in those areas, I was able to quickly earn the trust of the officials, so I would often be included in rehearsals for presentations to the board or working sessions. I loved that, and hopefully it was helpful.

I occasionally made sure that officials were not ambushed at the board, because it is tempting for the captains of industry to show up officials in



front of Ministers and it does not really help anybody, in my opinion. I was doing a little bit of that behind the scenes and it was well received by everybody. At the board, I tried to speak only where I had something original or different to say. That can make you a bit of grit in the oyster, but actually both Secretaries of State appreciated that. Otherwise, the lead NED is quite rightly the lead NED.

**Sir Ian Cheshire:** It is important. I completely agree that most of the work is outside the board, but the board meetings are very important as gates to focus progress and make sure things are done. Also, as non-exec directors it gives you your basis. It was about the work with the Department and having individual NEDs who had particular interests. I had a fantastic guy on systems at DWP who spent a lot of time on that side of it.

Personally, I spent a lot of time on the engagement in the Department as opposed to delegating it to HR. I said, "No, the leadership group has to do this". We started measuring staff engagement all the way down, and, despite having to lose nearly 20% of the workforce, we saw the engagement go up because the leadership and Rob did a great job. Frankly, the counterfactual is that things might have blown up that did not blow up because we helped smooth it out, and there were quite a lot of those that are non-events, hopefully, but I can see at least a couple I was involved with.

Q63 **John McDonnell:** It might be needed at the moment here. Sir Ian and Miranda, you have both mentioned cross-government work. Explain the cross-government Department work that you undertook.

**Miranda Curtis:** Under Ian's leadership, we had established the formality of the forum of lead non-execs, who met quarterly. Sometimes there were key themes for the meeting. Sometimes it was just a general review of how things were going in the context in which we were operating. We covered, as we have discussed, all aspects of the performance of Government at the most macro level, but there were also sub-groups that met.

One of the things that I did with a small degree of success, but it fell away, was to convene lead non-execs representing Departments that had international operations, because we were looking at how we could better co-ordinate the activities of trade, defence and diplomacy. Were there areas where we could encourage more effective working? Could we look at better use of embassy facilities and staffing? Could we look at avoiding duplication? Could we look at more effective and joined-up policy? That would be a micro example.

Any one of us would have a comparable example to that, in which they had identified a broad cross-government or a sectoral cross-government area of activity where there were conversations to be had about whether things could be done better. Most of us come from a world where that conversation about what we could be doing better is part of the normal



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course of debate. That was not always the case inside Government Departments, where people were so focused on delivering that there was very little opportunity to step back and reflect on strategic process.

**Dame Sue Street:** It worked well at the technical level. We would certainly learn from other Departments about management information, as I have mentioned, about public finance as things progressed, and about digital and technical functions where we could learn from others. That worked well.

What did not work well, and I regret it to this day, was an attempt for some rapprochement between the Ministry of Justice and the Home Office, which share a huge amount and, after all, used to be one Department and then split. I suggested joint boards and made a bit of a nuisance of myself to no avail. Nobody was up for it, so it did not happen, and I am still sorry, because these are absolutely connected public services and public policy issues. Again, it comes down to the appetite among Ministers or maybe the Ministerial Code to collaborate where it matters.

Q64 **John McDonnell:** What resources did you have to support you in the work that you do, both in the Departments and in cross-departmental work?

**Sir Ian Cheshire:** I worked on the assumption that, if I felt I needed some, I could get the Department to support me on things. If I take the engagement example, I worked a lot with the HR department and the leadership executive committee, and I asked, "If I need some support, can I go and get it?" The rest of the time, in the same way, to be honest, that the average non-exec in the plc world does not get a dedicated team, you are slightly solo, but, as long as the organisation responds when you think you need something, that works fine. I have always found that the finance and analytical teams in particular are very good at responding to me asking, "Can you explain this to me? How does this work?" and giving that sort of access.

**Miranda Curtis:** I would agree with that. The Permanent Secretary secretariat is, as it were, the anchor resource, but I would go right across the organisation to talk to members of the leadership team and seek support and engagement from them. The non-execs operate somewhat like free radicals. They float across the Department, but we do not have a formal support structure.

Q65 **John McDonnell:** Did you have adequate links into the Department and the decision-making processes? How did you engage in those decision-making processes adequately?

**Sir Ian Cheshire:** My experience of seeing this in a couple of different circumstances was that, providing you had a clear agenda of what the Department was trying to do, and the right conversation with the Perm Sec and ministerial team, it was then relatively straightforward to track



that through into what is happening down into the next levels. Where it got harder was when you had flux, you were not sure what the policy agenda was, or you had competing interests for what to do.

The other thing that also struck me as quite a big difference between the corporate world and the Whitehall world was how much harder it is in Whitehall to stop things. You get this archaeology of initiatives and you ask, "Why are we doing that?" The answer is that someone five years ago wanted it, so it carries on, as opposed to corporate zero-based budgeting.

**John McDonnell:** Only five years?

**Sir Ian Cheshire:** It is probably a lot longer than that, but it was striking. Why are we doing that? Is anyone who wanted to do that still here? No. Getting the machine to stop was one of the harder things to do, but I still felt that once Departments worked out what the board could and could not help with—and we obviously cannot cover everything all day—it was always a pretty open conversation. I never had any problems getting access.

**Miranda Curtis:** I agree. I worked in a Department where the main board, as such, was not really functional. The management board, the executive committee, the quarterly leadership meetings, the finance committee and other committees were all very effective. We were generally invited in, welcomed and consulted, and indeed used as a sounding board. Of course there were security constraints, and so there were some areas I could not be involved in, but those were made very clear. I did not feel there was any limitation on our ability to engage within the Department.

**Dame Sue Street:** It behoves non-execs to earn the trust of those they want to work with. It is not all one way. Where non-execs indulged in behaviours, as I mentioned before, such as showing up a hapless official in front of the board, trust would be withdrawn. Otherwise, all Departments were very keen. Most of them felt it was a breath of fresh air to have external experience. In the phrase "critical friend", "friend" is as important as "critical".

**Miranda Curtis:** We have also talked about the fact that non-execs bring a variety of skills and expertise to their roles. We have focused primarily on functional expertise, but of course a lot of the non-execs also have expertise in the sectors for which their Departments are responsible. In my case, because I have spent most of my executive career leading complex, international, cross-cultural ventures, that was seen as an appropriate background for working with the diplomatic service. It also meant that I had credibility, because I could speak as someone who had worked in Japan, Africa, Latin America and so forth. That is a great element of how you build trust and a respectful working relationship with the team.

Q66 **John McDonnell:** Leading on from the points Lloyd has made and this



distinction between policy and administration, which is a tough one, you are in the relevant fora in which policy discussions are taking place. You are at the table. How do you maintain your independence of scrutiny when you are involved in those discussions? It is difficult distinguishing policy from implementation in many instances.

**Sir Ian Cheshire:** We were always quite careful to patrol that perimeter very carefully, in the sense that I did not see it as my job to ask, for example, at DWP, “Is universal credit right, wrong or sideways?” I could absolutely have a view, though, on how you take six systems and combine them into one to make it work. In that, you might think about the design of certain aspects of how the benefit works to make it more effective, and that is perfectly okay to have a view on that level, but I was really clear that we were not there with an electoral mandate. As a plus point, I was not trying to get elected; nor was I trying to get promoted to the Civil Service, so I am just calling it the way I see it.

To my mind, the whole appeal was that we were deliberately there as independents, and that therefore we could say things that potentially might be uncomfortable and, quite often, something the Civil Service did not want to say. I would find I would be given a small note and that would suddenly become something I could say. That is a perfectly valid use, as long as I respect the fact that I am not the elected person in the room.

Q67 **John McDonnell:** Sometimes you did not get reappointed if you said the wrong thing.

**Sir Ian Cheshire:** You have to say what you think is the right thing. If you get reappointed, you do. If you do not, you do not. That is life.

**John McDonnell:** Courage is involved.

Q68 **Lloyd Russell-Moyle:** The Corporate Governance Code stipulates that board members should be appointed on merit through open competition. What is your reflection on how this process actually works in practice?

**Miranda Curtis:** I am the example of how it did not officially, although, as I say, I had been involved in the development of the current generation of non-executive boards, and I happened to be travelling a lot on business, so I did not see the advertisement when it went out. I was recommended, but I was recommended specifically on the basis of my prior interest in the concept of the boards and my international experience that was seen as relevant. Once I was in the Department, I made sure that, when we were recruiting other non-execs—we appointed a couple in my time—those appointments were made entirely on the basis of open competition, full panels, interviews and well-minuted appointment processes.

**Sir Ian Cheshire:** There is a challenge at the heart of this, which is that these are framed as appointments by the Secretary of State for the relevant Department. Frankly, the level of scrutiny on that can vary.



When I was there, I had an explicit right to see who was being appointed as lead non-execs, which is also checked at No. 10. Individual appointments of individual board members were ultimately left to the Secretary of State, and that is still appropriate, but I was always keen to make sure we fed in a series of candidates, there was an advert and it was pursued.

Were 100% of the appointments done that way? No. Some were clearly made based on more of a personal judgment. My view is that I would prefer, without going into the full panoply of public appointments—because there are some downsides to that version—an open, honest process where we have a debate about what skills you particularly want on the board. The skillset for DWP is very different from DCMS, and you need to have the right set of people around there. You also need some specific functional skills like an audit chair. That is really critical. The more open, the more documented and the more straightforward, the better.

**Q69** **Lloyd Russell-Moyle:** Is there due regard to diversity?

**Sir Ian Cheshire:** Yes, very much so. We actually managed to do quite well on gender diversity by the time I shuffled off. We were making more progress on racial diversity. The point I always made to the people who asked about this is that our non-execs were significantly better scored on diversity than the ministerial teams were.

**Q70** **Lloyd Russell-Moyle:** It is still only 8% on ethnic diversity and very poor on class, economic and social diversity.

**Sir Ian Cheshire:** Social diversity, to be fair, had not been part of the input at the start. We were starting with gender and then racial diversity, and I was trying to make sure we were starting to work on disability, which was the other area we were not strong enough on.

**Dame Sue Street:** HMRC was by the book. They went to head-hunters. They were all interviewed. The Ministry of Justice is a bit of a mystery, actually. I am assuming that Sir Ian was behind the scenes making sure it was a fair and open competition. As far as I knew, I was invited to meet the Secretary of State and Permanent Secretary with a view to becoming a NED and then I was one, so who knows? I do not know how it went.

I wanted to make a point about diversity. The Corporate Governance Code is very clear about looking largely at the commercial private sector and at people with long experience. Now, if you say that, you are not going to get a demographic mix, because people will not be very young and have enormous amounts of experience at the top of large commercial organisations, so we have to define how much diversity we want.

When I came to DCMS, and all credit to my predecessor, there was a young black woman on the board, who is happy for me to name her, Sonita Alleyne. She is now the master of Jesus College, Cambridge, but





she was not then. She was running a very gingery, adventurous media group and she was gold. When we were looking at the media industry, although this is nothing to do with her ethnicity or her gender, we had someone who ran a small company and could say, "Do you realise how this will impact me? When you are getting bored with health and safety, can you see that, if someone trips over a cable in my studio, I am going to be sued?" We just need to do more to get different views into every public forum we can.

**Q71 Lloyd Russell-Moyle:** Is there too much of a focus on the private commercial sector, and maybe not enough on the third sector?

**Sir Ian Cheshire:** As we evolved, I tried to push it more towards the third sector, to be honest.

**Q72 Lloyd Russell-Moyle:** Some third sector organisations are bigger than some corporations.

**Sir Ian Cheshire:** Yes, absolutely. In a governmental effectiveness world, there is a lot of knowledge there from being in the third sector, which has probably interfaced with Government and dealt with some of the policy implications. I was super comfortable that we needed to go away from what might have been caricatured at the very beginning, which was that you had to be a FTSE 100 chief executive to be on those boards. We moved it quite significantly towards broader experience and tried to make sure that we had differing styles. That is a great place to pick up that organisational experience.

**Miranda Curtis:** I had among the group a number of individuals who had their roots in the corporate world but were at a stage in their career where they were very active in the third sector as well. That experience of already having made a major transition from the corporate world into third sector was valuable and helped inform the way they approached their roles in Government.

**Q73 Lloyd Russell-Moyle:** Would you three have applied for the role if it had been appointed under the regulations of the Governance Code for Public Appointments?

**Sir Ian Cheshire:** We have had this debate about making it a full public appointments piece. I generally found it was easier to attract and sell the concept if it was one level below the full appointments piece.

**Q74 Lloyd Russell-Moyle:** What was the barrier?

**Sir Ian Cheshire:** It is just the sheer length of the process and the bureaucratic nature of it. You could be sitting around for an extraordinarily long time. I speak as someone who is now trying to recruit non-execs to Channel 4 through a process that is extended, to put it politely. We should be able to exercise a bit more judgment than that. I have tried to prequalify a group of about 50 people who I could use as a talent pool when appointments came up. I could then say, "Here is a slate of three or four people." I would prequalify and then, if it could be a



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fairly rapid process of Perm Sec, Secretary of State and maybe one of the other non-execs, you could just make appointments a lot more quickly. I do not believe that you would shortcut in terms of integrity or quality of person. It was just much less bureaucratic. Obviously you have been through this experience.

**Miranda Curtis:** The direct answer to your question is that I would have done, because I really wanted to do the role and felt that I had something to contribute in that dimension. I was slightly surprised in my case that there was not any more process, but I take Ian's point. People have choices to make about where they apply their scarce time and whether they can afford to take up roles like this. If you keep people hanging for six, nine or 12 months waiting for an appointment, they move on. Life moves on and the opportunity goes away. No other sector is as laborious in making appointments.

Q75 **Lloyd Russell-Moyle:** Is there something about the prestigious nature, not of advising Government but of being non-executive board members, that means people would be willing to jump through slightly higher hoops than they may expect? Not to demean Channel 4, which is very prestigious as well, there is something around being at the heart of a Government Department that is a win-win on both sides.

**Sir Ian Cheshire:** Yes, absolutely. The underlying motivation is that we all did this because we felt we wanted to do something to help the Government of the country run better. We were all there for that reason. The challenge is if it becomes, in my experience, so bureaucratic that you just cannot get through a system in less than eight months. It just discourages the pool of talent that you can come to.

**Miranda Curtis:** Certainly, my experience was that, as Ian says, everyone I talked to in the network was there because they wanted to make a contribution and felt they had something to add to making Government or the Department work better. There is no doubt that it was a completely fascinating and very attractive intellectual and professional challenge for all of us. I cannot think of anyone I came across who I ever thought was motivated by prestige.

**Sir Ian Cheshire:** No, it was more service.

Q76 **Lloyd Russell-Moyle:** Maybe "prestige" is the wrong word, but what you describe is a form of prestige to me.

**Dame Sue Street:** People are proud to serve. Public service needs to recruit these people with respect for their time. If you want dynamic people, do not keep them hanging around for 11 months. It is a ridiculous, sclerotic process and it does not have to be like that in order to be fair and open. It desperately needs reform to get the right people in.

Q77 **Lloyd Russell-Moyle:** It seems to me that you are making a case to reform the Governance Code for Public Appointments more broadly rather



than necessarily not to apply it to non-exec directors. Is there a case to have an outlined process for, as you put it, Sir Ian, the next level down, so that there is a formal process that is gone through, that everyone knows about and that is published, but maybe has differentiation on the lengths that that process needs to go through according to the different roles?

**Sir Ian Cheshire:** I would try to just standardise the process for the other non-execs by saying, as the lead non-exec, "It is the Secretary of State. It is you. It has to be advertised. You have to have a skills matrix and a screening process to get to it". That was my guidance for them.

Q78 **Lloyd Russell-Moyle:** In your time, how common were direct appointments, where Ministers or others would come and say, "This is who I want"?

**Sir Ian Cheshire:** It happened occasionally. Towards the end of my tenure at the Cabinet Office, that happened. It is recognition, frankly, of the realpolitik that if they want to make the appointment, unless it is someone completely inappropriate, they can.

Q79 **Lloyd Russell-Moyle:** Was it problematic? Did it make you feel undermined if you had gone through a process and just had a Minister appointing his buddies?

**Sir Ian Cheshire:** I would always vote for the process. I am not sure it was undermining, but that is the right way to do it. There will still be a preference, even in an organised panel process, because someone will want X, but I would try to keep it less direct appointment and more independent.

**Miranda Curtis:** In that context, it is perhaps a lack of understanding of the different roles that the independent non-exec can bring. We have all experienced appointments being made in Departments of political allies of Ministers or Secretaries of State, who come in as super SPADs. That is clearly a different role from the role of an independent non-exec. Some Ministers did not see that distinction, so it was a blurring of the lines.

**Sir Ian Cheshire:** Within the original setup, because I have looked at this a few times, that is currently permissible, so one of the questions for this review is, "Do you want to tighten that up or let it go further out?" I also felt at the time that it did not feel appropriate to have working Peers on as non-execs, because you are, essentially, part of the legislature and this is an independent Government advisory group. There is nothing in black and white that says you cannot at the moment, so those sorts of questions are worth asking. I am sure that you are doing the whole review of all these things, but that, in the process, is worth saying, because there is currently a broad enough definition that allows for the more Michael Gove end of the model versus a more independent model.

Q80 **Lloyd Russell-Moyle:** Should there be more information about the processes that are gone through, including the justification? You said



that, in the Ministry of Justice, you were called up and went for a coffee with the Secretary of State. Should there be a written justification for how you are appointed, so that you would know yourself, "This is the reason I have been appointed"?

**Dame Sue Street:** I have no objection to that. Perhaps we are all saying the same. We want a clear, transparent process that appoints on merit. It just has to be streamlined and quick. As with when you make other appointments, you do not always make explicit exactly why someone has been appointed, because it can be a bit upsetting for other people, but certainly if you make clear what their function will be—"Your role on the board will be as follows"—people can work back to why you are a good fit. I would not be too prescriptive, but just make it open, transparent, process-driven and quick.

Q81 **Beth Winter:** Going back slightly to something that was really interesting, I just want to probe a bit more the history and rationale for the dominance of the corporate sector in these roles. Could you expand a bit on that, please, Sir Ian? Do we know the percentage of third sector representation and people from different backgrounds? Is that data available?

**Sir Ian Cheshire:** Probably the person to ask about this is Francis, who was there at the time. I came in after he and John Browne got going. There was originally quite a lot of focus on the Government's spending challenge that was involved in the first coalition Government, and a sense that there needed to be a slight efficiency drive, which tended to argue for people who had done cost reduction and big organisation change, and who were willing to bring that experience to bear. As I said before, I felt that that very commercial focus changed after about three or four years and then we had an opportunity to reset it. I certainly started looking for third sector, as opposed to saying that they are all corporate, because you over-define it.

Increasingly, what I was interested in was functional experience. If you have been the FD of a big NGO, you are very useful in a lot of the Government Departments. If you had done big systems projects in a big distribution company or retailer, you were probably going to be more helpful for DWP, because it had 100,000 people and was dealing with its systems.

I am much more interested in the skillsets that they bring, and then some of the cultural experiences and the diversity of thought that they could bring. One example would be that, in the Cabinet Office, we did a recruitment. I was trying to find professional services people, because the Cabinet Office had become a place where all the professional services of the Civil Service were ending up; all the functional people were there. We managed to find a brilliant lady called Karen Blackett, who was running WPP's advertising in the UK. She is also one of the few black media leaders, and that, to my mind, was a fantastic point, because we got a three for one out of that.



We looked increasingly at skillset, diversity and individual departmental contribution, which felt like the right place. I do not think that it is as simplistic now as saying that it is all corporates, and I would keep it away from that.

**Q82 Beth Winter:** If it was an open, transparent and consistent process, and if that worked properly across the boards, it would be open to anybody anyway. That is not happening. There are potentially a lot of assumptions about who is best placed for these roles.

**Sir Ian Cheshire:** It has been a problem. I have run a number of processes across a number of Departments that said, for example, again in the Cabinet Office, "We want to find outsourcing experience", because we are going to do outsourcing, so we went looking for precisely that. Has that happened across every Department and every board? No, probably not, but we always started with, "What do we need on this board? What is the profile that we need?" As we were saying earlier, it tends to be more experience-driven than that, so we are not bringing in in a 25-year-old coder, because the organisational challenge is different, but, for the organisational need, we were always looking pretty openly and I never felt that we were constrained in that sense.

**Miranda Curtis:** Again, there is a slight distinction between the functional non-execs and the lead non-execs here, but many of the individuals I came across in that pool of non-executives were people who had started their careers in the corporate world, had already made a transition through either diversifying their portfolio or adding to existing roles, and had already demonstrated that they could transfer their skills to another sector, be it the charitable sector or the public sector.

That ability to come in with a broader mindset of having some experience of operating in different organisations and sectors is, of itself, extremely valuable to bring to Government. You cannot define people just as corporate, because many people have made transitions in their own lives to encompass other sectors.

**Dame Sue Street:** A really good question for your Committee is, "What kind of board do you want?" As long as the Corporate Governance Code says "largely drawn from the commercial private sector", that is what you will get. There is a very good case to be made that, if the problem is too much wild policy and not enough proper impactful delivery within resources and timescales, that is what business leaders know how to do, probably more than anybody. If that is what you want, that is what you get.

If you want very diverse, different points of view, it is much more open. It goes back to the strategic clarity about what these boards are supposed to be doing, and then you move straight to the skillsets, so, "Who do we need?" As long as this is here, the job spec and the person spec will discourage a fully diverse application, because how can people



bring commercial sense and experience of delivering big programmes if they do not have it?

**Q83 John McDonnell:** It is also based on an assumption that the private sector can deliver those skills and no one else can. I was going to ask you a series of questions about requisite skills and experience, and about how you define them. You have answered most of that from what you have been saying, so I just want to come back to this issue of NEDs from a political background to get that absolutely clear.

Were there many NEDs from political backgrounds during your time in the role? Is there a risk that that direct political experience in that way impacts upon a NED's ability to provide the sort of objective, independent scrutiny and challenge that you have suggested that a NED's role is?

**Miranda Curtis:** We had one direct appointee, and he had, therefore, a political background, but he also brought very specific professional skills that were highly relevant to issues that the Foreign Office was facing at that time. In general, you cannot rule out political connection entirely. What you do need is a clear mechanism for disclosing conflicts of interest. In all the organisations in which I operate, across a very wide spectrum, we deal with conflicts of interest by disclosing them. You have to acknowledge them, in an effective and transparent way, but you cannot rule out people with political connections.

**Sir Ian Cheshire:** In answering the question directly, during my time, there were very few. In some senses, they were not so obvious. In the last round at the Cabinet Office, just before I left, we had Gisela Stuart and Simone Finn. They were from different political parties and there was no overt packing of appointees, but I had also tried to get it written into the process that we should not have any serving Peers in particular.

**Q84 John McDonnell:** That was rejected, was it not?

**Sir Ian Cheshire:** It was felt that we had not had any of those until we got to the final one or two. In terms of the Committee's work on this, and this definition about what type of board you want or do not want, it is significantly cleaner, to your point, John, if they are not one side of a whip, basically, where they cannot really be independent in the way that this was set up to be. It goes back to Miranda's point that there is one model of this, which is that they are semi-SPADs/semi-Ministers. If it is decided that that is the model, that is the model, but I would always vote for the independent model.

**Miranda Curtis:** To Ian's earlier point about NEDs in many cases being able to provide continuity, if they are independent, they provide continuity through evolutions of Secretary of State and political regimes, which is an important element.

**Dame Sue Street:** I would be very wary and would look at where they are going, rather than where they are from, so that you can disclose that you have been a SPAD, an MP or whatever, and that would not be a



problem. If you stand to gain personally from your contribution to a board, you are not independent.

Q85 **John McDonnell:** If we move to a regulated appointments system, that leads on to the question of how prescriptive the job specification should be. Is there a risk then that Ministers will not be able to finetune the appointments in the way that meets the needs of the Department?

**Sir Ian Cheshire:** I was always quite struck by the fact that, if you want the Secretary of State to be involved with a board, they should be involved in selecting the board and should want to work with the people they end up with. The other, 180-degree version of that is that you say, "That is a recipe for cronyism and you do not get the right independence." There is a balance in the middle that says that, if we are sensible about the job spec, but particularly the skillset, strong guidelines on the other elements should be enough to keep it in balance. Ultimately, we would all like the best mix of skillsets on that board with the right level of independence.

Q86 **John McDonnell:** Let me just throw a bit of a hand grenade in—I am sorry about this. Dame Sue, you have previously said that new Secretaries of State replacing all their NEDs upon entering the role was not in the spirit of good governance. What needs to change to prevent such behaviour? Miranda, I would like you to comment on that as well.

**Dame Sue Street:** That is simply my opinion, so it is not a matter of fact. The Committee will decide if you agree. The reason I have that opinion is this: who needs continuous expertise and experience more than a new Secretary of State when they come in? It is not about anything more than asking, "Why would you do that?" in the interests of logical governance.

What needs to change? If the Committee agrees that that is not a great model, there are some modest things. It could be that the Permanent Secretary and the Secretary of State would need to agree that the whole cohort are useless and need to go, because it could be the case that they are just rubbish and you need to replace them. I would not put it entirely in the hands of the Secretary of State, although I have a stick of rock through me that says that they are elected and I am not. I totally understand that the role of the non-execs is to advise the elected representatives, but, if you want some continuity and solidity, a small check and balance before that is done might be useful. You could put in lots of other things. You could just stop them doing that altogether, but I would not go that far at all.

Q87 **John McDonnell:** Or a requirement for a justification?

**Dame Sue Street:** It is invidious, is not it? I am not sure that non-execs would welcome that being public. I do not know whether I should put this on the record, but, as my son said to me on the day, "It is not personal, mum. He has never met you. He has never spoken to you. He has never seen anything that you have said or done."



**John McDonnell:** That is a quote from *The Godfather*, is it not?

**Miranda Curtis:** I had a slightly modulated version of the same experience, in the sense that my second Foreign Secretary was appointed about nine months before the end of my first three-year term, and it took six months before I met him. It was relatively easy, therefore, for him to decide to not reappoint me and, very swiftly, to dismiss the other non-execs in the team, one of whom we had only just appointed through an open, transparent and professional process.

It was a particularly unfortunate moment to do that, because it was in the lead-up to the merger between the Foreign Office and DFID. I and the rest of my team all had experience of negotiating and implementing complex cross-cultural organisational mergers and were working well with our counterparts on the DFID side, and we could have made a real contribution to making that process more effective and more constructive than it was. There was no rationale given for why we needed to be replaced.

Q88 **John McDonnell:** Did you ever get an explanation?

**Miranda Curtis:** No, but my successor routinely and regularly attended meetings with the Foreign Secretary from the first month that she was appointed.

**Sir Ian Cheshire:** In the private sector, with a change of chairman, quite often you see a change of board. It is not unreasonable. The question is the balance and the openness of the process. When Michael Gove took over at Defra, he wanted to change his board and we agreed a set of skillsets. He probably favoured some people and I favoured others, and we got a balanced board out of that. That worked quite well as a model to do it, as opposed to wholesale defenestration.

**John McDonnell:** There was a specific process agreed with you that you went through.

**Sir Ian Cheshire:** Yes, and we went through it. We ended up with some good appointments there.

Q89 **Beth Winter:** In terms of dismissal, is there absolutely no recourse for somebody who is dismissed in terms of an explanation or recourse of any form?

**Miranda Curtis:** My departure coincided rather neatly with the end of my first three-year term, so I was simply not renewed, but my fellow non-executives were let go and they were not at the end of their terms. There was no explanation other than that, essentially, the Foreign Secretary wished to bring in a different group of people. There was no suggestion of not being competent.

**Sir Ian Cheshire:** I know the board that Sue was on. We had done an effectiveness review of the MoJ board and it was one of our best performing boards. The lead there was extremely upset that they were all





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being let go, and we had to say, "As it is written, this is the Secretary of State's decision." He does have that power.

Q90 **Lloyd Russell-Moyle:** Which Secretary of State was that?

**Sir Ian Cheshire:** That was Michael Gove, at MoJ.

Q91 **Beth Winter:** Should there be any restrictions on who can be appointed as a Government NED?

**Sir Ian Cheshire:** Restrictions in what way?

Q92 **Beth Winter:** Should Ministers have to publicly justify the appointees?

**Sir Ian Cheshire:** There should be a clear rationale for what skills and experience they bring, and evidence of how they would add value to the Department through independent advice. In the same way that I have just done a series of board appointments in the private sector, we had a very clear understanding of what we are looking for. I could literally go down that person and say, "Yes, tick, tick, tick". I would not want to restrict, prima facie, who could apply or come through the door, because you never know where talent is coming from, but you should always have a solid rationale for why you are appointing.

Q93 **Beth Winter:** None of you has mentioned independent advisory panels or boards as part of the recruitment process. Is there a role for those set-ups in order to ensure independence, consistency and fairness?

**Sir Ian Cheshire:** I relied heavily on the lead non-exec to assess that, and that was one of the things that we were looking for. Why I did not like the idea of the working Peer was because I felt that we were not going to get that independence. We always had at least three people involved in the interviews that I did, so I felt that that was enough of a panel.

**Miranda Curtis:** We did two and we had a full panel for the appointments. If you have one or two independent non-executives already on the interview panel, having another layer of independent oversight risks making a process that can be laborious at best even more sclerotic and adds layer upon layer. You would need to be confident that that was going to add real value.

Q94 **Beth Winter:** Should Ministers be required to publicly justify appointees' suitability for the role in, say, a meeting of the departmental Select Committee or in some other forum?

**Miranda Curtis:** I am not sure that non-execs, as Sue said, would necessarily welcome that, because all the unsuccessful applicants would perhaps not welcome any implied comment about their capabilities.

**Sir Ian Cheshire:** If you take the sunlight disinfectant approach that says, "Are these people credible and viable candidates?" the appointment should be visible, and any Secretary of State should be able to justify



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why they made an appointment. Beyond that, I am not sure that I would go much further, because it is fairly evident whether they are.

**Dame Sue Street:** You have a balance to strike between more and more checks, balances and processes, and something that is streamlined but fair, open and quick.

**Sir Ian Cheshire:** During my period, over the whole nine years, the quality of people we managed to attract to be non-execs was remarkably good.

Q95 **Beth Winter:** You have already touched upon conflicts of interest. In your time and in your roles, how were they managed?

**Sir Ian Cheshire:** They were declared. I will give you one example, which is that I finished my Cabinet Office appointment a bit early, because I went on the board of BT, which was a top 20 customer with the Government. I felt that that was, in conversation with the team there, something that took me off the board, so I left that board early. We always had a disclosure of conflicts conversation, as you do in all plc boards at the beginning of meetings.

Q96 **Beth Winter:** Is there an issue of inconsistency of publication of interests across Departments?

**Sir Ian Cheshire:** Yes. Some Departments seem to publish it better and others do not.

Q97 **Beth Winter:** Is there any reason why?

**Sir Ian Cheshire:** I would go for cock-up rather than conspiracy. Some secretariats just seem to be right on top of this, and others do not. It is a question that I have asked in the past and I am not sure that I have had a great answer from them.

Q98 **Beth Winter:** Matthew Gill has given evidence previously and has made the case at this Committee for quarterly declarations of financial and potential non-financial interests on the gov.uk website. Is that something that you would agree with?

**Miranda Curtis:** Quarterly sounds quite aggressive and, again, somewhat unnecessary.

**Sir Ian Cheshire:** If you have declared your major interests, I would have said six—

**Miranda Curtis:** On all other boards, we would normally just declare any change in interests. We would report as and when any changes occurred.

Q99 **Chair:** Just to close, I have a few technical sounding questions—so straightforward answers perhaps. In your experience, did your Department have a board operating framework? How was that agreed? Did it bring clarity to the remit of the board and its individual members?



**Miranda Curtis:** I will volunteer for the negative end of the spectrum.

**Sir Ian Cheshire:** Not something as formal as that, no. I am always slightly suspicious of that level of academic framework.

Q100 **Chair:** I suppose it is a yes or no answer to this question as well. Is the Corporate Governance Code fit for purpose? If not, what changes might you wish to see?

**Dame Sue Street:** I would just repeat that it may be fit for purpose, if that is what you want. It is very lengthy. I read it last night and it is quite a hard read. There is nothing to object to, if you want that kind of corporate commercial experience, and you well might, in order to deliver the kinds of agenda that Departments are being asked to deliver now.

Q101 **Chair:** We would not be ourselves, as this Committee, if we did not pose this question to the three of you. Should non-executive directors, in your experience, be answerable to Parliament for the role that they perform, or do you see it as entirely separate and purely there to advise the Minister and, therefore, the executive?

**Sir Ian Cheshire:** This has been a debate from day one around the ideas nearly 10 years ago. My view is that there is enough accountability for Ministers and accounting officers. To add further accountability would start to cause problems where there is already a challenge to get the right level of accountability in Government. I have generally found that that would be a retrograde step. We understand that we are there to advise. If you start adding to the accountability, you start pushing back on people's comfort to advise, possibly, because they are in a different place. I am not sure that there is enough room left between the Minister and the accounting officer.

**Dame Sue Street:** This has been a pleasure, because I have sat in front of 20 Public Accounts Committee sessions and I was quaking in my boots, so thank you very much for the experience. Parliamentary committees should be able to summon anybody at any point on any subject as a given, but I agree with Ian that, if you make non-execs accountable directly to Parliament, it gives them a power that we probably should not have, and it does take away from the advisory role and the trust. It is complicated enough, to be honest, so I would not favour it, unless, for some specific reason, you want to talk to an individual. Of course, you should be able to do that.

**Miranda Curtis:** Sue makes a very important point that it is very difficult to ask someone to be accountable when they are advisory. They have no authority, so how can you make them accountable? Do I think that, occasionally, a Select Committee might benefit from the input of a lead NED or a NED on an issue relating to a Department that they want to discuss? Absolutely, why should a Select Committee not have the opportunity to meet and engage with a lead non-exec? That is different from asking them to be accountable.



## HOUSE OF COMMONS

Q102 **Chair:** Sir Ian, as a final question, I know the answer but that will not stop me asking it. Should the Government Lead Non-Executive Director be subject to a pre-appointment hearing?

**Sir Ian Cheshire:** I am more relaxed about that as an idea. If there is this role and it has some greater clout, a degree of that makes sense. It was not the way it was set up and, if we could avoid it turning into a pre-appointment hearing for all non-execs, that would make sense, but there is some case to be made for that.

**Chair:** Can I thank our three witnesses for appearing before us this morning? I hope that they have found this as enjoyable an experience as Dame Sue said that she has. That is not always the case, but we are grateful for you sharing your experience. If there is anything that you wish to follow up with, you are welcome to write to us in due course, but, for the moment, thank you.