

Public Accounts Committee

Oral evidence: Non-executive director appointments , HC 460

Monday 18 March 2024

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Watch the meeting

Members present: Dame Meg Hillier (Chair); Paula Barker; Sir Geoffrey Clifton-Brown; Mr Jonathan Djanogly; Mr Mark Francois; Peter Grant; Ben Lake; and Sarah Owen.

Max Tse, Executive Director, National Audit Office, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1 to 106

Witnesses

I: Sir Alex Chisholm, Permanent Secretary, Cabinet Office; Michael Jary, Government Lead Non-Executive, Cabinet Office; Simon Madden, Director, Propriety and Ethics, Cabinet Office; and Elizabeth Passey, Chair, Rural Payments Agency.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]

Report by the Comptroller and Auditor General

Non-executive appointments (HC 513)

Examination of witnesses

Witnesses: Sir Alex Chisholm, Michael Jary, Simon Madden and Elizabeth Passey.

Q1 Chair: Welcome to the Public Accounts Committee on Monday 18 March 2024. Today we are looking at the appointment of non-executive directors across Government. Non-executive directors are appointed to serve on Government Departments' boards as well as arm's-length bodies. They provide valuable external expertise. When it works well, it can go very well.

When we have been looking at how the Government go about appointing these appointments, we have uncovered, thanks to support from the National Audit Office, that it does not know how many non-executive directors are serving on the boards of arm's-length bodies. Not all appointments are regulated by the Cabinet Office's governance code.

Many appointments are also taking longer than they should. In the financial year to 2023, only 7% of appointments were completed within the Cabinet Office's own target of three months. The diversity targets for public appointments have not been met between 2019 and 2022, when they were last measured. There is no target beyond 2022, even though we are already in 2024.

The good news—we will hopefully hear a bit more from our witnesses today—is that last year the Cabinet Office launched a new applicant tracking system. There is some hope there, but we will find out from our witnesses whether that is working.

I would like to introduce our witnesses. We have in front of us Alex Chisholm, the Permanent Secretary at the Cabinet Office. I will come back to him in a moment. He is joined by Michael Jary, the Government lead non-executive at the Cabinet Office; Simon Madden, who is the director for propriety and ethics at the Cabinet Office; and Elizabeth Passey, who has the important role of chairing the Rural Payments Agency. We have three¹ active non-executives. We are really pleased to have you here to hear from the horse's mouth, so to speak.

Before Mr Djanogly opens our session today, I wanted to give Sir Alex Chisholm a moment. First of all, Sir Alex, I want to reflect that this is your last appearance in front of us as Permanent Secretary at the Cabinet Office. Doesn't he look demob happy? We want to thank you for your time appearing in front of us and giving us candid—sometimes candid—answers to questions. Behind the scenes, we know the important work that you do across Government by being Permanent Secretary of the

¹ two



HOUSE OF COMMONS

Cabinet Office. Thank you for that.

I am going to indulge you, with the indulgence of the Committee, and ask whether there are any comments you would like to make about your role as you are leaving it.

Sir Alex Chisholm: That is very kind of you, Chair. I should apologise because I am a little bit growly today. If I could purr, I would be purring. You are right: I have given evidence on a number of occasions over the last decade; we got up to 50 and then stopped counting. It has been a real privilege giving evidence to Parliament, particularly to the Public Accounts Committee.

I did have three things that I wanted to share with you briefly. None of them is intended to influence the questions that you are going to ask us afterwards.

Chair: Don't worry—they won't.

Sir Alex Chisholm: First of all, we are rightly very self-critical and demanding in our expectations of our system of Government in this country. As part of this, we should recognise when we do things well. The system of accountability that we have, with accounting officers, the work of the National Audit Office, the work of this Committee, taking evidence in public based on a very thorough pre-agreed written Report, with information agreed beforehand and with the cameras rolling, is a very good system.

When I travel around the rest of the world and I compare notes with other people with like positions in other countries, they look to this as the gold standard. When you have the gold standard, you need to be very aware of that and be rightly proud of it. The process of following up after these hearings with Treasury minutes and recall sessions is all part of that high level of accountability. First of all, it is a very strong system.

My second point is that, having been giving evidence for over a decade, in recent years it has got better in a couple of respects. That reflects well on you, Chair, Dame Meg Hillier, your deputy Chair Sir Geoffrey Clifton-Brown, other members of the Committee and the C&AG, Gareth Davies.

All of you, in your different ways, have tried to make this a system that, while very rightly challenging and probing, tries to take account of the circumstances in which people are trying to get their work done and the human beings involved, who are always imperfect. You have tried to understand that and to give a balanced and proportionate account of what has happened, and you have done that sometimes in a sympathetic way as well as a challenging way. That is a very good standard.

I also feel that you have not just tried to focus on the past and seeing what went wrong, but, more importantly, you have tried to draw lessons for the future. In particular, you have given us very actionable and useful guidance to follow. There have been lots of examples of that, but recent



HOUSE OF COMMONS

ones that come to mind particularly would be the digital transformation reports that you have done, which have been hugely valuable for us in Government to follow. That focus on things that we can use to drive continuous improvement is a really good attention point from the Committee.

The last thing that I wanted to say is that, although the accounting officer responsibility is rightly personal—people of my position are directly personally responsible to Parliament for the conduct of their Departments or public bodies and their use of resources—that is just the tip of the iceberg. There is an enormous amount of effort that goes into preparing for these sessions. You see these great packs that we have. I did not write all of that myself.

I want to just take the chance to thank, for the 50-odd sessions that I have done, all the teams of people, finance teams, policy teams and project teams, that have helped me prepare for this in the bodies that I have led, the Competition and Markets Authority, the Department for Business, Energy and Industrial Strategy and the Cabinet Office. They are the hidden heroes of this whole process. Thanks very much to them.

Chair: Thank you very much, Alex.

Sir Geoffrey Clifton-Brown: Sir Alex, it is a sad occasion. We are saying goodbye to you. This is your last appearance in front of the Public Accounts Committee, but hopefully you will appear elsewhere. We wish you really well in the future. We have always welcomed your appearances before the Committee. They have always been clear, concise and cogent.

As is proper, we have not always agreed—the appointment of the Government Chief Risk Officer was one of those—but on other issues, like the importance of improving digital transformation across Government, we have agreed. We have always welcomed your appearances before this Committee. We thank you very much for giving such clear, concise and cogent evidence. We wish you well in your future career. I hope our paths cross again.

Sir Alex Chisholm: Thank you very much.

Chair: The deputy Chair talked about being clear, concise and cogent at least twice. That was a hint for the tone we are trying to achieve today. Thank you very much for that. We recognise the important direct accountability of accounting officers to this Committee. I am glad that it is also appreciated the other way around. Thank you very much.

I will go to Mr Jonathan Djanogly MP to kick off our session on non-executive directors.

Q2 **Mr Djanogly:** Coming back to today's business, which is non-executive directors, we will start off with roles and responsibilities. By way of introduction, I am going to start with paragraph 1.5 of the NAO Report,



which says, “Non-executives sit on governing boards of government departments and arm’s-length bodies. Boards are expected to advise and supervise their organisations. They provide strategic leadership, scrutinise performance, promote transparency and take a long-term perspective. Boards have executive members, who participate in the day-to-day running of the organisation, and non-executive members, who do not, and therefore add an independent, objective perspective”.

The first question is for Sir Alex. How do you assess non-executives’ contribution to the effective running of Government?

Sir Alex Chisholm: I will begin to answer that, but Michael Jary will very likely want to comment as well. That is a very good summary of the role of non-executive directors. They provide that independent challenge and support.

How can you know whether it is working? First of all, the chairs of the relevant bodies are very important arbiters of that. As part of their responsibilities, they do periodic reviews of the effectiveness of boards. We have just done one of those processes in the Cabinet Office, for example. A lead NED from another Department attended one of our board meetings, interviewed members of the board, interviewed people who had appeared in front of the board and formed from that a view about how effectively the board was working by comparison with other boards that he had been a part of. That is one good measure.

In departmental boards, it is important to reflect that they are there to help both Ministers and official heads of Departments. Again, I would look to try to satisfy both of those important stakeholders in the work of the board.

There is also an external test of whether boards are well set up for success that comes from periodic reviews. The public bodies review programme, for example, will look at the effectiveness of the governance arrangements. There are also more data-based approaches, which look at whether the boards are meeting the correct number of times. That is something that is recorded in Michael’s annual report on departmental boards. Do they have a suitable composition both from a diversity perspective and in the particular skills for the board to draw on? That probably gives some indication.

Q3 **Mr Djanogly:** It does. If I can just extend that to Mr Jary, in general terms to start with, is this a system that is working as it should?

Michael Jary: Speaking in my position as lead non-executive and on behalf of the team, if I can put it that way, of departmental non-executives—there are about 75 of us across the Departments—we believe our role is valuable. Frankly, if we did not, we would not be here. We have plenty of other things that we could be doing with our time.

We do it because we believe in the impact of good governance in all venues, including in Government. We believe that our role, both in our



HOUSE OF COMMONS

formal role and in the informal way in which we can provide guidance, advice and mentoring to officials and sometimes to Ministers, is a very valuable one.

If you are looking for specific hard metrics or evidence for that, there are some roles that non-execs do that are formal. In particular, they participate in the discussion of outcome development plans. In Departments, they participate in the stock-take meetings that take place between Departments, the Treasury and the Cabinet Office. They sit on the appointment boards of senior officials and very often arm's-length body chairs. They also take a lead role in conducting the appraisal of the Permanent Secretary and sometimes other senior officials within the Department.

Those are very visible roles that the non-execs carry out. In addition, on the board and often outside the board, we have a role in offering our advice and expertise, counselling Ministers and officials. The effectiveness of that is difficult to ascribe specifically to the non-execs, but we certainly believe it makes a difference and contributes to good governance and good decision-making.

Q4 Mr Djanogly: Ms Passey, from your more coal-face perspective, what contributions do non-executive directors make to the boards of arm's-length bodies and Government companies?

Elizabeth Passey: Thank you very much for the opportunity to address that question. The first role that boards take is to ensure that the organisation is well run. That is not to try to run the organisation but to make sure it is well run. That is the first contribution they make.

The second role they carry out is to provide a sounding board and a secure base, for want of a better word, for the leadership. Ultimately, in any role, and indeed in your own roles, the top is a reasonably lonely place to be. They provide that sounding board, where the executive can explore ideas around strategy or operational activities that they might not feel comfortable always sharing with more junior individuals within the organisation.

The third comment I would make, if I may, slightly answers your previous question with regard to effectiveness. A good board—most boards that I have come across do this—will evaluate itself either once a year or indeed after every single board meeting. I would give the Rural Payments Agency as an example of that. At the end of each board meeting, we evaluate the effectiveness of the board and whether we felt we covered the topics we should have done. I hope that helps to answer the previous question as well.

Q5 Mr Djanogly: It does. Paragraph 3 of the NAO Report says, "Departments and their Ministers are primarily responsible for appointing their own non-executives. Cabinet Office has oversight of the public appointments process".



HOUSE OF COMMONS

Mr Madden, with your current procedures, are you able to ensure that Departments and arm's-length bodies are following the procedures for appointing the non-executive directors set out in the governance code?

Simon Madden: As you have rightly said, the Cabinet Office has a role in providing oversight of the whole system. It is fair to say that we do not micromanage each individual appointment, as you would expect. It is our role to ensure that there are the right frameworks in place and that we are a point of escalation if a board or a Secretary of State is unable to resolve a particular issue.

We are there to provide the guidelines and guardrails, as it were, in terms of the regulation and the regulatory framework; we are there as a point of escalation if there are issues that emerge.

Q6 **Mr Djanogly:** We know—the Chair mentioned this in her opening remarks—that the Government do not know how many NEDs in total are serving on all Government boards, including arm's-length bodies and Government companies. That being the case, how can you provide effective oversight if you do not have a full picture of the landscape?

Simon Madden: We probably do have a complete picture of the landscape, but there is more to do. We do not necessarily recognise non-executive directors as a distinct category. The vast majority of public appointments are non-executives, but not all of them would be described as non-executive directors. They may be described as trustees, commissioners, advisers, board members, chief inspectors, adjudicators, et cetera. We do not necessarily recognise that category of non-executive directors on boards.

We understand the picture around the total number of regulated appointments, which is around 4,476. On unregulated appointments, again, we do not have a central list of what they are. We would expect Departments to have an overview of their appointments landscape.

Q7 **Mr Djanogly:** Where there is non-compliance with the code, how would you record that and follow it up, particularly if you do not know what is going on in all cases?

Simon Madden: Any issues of non-compliance with the code would be dealt with in consultation with the commissioner. We would be looking for Departments to escalate those to either the Cabinet Office or the Commissioner for Public Appointments, whose primary role is to ensure compliance with the governance code.

Q8 **Mr Djanogly:** I am still not sure how you would do that if you do not know who these people are.

Simon Madden: We know who holds public appointments.

Q9 **Mr Djanogly:** You do not know what their appointments are.



HOUSE OF COMMONS

Simon Madden: We know they have a public appointment. We know what the public appointment is. I am saying that we do not recognise the category of non-executive directors. We will know that X person is an adviser; X person is an adjudicator. We do not count non-executive directors as a title. We just see it as a title.

Q10 **Mr Djanogly:** The confidence in your answer is presumably due to the fact that, whatever they are, you follow the same procedure.

Simon Madden: They follow the same procedure. They follow the governance code. Indeed, for most unregulated appointments, it is best practice to follow the principles of the governance code as well.

Q11 **Mr Djanogly:** I am looking now at paragraph 1.16 of the NAO Report. It says, "Ministers have final responsibility for appointing a regulated NED. At the end of the process, Ministers should be provided with a list", and so forth. Presumably, Sir Alex, Ministers have the final responsibility because ultimately they are going to have to work together on the Department's board. Is there another reason?

Sir Alex Chisholm: Ministers are responsible to Parliament for the operation of their bodies.

Q12 **Mr Djanogly:** Can you just explain how Ministers are involved in the appointments process?

Sir Alex Chisholm: They are involved pretty extensively. First of all, if a vacancy appears, you would consult with Ministers about the job description, the length of tenure and the remuneration for that post. All of that would go to Ministers. If there is going to be a decision to use a search firm, that would also be something that Ministers would be consulted on.

At each stage of the resulting campaign, as we usually call it, Ministers would be asked whether they wanted to suggest names to be approached. They would get to see the long list; they would get to see the shortlist. At the end of the process, they would get a write-up of all those candidates who are considered appointable and they would be able to select from them.

Q13 **Mr Djanogly:** The fact is that there are different ways that people can be appointed. For instance, what oversight exists for direct ministerial appointments?

Sir Alex Chisholm: Direct ministerial appointments, as the name suggests, do not go through the same process. They are exceptions to the overall rule. They are still subject to public law requirements.

The intention is that they should be used for specialist skills and they are usually short-term appointments. For example, we have four appointments in the Cabinet Office out of 10,000 staff. Two are working on Afghan relocation, one on equalities and one on artificial intelligence.



HOUSE OF COMMONS

They are short-term appointments made by Ministers for a specific purpose. That is not the same as the overall regulated process.

In response to the Boardman review into governance, the Government are committed to publishing a list of all direct ministerial appointments and to producing a specific piece of guidance about how that should be done correctly.

Q14 Mr Djanogly: You are not concerned about the oversight of these direct ministerial appointments because there are so few of them.

Sir Alex Chisholm: Notwithstanding that, we think we can do, as Boardman said, an even better job of that. Therefore, that specific piece of governance and advisory guidance will be produced later this year.

Q15 Mr Djanogly: Ms Passey, what has your experience been of ministerial involvement for NEDs?

Elizabeth Passey: I will answer that question from three perspectives: first as a candidate; secondly as the chairman of the Rural Payments Agency; and thirdly as an independent panel member acting on four Government Departments' recruitment campaigns. My comments are made generally because I have not gone back and thought about whether they are regulated appointments, as distinct to general non-executive appointments.

Mr Djanogly: We are dealing with regulated separately.

Elizabeth Passey: I am conscious of that, but my analysis unfortunately does not break it down in that way. Please forgive me.

First of all, as a candidate, you have very little knowledge or insight as to whether Ministers are or are not involved. You might hear back through the process that it has been slightly slower because of a change in Minister or indeed that your role might result in an interview with a Secretary of State or a Minister. From the candidate standpoint, that has been my main exposure.

From the Rural Payments Agency's standpoint, over the period of my term we have recruited individuals to the audit and risk assurance committee and the main board. In that instance, it was managed by the team, the secretariat within my entity. Bear in mind that it is an executive agency, so there is clearly going to be much closer control from the Department as opposed to the entity itself.

They consult on the job spec and what is required on the board. The main board will have some input into that. It will then go back to the public appointments team within the Department. At that point I am not wholly clear as to how much intervention the Secretary of State or the Minister may have, but suffice it to say I have not heard a great deal about their commentary once we have supplied the skills that we feel the board



needs in terms of the cycle of that entity. There may well be some input, but I am not specifically hearing it.

With regards to my independent panel member role, I am aware that some appointments and candidates are put forward by Ministers and Secretaries of State, et cetera. That does not surprise me. Indeed, they are open recruitment processes; you would expect everybody to put candidates forward. What then happens with those candidates subsequently is a slightly different matter. The involvement of Ministers and Secretaries of State clearly will vary.

My recollection of the processes through which I have been—I would also comment that I have not done one for the last couple of years—is that, once we had concluded a list that was appointable, it went to the Minister and the Secretary of State and it was therefore up to them as to who was going to be appointed. Those would be my three observations on that.

- Q16 **Mr Djanogly:** In all cases, you are basically saying that ministerial involvement, as far as you have seen it—you are saying that sometimes you may not have—has been helpful rather than not.

Elizabeth Passey: Broadly speaking, yes. However, I know there has been some delay in the process as a result of that input. Indeed, in some instances you are having to go to the Prime Minister, as distinct to the Minister or the Secretary of State, and, in other instances, to the Crown. As a result, the impact will probably vary across all those. For the appointments with which I have been heavily involved, I would not suggest that the outcome has been anything other than that which I would have expected.

- Q17 **Mr Djanogly:** Someone else is going to ask about the timing of applications, but I may just finish on the relationship between non-execs and Ministers. This is one for Sir Alex. When I was a junior Minister, I noticed that there were some Departments where the Secretary of State insisted that all Ministers had to attend board meetings and some where the Secretary of State was frankly not really bothered at all if Ministers went or not or maybe even dissuaded them from going.

The idea is that Ministers are siloed. If they go to the board meeting, they will know what is going on across the Department and interact with the non-executive directors. If they do not go to board meetings, they will tend to stay in their silo, which defeats the whole purpose of having non-executive directors. More importantly, if they do not have access to Ministers, the non-executive directors will not know what is going on either. It is a two-way thing.

This is an observation of mine from a decade ago. Would it be fair to say that this is still a relevant consideration?

Sir Alex Chisholm: The best practice is for Secretaries of State to chair boards—in almost all cases, they do—and for a number of Ministers to attend those. In the Cabinet Office we have 11 Ministers, so we need a



very big board for all of them to come. In fact, four of them come and contribute strongly to those sessions.

Q18 Mr Djanogly: Is that on a rotation basis?

Sir Alex Chisholm: No, it is the same four. It is those whose responsibilities are most cross-cutting, effectively. That was also the case when I was at BEIS. It is outside of my experience for Ministers not to come to meetings. They certainly seem to value those. A number of them also have experience in corporate life where they are used to having boards and attach great value to that.

The function played by boards does vary a bit between Departments. Some of them are very internally focused on the running of the Department and use of resources and others are more focused on external policy and are market-facing.

Michael Jary: Your experience, although it may be a decade old, is still relevant and valid. We know, because we measure it, that 88% of boards held in the last financial year were chaired by the Secretary of State in person. There will always be occasions when there are diary clashes or the Secretary of State is summoned in front of a Committee and is therefore absent, but typically they are present.

With regards to other Ministers, your experience is still valid. There are boards where all the Ministers are invited to attend and typically do; there are boards where there is a distinction of responsibility, where some Ministers having a corporate role and others not attending.

If you take the Foreign, Commonwealth and Development Office, for example, Ministers are travelling a great deal and unlikely to all be available on the same day. There are practical constraints as well. Generally speaking, boards are attended by a majority of Ministers.

Q19 Mr Djanogly: They are. Is this an issue that needs to be looked at?

Michael Jary: Frankly, Ministers will attend if they find it useful. That is the biggest incentive and encouragement. If they believe it is in their interests, because they will learn something or because the non-execs and the other board members contribute to their ability to be effective in their task, they will attend.

The most important thing we can do is not necessarily to impose a rule, with which there will always be some non-compliance, but to find a way to make boards even more effective. That is what I am trying to do in my role by exchanging best practice across the non-executive network, making sure board effectiveness reviews take place, making sure those board effectiveness reviews are reciprocal—we swap the non-exec observers on different boards and exchange the different practices that exist—and finding ways to make boards even more effective.

Q20 Mr Djanogly: That is all great and to be commended, but, where there is



HOUSE OF COMMONS

a problem, I still do not see a way of sorting it out.

Michael Jary: The other mechanism that I have at my fingertips is that attendance at boards is reported both in the governance statement of the annual report and accounts of the Department and in my annual review. It is displayed for each Department, as is the frequency of board meetings being held. You see strong variation across Departments. It is for the general public and for committees like your own to call Ministers to account for their performance on that.

Mr Djanogly: Chair, does that mean we should be looking at these lists of departmental performance?

Chair: We do.

Q21 **Mr Djanogly:** You said you had those figures.

Michael Jary: Yes.

Q22 **Mr Djanogly:** I think perhaps we should see them.

Michael Jary: They are in my annual review. I will be happy to supply them to you.

Q23 **Chair:** We certainly look at them for individual Departments where there has been a concern. That is really where our focus tends to be.

My question is for Sir Alex or Mr Madden; you can decide which one of you wants to answer. What criteria do you apply to decide whether an appointment should be regulated or non-regulated? Mr Madden, the Permanent Secretary was looking toward you.

Simon Madden: That was a very clear steer. Unregulated appointments largely are those that would perhaps cause an inconsistency or conflict with the governance code in how they would be recruited.

In addition to direct ministerial appointments, which we have already touched on, the vast majority of unregulated appointments would be those where the appointment process may be dictated in something like a Royal Charter or in other legislation, where it is very clear that a distinct process needs to be followed. An example of that for you, just to bring it to life a bit, would be the chair of the British Council. The terms of the Royal Charter insist that the chair of that board is elected. It is not something that is capable of being put through the governance code and the normal regulated route.

Whether the appointment is regulated or unregulated, we strongly encourage all Departments to follow the governance code. Where it does not conflict with the set appointments process, we encourage them to follow the governance code as best practice.

Q24 **Chair:** In answer to Mr Djanogly, you did say that you get them to follow the code whether they are regulated or not. In practice, are there many examples like the British Council where, because it is elected, you cannot



do a regulated or an unregulated appointment, in one sense. In practice, is it effectively the same thing?

Simon Madden: In practice, it is the same thing. They follow the code. There are always those edge cases. That is usually why there would be a conscious decision. Certainly, if it were a new role and there were new legislation in respect of a particular role that had been established, if it conflicted with the governance code, that would not be regulated.

Q25 **Chair:** What data do you collect on these appointments? You touched on it a bit in some of the other questions. Are you looking at the unregulated appointments and seeing whether they are following through on the regulated appointments approach and following the code?

Simon Madden: On unregulated appointments, there is not a central list of how many there are. As the applicant tracking system matures, you would imagine that Departments will start to put their unregulated appointments through that system. In fact, that has already started in practice.

Of the 360 campaigns, for example, that went through the new applicant tracking system since April, 127 of those were unregulated. I am confident that over time we will start to build up centrally a picture of unregulated appointments as Departments use that service to recruit unregulated appointments.

Q26 **Chair:** There is potentially other data, such as number, frequency and things like turnover. You might have some appointments that are turning over faster. At the moment there is no way to have central oversight of any of that.

Simon Madden: No, we do not have central oversight of anything on unregulated appointments.

Q27 **Chair:** You do not even know how often Ministers put forward names for regulated appointments.

Simon Madden: On regulated appointments we would know that, but not on unregulated appointments.

Q28 **Chair:** They would not tend to be so involved in the unregulated appointments.

Simon Madden: Yes.

Q29 **Chair:** What about when Ministers have overridden advice for regulated appointments? Would you have that data?

Simon Madden: If they are following the code of governance, there is yet to be an occasion where Ministers have appointed or sought to appoint someone who has been deemed non-appointable. If there is an unregulated appointment and the Department is following the code of governance, they would have the usual architecture that you would expect in a regulated appointment, such as the advisory assessment



HOUSE OF COMMONS

panel. Although the role of the commissioner, for instance, in terms of regulating, would not apply, I think it highly unlikely that Ministers would choose to appoint over the advice of the advisory assessment panel.

Q30 Chair: The Commissioner for Public Appointments has been vocal on some issues where names have been in the frame even before the appointment process has gone through. As director of propriety and ethics, do you have a role in that? Do you have to call out Departments or indeed Ministers for putting names out into the public domain, flying a kite or indeed trying to provide a favourite, potentially? How do you handle that as director of property and ethics?

Simon Madden: We would look to have any of those issues referred to us by the Permanent Secretary, who, as the accounting officer, is responsible for propriety in their Department. We would be on hand to offer any advice were it asked for.

Q31 Chair: It is proactive from the Department, not the other way around.

Simon Madden: It is from the Department. The responsibility sits primarily with the accounting officer.

Q32 Chair: Sir Alex, is that not a potential challenge? If you are an accounting officer, you might be pushing for ministerial direction on something. Although we think that is not a bad thing, it can be quite challenging for accounting officers in some circumstances. You might have a Minister who is trying to push something. Is this not perhaps weighted the wrong way? Mr Madden and you, as Cabinet Office Permanent Secretary, do not have the power to go in and push on ethics.

Sir Alex Chisholm: It is Ministers who have the responsibility. In my experience, they are pretty careful in how they exercise it. They are very conscious that the whole business of appointments attracts a lot of public attention, and rightly so. They do not want to be criticised for having breached the rules, even informal rules.

Last summer, Ministers chose to bring the appointment of non-executive board members, which used to be unregulated, into regulation. They chose to do that. Even before it was regulated, I found that Ministers were very cautious about the correctness of the whole process, understanding that it would be subject to public scrutiny.

Simon Madden: It is perhaps worth adding that, in response to the Boardman review and the associated reports last July, the Government strengthened the rules around transparency, should a Minister decide to appoint an unappointable. That now has to be declared publicly with reasons stated.

Q33 Chair: I think you said earlier that none had been, but maybe I misheard.

Simon Madden: Yes, that is right. None has been.



HOUSE OF COMMONS

Chair: Since when?

Simon Madden: Ever.

Q34 **Chair:** They have never overridden the list.

Simon Madden: To date, no Minister has appointed someone that an advisory assessment panel has deemed non-appointable.

Q35 **Chair:** That is interesting. There is often speculation in the media, but you are being very categorical about that. Again, given this lack of data, do you know, Department versus Department, what is happening in terms of the turnover of appointments and how long it is taking? Do you have any way of benchmarking from Department to Department?

Simon Madden: The applicant tracking system will now allow us to do that much more effectively. We now have a situation where all regulated appointments use the new digital service. Over time, we are going to build up a much richer picture of how each Department is performing—not only on timeliness, but on things like candidate care and the overall causes of delay. The strength of the ATS is that it is going to massively improve our data picture.

Q36 **Chair:** Do you follow a Minister from Department to Department? I am not naming anyone or suggesting anything, but, if a Minister were always slow or always named somebody they knew to roles, would you know that? Would it only be Department-specific?

Simon Madden: We do not track it explicitly. If there were a concern from either an old or a new Department, I am sure they would make that known and share it with their colleagues.

Q37 **Chair:** When you pick up a common issue, especially with the new applicant tracking system, about where a delay is built in, what levers do you have to kick the system to speed it up or make a better approach from a different direction? I will perhaps come to Mr Jary as well as Mr Madden.

Simon Madden: To some degree, we are still in the foothills of the applicant tracking system. Although it has been in place since April and all regulated appointments are now going through it, not all Departments are using it as effectively as we would like.

Baroness Neville-Rolfe, who is the Minister who is really driving this in the Cabinet Office on behalf of the Deputy Prime Minister, has introduced a new mechanism called a departmental deep dive, where she calls in individual Ministers and their teams and we go through all of the issues related to the Department. We check the extent to which they have a robust forward plan in terms of their appointments. We look at the timeliness of appointments and we look at the broader capability that the Department is exhibiting. We use that as an opportunity to offer any support if needed.



HOUSE OF COMMONS

Q38 **Chair:** Is that proving effective?

Simon Madden: We have had a few of those now. The benefit is that it creates an incentive for Departments to use the ATS properly because it is the ATS data that is being used to judge their performance.

Q39 **Chair:** They do not have to use the ATS at the moment.

Simon Madden: It is mandated.

Chair: It is now mandated.

Simon Madden: It is now mandated.

Q40 **Chair:** Just to be clear, that is for the regulated appointments only.

Simon Madden: That is for regulated appointments. As I say, we envisage that over time Departments will start using it for unregulated appointments.

Q41 **Chair:** How do you define significant appointments? Which ones would need to go to a Select Committee of this House, for example, for pre-appointment scrutiny?

Simon Madden: Some appointments are so important that a Minister would judge that they require a heightened degree of assurance. That assurance is provided by a senior independent panel member—a SIPM—being on the advisory assessment panel. As you no doubt know, a SIPM cannot be politically active. They need to be independent of the Department and independent of the body concerned.

Those appointments that are deemed significant are on the significant appointments list, which has to be agreed with the commissioner. Some examples of significant appointments are, for instance, the Crown Estate commissioners, members of the Financial Conduct Authority, HM Chief Inspector of Prisons, members of Ofwat and the DG for the Independent Office for Police Conduct. These are appointments where there might be a particular regulatory role.

Michael Jary: I am talking about the non-executives on departmental boards, which is only about 3% or so of the total number of public appointments. In my role, I have spent a lot of time seeking to make sure that appointments flow through the process and that we avoid vacancies arising or we fill them as early as possible.

The presence of the applicant tracking system will make life a lot easier. I have been doing that manually, as far as possible, for the 90 or so non-executive roles on department boards. The applicant tracking system will make things a lot easier.

Where things are delayed, very often they are stuck at some point in a lengthy process. One of the challenges that I have experienced many times is not knowing where they are stuck. Whose in-tray is it in? Is it in



HOUSE OF COMMONS

the Cabinet Office, No. 10 or the Department? If it is in the Department, is it with a spad? You then have to try to get it unstuck. The applicant tracking system will make that easier because we will be able to identify what stage of the process it has reached.

You then have this constant tension. On one hand, ministerial involvement is utterly to be welcomed because for non-executives to be effective they have to have the confidence of the Minister and the Minister has to be interested in them. It is a critical part of the process as they are ultimately the appointee. On the other hand, Ministers can also be a source of delay. They can take a long time to get around to decision-making.

The biggest contributor to delay is if the process is interrupted by a change of Secretary of State. In the last year or so, that happened a great deal. One of the reasons that has contributed to the very long number of days you see in the NAO Report is that their data was drawn from a period when a large number of Departments changed their Secretaries of State. That undoubtedly delays the process.

Q42 Chair: That leaves the organisation without a non-executive or indeed in some cases without a chair, so it is very significant.

In terms of transparency on public appointments—we have touched on this a bit—Mr Madden talked about the independent person being non-political. In some cases, they are much more political than they might appear at surface level. I have done quick searches for a few years to check on who people are.

How do you make sure the independent person really is independent? Who is proposing who the independent person is? Ms Passey, Mr Madden and Mr Jary, you all might be involved in this.

Simon Madden: There is usually a list of candidate SIPMs, but Ministers ultimately make that decision.

Q43 Chair: There is a list of independent people who can be appointed to the panel.

Simon Madden: Do you mean in the case of significant appointments?

Chair: Yes.

Simon Madden: For the senior independent panel member, there would be a list of senior independent panel members. Ministers would agree that appointment for that particular advisory assessment panel.

Q44 Chair: That is quite interesting. That might explain why we are seeing certain things.

Elizabeth Passey: Interestingly, I was not aware that the Minister or any Minister had any input as to whether I should be an independent panel member or not. I cannot comment on their involvement.



HOUSE OF COMMONS

I am not aware of the distinction between a senior independent panel member and an independent panel member. As far as I am aware, I have only been an independent panel member. There may be a distinction of which I am not aware. I am not qualified to comment.

- Q45 **Peter Grant:** Mr Madden, we heard earlier from the Permanent Secretary that the Minister has sight of the job description and presumably can make changes to it. The Minister can suggest individuals who it would be worth contacting. Very often, the Minister has the final decision. Does anyone keep a record of how often the final appointment is made to someone that is on the list because the Minister suggested them in the first place?

Simon Madden: There would be a record of the interactions, but I do not think we track against individual Ministers, no.

- Q46 **Peter Grant:** It would be quite possible for a Minister to be actively and quite firmly making sure that their preferred candidate was appointed more often than not, or possibly even all the time, and the system would not necessarily identify that. Is that what you are saying?

Simon Madden: The basis of our system is that Ministers make these appointments. Officials present the advice that has come from the advisory assessment panel, which will have a list of people who they have deemed appointable. Ministers appoint from that list.

- Q47 **Peter Grant:** If we think about everything that we are looking at today and everything that is described in the NAO Report about the process that is gone through, is it possible for a Minister simply to ignore all of that as long as they make sure their person is not thrown out for being completely unappointable? If you are allowed to change the job description, you can make sure your preferred candidate is appointable.

Is there anything to stop a Minister from completely ignoring all the governance that has gone on before, getting the list and saying, "I decided three weeks ago that this is who was going to get the job, so they are going to get it"?

Sir Alex Chisholm: First of all, you would need to match up against the job description. As the Commissioner for Public Appointments says, the watchword of the whole system is merit. We need to make sure the candidate is genuinely meritorious.

I certainly have had experience of Ministers suggesting names, those people then being put through the whole process and at the end being found not to be appointable. The Minister would ask questions about that but always accepted it because it cannot be changed at the end.

If your concern is that Ministers are putting someone in at the beginning of the system, not being interested in what happens throughout and at the end pulling the same person out, that has not been my experience at all. Ministers have a very active public life. They have lots of connections



HOUSE OF COMMONS

and may well be able to suggest well-qualified candidates. When the process has found that they are not the most meritorious or they are not appointable, they have had to accept that.

As Mr Madden mentioned, there is a safeguard. If you try to appoint somebody who is not appointable, you have to do that in a public way. It would appear in the Commissioner for Public Appointments' annual report.

Simon Madden: Just to add, that has also been my experience. I have sat on a number of advisory assessment panels as the departmental representative where I know the Minister's views on an individual—it is part of the role of the departmental representative to reflect those in an advisory assessment panel meeting—but the panel has not deemed that individual appointable.

I may have had a conversation with the Minister afterwards to explain that, but there has never been an attempt to overturn that or suggest that the panel looks again. In my experience, Ministers accept the judgment of the advisory assessment panel.

Q48 **Sarah Owen:** Just following on from that—Sir Alex, you are probably best placed to answer this—what determines a suitable level of independence for a non-executive director from the Ministers with whom they are working?

Sir Alex Chisholm: I do not know whether that is set down in absolutely explicit form anywhere. It is a bit of a judgment. There is a requirement for independence. It is not the case that they should be immune from politics, and indeed a number of candidates do declare their political allegiance. The overall number is relatively small. About 3% of the total number of regulated public appointments have declared a political allegiance.

Q49 **Chair:** That is 3% of all regulated public appointments, not non-executive directors.

Sir Alex Chisholm: Correct, yes.

Sarah Owen: Could they be donors to a political party, for example? Would that mean they do not have the right level of independence?

Chair: It is the level of engagement.

Q50 **Sarah Owen:** Would that level of engagement be too much? Is that checked at all?

Sir Alex Chisholm: I think that you would expect people to declare donations made to a party as part of the application process.

Michael Jary: Yes, that is right.

Simon Madden: Above the £5,000² limit, yes.



Q51 **Sarah Owen:** Do you know how many NEDs on the boards of Departments are currently donors to the governing party?

Simon Madden: We do not track that information specifically, but we examine conflicts of interest. For non-executive board members—Michael can speak to this—there is a distinct process for how that is done. For other public appointments, the conflict of interest process is quite extensive. They have to declare that through the application process. Any declared conflicts have to be examined in the interview as well. The panel has to satisfy itself that those interests will not conflict with their ability to perform the role.

Q52 **Sarah Owen:** That is still a bit of a judgment call. Nothing is standardised. One person may have a more rigorous examination than another. There is no standardisation on this. This is just up to the panel.

Simon Madden: We would expect self-declaration. A public appointee is also bound to follow the code of conduct for board members of public bodies. If you are putting yourself forward, there is a strong expectation that you are going to abide by the Nolan principles and the code of conduct and declare what the application process has demanded of you.

Q53 **Sarah Owen:** Have you made any changes, say in the last three or four years, where this has clearly failed, thinking about the Nolan principles and personal interests and relationships between Ministers and non-executive directors? Have you made any changes? Have you reviewed whether those changes are sufficient?

Simon Madden: To my knowledge, we have not made any changes specifically in relation to that particular issue, no.

Q54 **Sarah Owen:** There have been no changes since the relationship between Matt Hancock and Gina Coladangelo came to light.

Simon Madden: The big change is that they are now regulated.

Sarah Owen: I haven't finished.

Simon Madden: I am sorry.

Q55 **Sarah Owen:** That's okay. What rigorous process did Boris Johnson's former office chief have in their recent appointment as NED for the Department of Health? Has there been any tightening up where we have clearly seen this expectation fail and fall short?

Simon Madden: The big change has been the regulation. Up until last year, non-executive board members of the like that you are describing were not regulated by the Commissioner for Public Appointments. They were completely unregulated, in the sense that Ministers were making

² The Cabinet Office subsequently advised that while the threshold for reporting permissible donations to the Electoral Commission used to stand at £5,000, it was most recently amended on 1 January 2024, and now stands at £11,180. See [letter to the PAC dated 2 April 2024](#).



HOUSE OF COMMONS

direct appointments. They are now regulated, so they have to follow the process that I have set out.

Q56 **Chair:** Before we move on to Sir Geoffrey Clifton-Brown, it has been a long while since I did an appointment. You only have to declare political activity if it is within a certain period of time. Is it two years³ or five years? I cannot remember.

Simon Madden: I think it is two years.

Q57 **Chair:** It is two years. Someone could have been politically active three years ago and they would not need to declare it, but it would be good practice to do so.

Simon Madden: Yes, we would always encourage over-declaring.

Sir Alex Chisholm: I just have two additional points, if I could. First, even people who have a political background might have other experiences that also come into play. The person that you mentioned on the Department of Health and Social Care board might be an experienced health practitioner, among other parts of their previous experience.

Just looking at the balance between the parties, I do not know whether you had a chance to look at the commissioner's 2022-23 report. Of the 3% with declared political activity—that is 29 out of 1,200—42.5% of declarations related to the Conservative Party, 42.5% to Labour, 12.5% to the Liberal Democrats and 2.5% to Plaid Cymru. That relates to England and Wales.

Sarah Owen: As long as they are being upfront.

Simon Madden: Just to add, if any concerns are identified through a process in a Department, those can be escalated to the Cabinet Office, if the Department is having difficulty creating the right level of mitigations or they think it is so serious that it might need another look.

Q58 **Sir Geoffrey Clifton-Brown:** Sir Alex, can I ask you a question? Some of the most difficult issues that this Committee has to deal with—I think of your Department as an example of this—are cross-cutting Government issues. If you are appointed as a non-executive director to one board or Department, do you ever go to a meeting of another Department's board?

Sir Alex Chisholm: Yes, in exceptional cases. In the example I gave before, you might be doing a review of another board's activity as an observer or formal reviewer.

Informally—this is something Michael has very much encouraged—there is now a very powerful network where all the chairs of the audit and risk

³ The Cabinet Office subsequently advised that the Governance Code states that certain political activity within the last five years should be publicly disclosed. See [letter to the PAC dated 2 April 2024](#).



HOUSE OF COMMONS

assurance committees—ARACs—meet together. The lead NEDs meet together. There are sessions where all the NEDs come together a number of times through the year. We have a standardised induction, which in fact was a recommendation from a previous PAC report when you reviewed public bodies.

All of that is about trying to identify opportunities for learning from each other and sharing common practice. There are informal networks as well, which can be very instructive.

Michael Jary: If I may, this is a topic that non-executives on boards are very alive to. A lot of the struggles that Government tend to have with delivering major programmes and projects come at the cross-cutting interface. As Sir Alex says, every six weeks, so roughly 10 times a year, we have a conference of the lead non-executives. Four or five times a year we have a conference of all the non-executives. A lot of what we talk about are these cross-cutting major programmes.

My job is partly also to make sure, not at a departmental level but a cross-Government level, all the non-executives are aware of the Government's overall agenda.

We have decided to form these groups ourselves. We have groups on the union of the United Kingdom, levelling up, digital and climate and net zero. The ARAC chairs have a group as well. Non-execs from across all of the Departments meet quite actively in those groups to talk about those issues and exchange best practice.

Q59 Sir Geoffrey Clifton-Brown: I am delighted to hear you mention digital in that list. This Committee is very keen on the Government improving on digital. It was good to hear about the cross-cutting work that you are doing. Thank you for that.

May I come to delays of appointments of non-executives? You would be surprised if this Committee did not get to that subject eventually. In paragraph 2.4, using your own data, Sir Alex, we found that on average it took 203 days from competition closing to an appointment being announced on the previous websites. The code, as you all know, sets out that the aim should always be to conclude the process within three months of a competition closing, but only 7% of appointments were completed within three months. Nine took more than a year to complete, with the longest taking more than 400 days. We found that 2022-23 was not unusual, and a similar pattern can be seen in the past two years.

I am going to come on to some more detailed questions relating to all of that, but do you just want to comment first before I do that, Sir Alex?

Sir Alex Chisholm: First of all, we agree that it is not satisfactory that it takes so long, and indeed it is the number one priority for Baroness Neville-Rolfe, who is leading this effort for Government to speed up the process.



HOUSE OF COMMONS

We have already begun to speed the process up. On the latest data, that figure you quote from the NAO Report, which was 203 days in the previous financial year, is now at 146 days, which is obviously a substantial improvement. We need to continue to improve at the same rate to get closer to 100 or even 90 days, but that is a start.

I want to highlight a couple of things that have made a big difference there. First of all, I know we are setting a lot of stall by this applicant tracking system, but that is very important, because it enables you to see where the delays are occurring and to intervene as necessary.

We are also very conscious that the time is measured from the campaign closure to the offer being accepted and announced. Sometimes it is the last stage of that process, particularly security vetting, reference checking and other things, which can take a while. We are making sure that is very much on the clock. A sense of urgency there is important.

Michael has referred to something that is outside of our control, which is ministerial churn. It is not a very nice phrase, but appointments being made can obviously affect the overall lapse time. Again, as Mr Madden referred to earlier, Department by Department we are doing these ministerial deep dives to try to see what we can do to further improve, because everybody shares this commitment. There is nobody there in the system who is saying it is acceptable that it takes so long.

We are very conscious that it is wearing for the candidates, and it also means that sometimes you only have temporary people in post or you have to make a short-term extension. That is not what we want. Bringing it down towards the 90 days is absolutely the intention.

Q60 Sir Geoffrey Clifton-Brown: Thank you for that answer. Mr Jary, how does this whole process compare with the private sector in terms of the length of time it takes to appoint a non-exec?

Michael Jary: Typically it is longer than the private sector, although the private sector itself also has a big variation of total elapsed time.

The difference is that this process is regulated. It therefore goes through a set of steps in a very ordered manner, which probably extends the overall elapsed time as a consequence, but it also means that it is very visible, whereas in the private sector you would often find that a lot of those steps are not visible because headhunters are out in the market talking to candidates and lining things up, and the process at that stage is not formally started. It is difficult to make an exact comparison, but I would say it is longer on average.

Q61 Sir Geoffrey Clifton-Brown: Ms Passey, you have a lot of private sector experience. What is your experience in terms of how long it takes in the private sector compared to the public sector?

Elizabeth Passey: The shortest appointment I have heard of in the private sector was six weeks; others have been 18 months. I would



suggest that it is not the entire length of the process that differs; it is the amount of latency in the process.

I will give you an example. The University of Glasgow, of which I was appointed the chairman in 2016, started its appointment process in 2015. It probably took three or four months to decide that I would be appointed, I shadowed for a year, and then I was in the seat chairing or convening the governing body.

There are a lot of different processes going on. The overall length could be quite similar. However, what is being done during that period of time is very different. To the point that Mr Jary makes, there is a lot of candidate care. There is a lot of coaching people for the role and researching for the role or appointment, et cetera.

The other observation I would make is that, typically, boards in the corporate space—the FTSE 100, the 250, and indeed hopefully in most of our charitable and university boards—will have an expert committee dedicated to appointments, such as a nominations committee or a remuneration committee. We tend not to have that in the public space on public boards, and therefore you are relying on a central or departmental resource to provide that for you. There are some differences that come out as a result of that as well.

Q62 Sir Geoffrey Clifton-Brown: Sir Alex, will your new tracking system be able to tell you, us and everybody else how long the delays are that are being caused by Ministers, and indeed the Prime Minister when it comes to where he has oversight? Do you have any initial comments as to whether, in the system at the moment, that is one of the key causes of delay?

Sir Alex Chisholm: On the second of those, we certainly have good evidence—and indeed Michael has done the analysis himself—showing that in Departments where Ministers have changed, that added considerably to the total length of the process, so we know that is a big factor.

The new system will not identify an individual person on whose desk it is, but it will show where you are in the process.

Simon Madden: Yes, it will help us to identify where it is at each stage, and that tracks in real time. We are 360 campaigns through now. We are getting some idea, but we still do not have enough to do full analysis to give advice to Ministers on what information should be published and how it should be published. I am confident that, over the next few months, we should be in a position to be able to do that.

It is worth just pointing out that Ministers have set us really clear priorities to focus on improving the system overall. As Sir Alex said, improved timeliness is the first of those. We also need to build departmental capability where it is lacking. Increased diversity of thought



and regional diversity is the focus, in addition to our existing responsibilities on diversity. Those two are now very much at the fore. We have been tasked with improving our outreach so that that helps us build a talent pool, and also crucially, to improve the candidate experience overall.

Those are the horizontal pillars, with improving data through the applicant tracking system as the enabler of all those.

Q63 Sir Geoffrey Clifton-Brown: That is a really helpful answer, Mr Madden.

Mr Jary, by the time you produce your next annual report, which presumably is based on the financial year so will be around this time next year, would you expect that the tracking system will be working well enough that you will be able to make substantial progress in reporting on all those important aspects that Mr Madden has been referring to?

Michael Jary: Funnily enough, no, I would not. The reason is that what we have been doing in this current financial year is dealing with the backlog of a lot of appointments that have been taking a long time, and we have been closing those appointments.

Therefore, by the metric that the NAO has used, which is the number of days taken at the point when the announcement is made, we would not expect to see improvement in this year. We will expect to see improvement in the next year. I am absolutely sure of that.

Q64 Sir Geoffrey Clifton-Brown: That was almost a subset of Mr Madden's answers to my question. It was all the other aspects. I am not going to tread on colleagues, as they are going to come in on regional diversity, ethnic and gender minorities and so on, but in all those really important aspects, with your tracking system, do you expect to have a better handle on the data and the time it is taking by the time you make your next annual report?

Michael Jary: Yes, absolutely. We will have much more reliable data and complete data on time.

Simon Madden: A key recommendation of the NAO was for us to set out what good looks like. As part of that review of how we can not only improve the guidance to Departments, but perhaps the information on the website, it would seem sensible, in addition to having the 90-day target in the code, to set out an expected timeframe for each stage of the process. That would improve transparency and also help with accountability.

Q65 Sir Geoffrey Clifton-Brown: Mr Madden, in terms of the delays, what impact are the delays having on the quality of candidates? What is the dropout rate for candidates who apply for public appointment, and what are you doing to lower that?

Simon Madden: We know currently that the attrition rate, as far as we can tell from the data, is around 3%, so it is a relatively low figure.



HOUSE OF COMMONS

Anecdotally, we were talking only a few weeks ago to an executive search firm to help get this sense of what good looks like from their perspective. They were telling us that, undoubtedly, when somebody is applying for a public appointment as part of having a portfolio career, if a private sector opportunity comes along, they will always choose the private sector opportunity if they are even in the process for a public appointment, simply because they envisage it is going to take longer. There is that aspect that we have to deal with.

As a result of our outreach work, we have also heard people feeling put off applying in the first place. It is not necessarily about the attrition rate once somebody has applied, but about people feeling put off simply because they look at the data and think, "This is going to take forever, so I don't want to embark on that journey".

We have a great deal of persuasion to put out there to be able to encourage people to apply. If we are judging it solely on timeliness, then obviously that is an incentive to improve overall performance.

Q66 Sir Geoffrey Clifton-Brown: I am just wondering, hidden in that answer, whether these delays are acting as a disincentive for the very best-quality people to apply to be non-executives, and whether they are going to the private sector.

Simon Madden: Across all our appointments, we have extremely talented people. You can see that every day, including all those who are on display today.

We are not complacent, in that there is obviously a degree of some people feeling put off. Anecdotally at least, that is the feedback that we have, but that only serves to demonstrate the importance of reducing the delays and the time that it takes. That is an incentive for us to double down and bear down on the timeliness issues.

Q67 Sir Geoffrey Clifton-Brown: Mr Jary, what are the risks to each board if there are vacancies carried on that board that are caused by these delays?

Michael Jary: Boards that are below strength are at risk of not being able to fully carry out their function, particularly with regards to governance.

There are certain key roles on the boards. Obviously, the lead non-executive is one, but the chair of the audit and risk committee is another very important one with very specific skills. If that role is vacant, then you clearly have a gap in the governance of the Department, so filling these promptly is important. Starting promptly is also important, because the biggest safeguard against a potentially unpredictable lead time is to have the candidate lined up well in advance.

Q68 Sarah Owen: Mr Jary, you gave evidence to PACAC last year in January and you gave your commitment to diversity and improving diversity. You



said that, "This is certainly an objective of mine".

Looking at the figures, we have seen that the number of ethnic minority appointees has gone down from 2021-22 to 2022-23. Have you reviewed why that is? Also, is there a correlation with the fact that there was a drop-off on your diversity plan for 2022? It only ran up to then. Do you have any plans for the future to increase diversity?

Michael Jary: I would just like to understand the source a little bit better.

Sarah Owen: It is in this Report here.

Michael Jary: That may refer to a broader population than the population for which I hold responsibility and the population for which I gave evidence to PACAC. My responsibility relates to the non-executive directors on departmental boards, but that number in figure 8 is all public appointments. I am happy to address the question generally, but that is not my population, if I can be parochial about it.

Sarah Owen: That is fine. It is not your department.

Michael Jary: I stand by the commitment, which is ensuring that we improve diversity. In my world, of the appointments made in the year 2022-23, we had exactly a 50-50 split of gender between men and women. That will therefore have raised the average and brought it closer to the long-run target. The only long-run target that makes any sense there is 50%.

We are also committed to diversity along all sorts of other dimensions, particularly—and the Government have also made it clear on this point—regional diversity and diversity of thought and social background. That is important to us as well.

Q69 **Sarah Owen:** How is that going? How are you measuring the diversity in background, particularly on class and ethnicity? We just have figures for ethnic minority backgrounds, but obviously there is diversity within diversity there. It would be really good to find out what data you are collecting in terms of disability as well.

Michael Jary: Appointees declare that on their application, of course, and they then are asked to reconfirm that data once they are appointed, so we have that data. Unfortunately, we do not have it for everyone because that system was not in place for the entire population of current departmental non-executives.

Q70 **Sarah Owen:** Why not?

Michael Jary: It was not practice at the time to require or at least to request that all appointees completed that data set, whereas now it is.

Q71 **Chair:** It is because it is regulated now that it is.



Michael Jary: That came in before regulation, but not necessarily at the time. We have non-executives at the moment who are in tenure for between six and nine years for example, and at that point they did not necessarily complete that data.

Q72 **Sarah Owen:** One area that is definitely yours is the Cabinet Office. The Cabinet Office has not set any aspirations beyond 2022. Are you going to tell us that you have some aspirations on targets to meet in terms of diversity?

Sir Alex Chisholm: That is probably better directed to myself, if that is okay. First of all, just to give the overall picture, I want to make sure that you can see that, when we set out on this, the aim was to try to make sure that appointments made in the year to ethnic minority candidates were in excess of 14%, and that was achieved in the last two years.

You are right that it was achieved by a larger margin in 2021-22 than 2022-23. As a proportion of the economically active population, it is about 15%. We are at 14.5%, so we are very close to that.

In relation to appointments made in the year to women, that is 53%. On the overall proportion, which was the goal there, we have reached 48%, which is the same proportion as economically active. There is definite progress there.

The practice of setting targets was done back in 2019. We have been able to hit those targets, which is great. No new targets have yet been set, and I am not aware of any plan to do so, but obviously the Committee may wish to encourage Ministers to do so.

Q73 **Sarah Owen:** I want to look at some of the processes, because we have touched on some of them already. Mr Madden talked about outreach, so I will come to Mr Madden about that shortly.

Looking at figure 3 and the process of appointing a non-executive director, in terms of the advisory assessment panels being created, who is in charge of overseeing who the advisory assessment panel is made up of? Are you committed to making sure that it is diverse and reflecting that experience and background that you wanted to see in the applicants that you are asking for?

Simon Madden: Ministers are responsible for agreeing the composition of advisory assessment panels. It is one of their responsibilities under the code. Officials obviously give advice as part of the running of the campaign, but Ministers agree who should be on that assessment panel, particularly the departmental representative.

Usually, for instance, you would expect the chair of a body to be on that panel, and a departmental representative or another representative to be able to feed in the views of Ministers, but ultimately it is the responsibility of Ministers.



- Q74 Sarah Owen:** In terms of outreach and looking in a more insular way at the advisory panels themselves and the Ministers, is anything being done to challenge their conscious or unconscious bias, particularly in the long-listing processes and the writing up of the jobs and adverts?

Simon Madden: If I can touch on the role criteria, that is an absolutely essential part of the process. It is not necessarily reflected as such in the figure in the NAO Report, but that is the start of the process.

This is where we are looking at building departmental capability. Some Departments in the past have tended to have a boilerplate approach to this, whereas we are encouraging Departments to use that role description to fully reflect the needs of the organisation at the time, including board composition. If they need particular representation to enable the board to have a diverse view, we would encourage that to be reflected in the role description and the role criteria.

Fundamentally, it is those criteria that are so important, because those are the criteria that the advisory assessment panel uses to judge whether someone is appointable, and only those criteria.

- Q75 Sarah Owen:** Looking at figure 3, the panel produces a list of appointable candidates, and then the Minister selects from that list of appointable candidates, but the people who have whittled down these candidates were appointed by the Minister themselves. Can you see how that is just an insular, circular process?

Simon Madden: I can see how it could look like that, yes.

- Q76 Sarah Owen:** Do you think it could be improved at all?

Simon Madden: I am sure that is something that could be looked at. In the current framework of Ministers being involved at each stage as the code requires, I am sure there is always room to improve, but under our current system it is for Ministers to decide the composition of that panel.

- Q77 Sarah Owen:** In terms of the outreach, I know that you have done roadshows. Where exactly are these adverts going? I know they are just on the Government Department, but there are a number of people who are incredibly talented for which that would be a barrier in itself. Are there any plans to advertise wider than just the Government websites?

Simon Madden: We are looking at that, although we are encouraging people to sign up on that Government website. Currently, there are around 12,000 active accounts, which is a dramatic increase over the period in which we have been doing that outreach.

We have about 12,000 active accounts. Just over 11,000 of those have expressed interest in a public appointment, and then around 5,000 have proactively uploaded their CVs. They also record their information so that we know, to some degree, the diversity make-up of those people who are registering for an account.



We are doing the outreach so that we can target not just individual areas but also individual sectors. We want to do some work, for instance, with disabled people's forums so that we can be targeting candidates from the disabled community. We are also looking to target veterans as a source of potential candidates, and also faith communities. We are trying to not just look at the regional aspects of the outreach, but also some sort of sectoral, community-based criteria.

Q78 Sarah Owen: Do you think that increasing the amount and quality of data that you get about applicants and interested applicants on to the website might improve this targeting outreach?

Simon Madden: It will, definitely. We will have a much richer data picture as the ATS matures.

Sir Alex Chisholm: There are a couple of things that are quite exciting there. One is that, as the data picture builds, we will understand the total group of people that we have and be able to analyse and see some gaps in different parts of the population, or different skillsets that we have.

Also, in the past there was an inherent wastefulness. People go through a process and do very well but not quite well enough; they are not a perfect fit for it or somebody even more outstanding came forward. In the past we would just say to that person, "Thank you very much", whereas now we keep their records and recontact them, and they say, "I am interested in these types of jobs". That recycling of people is a lot more efficient.

You were rightly saying that sometimes the way we describe jobs is a little bit off-putting. We have begun to test some of those things, such as trying different phrases, trying not to use obscure language, trying not to use acronyms, and trying not to put too many mandatory requirements in, because obviously those can put people off.

At the open-day events, some of which I have been to, people find it very encouraging to see other people who are serving on boards who look, sound and are more like them than their preconceptions about what type of people work on public boards. There are a lot of different techniques that we have been trying to use to try to encourage the whole of the population to contribute to this.

Q79 Sarah Owen: That is laudable in terms of the outreach programmes, but also, looking inside the process, what will you be doing to tackle that inherent unconscious bias that would be in the process and the system, improving the figure 3 graph that we have in front of us and making sure that we are not just seeing repeated, recycled candidates, and that we are seeing some new talent come through?

Sir Alex Chisholm: Obviously, we can measure lots of new people coming in. Fresh talent is what we are trying to bring, as well as making use of people who are near misses, so to speak.



In the training of people on those panels to be conscious themselves of when bias can apply, having a panel that has an independent member can assist with that process. It is even about the way in which, as you rightly say, you write up the descriptions, trying to make sure that you are doing that in a neutral, objective fashion.

With appointments I have been involved in, that is one of the things you look at and try to say, "Does this give somebody who was not at the meeting themselves a fair impression of how the candidate came across? Have you drawn on all the available information to try to do that?" Those are the types of things.

Q80 Sarah Owen: Lastly, how will you measure the success of this outreach programme, and when will you be able to share with us the data on that level of success?

Simon Madden: We are continuing to measure data against gender, ethnicity and things like that. Our measures are less good for social background in terms of the overall data that we have. We have not tended to analyse by professional background either.

We have good data on geography. There are some parts of the country that we feel are underrepresented. You can see the reason why we have been going to Darlington, Exeter, Edinburgh, London, Glasgow, Sheffield and Belfast. That tells you where we see opportunities where we know we should be getting more people from those places.

Michael Jary: This is something that I was discussing with Baroness Neville-Rolfe on Friday, because we were at the outreach programme together at the Cutlers' Hall in Sheffield, where we had something like 300 attendees from South Yorkshire. It is a big cost to Government to host an event like that and to have a significant number of people from Government attending, so we need to be sure that we are doing the right thing and that it is working.

We have the names of all the people who attended. We will be able to see whether they sign up on the Cabinet Office public appointments website. We will be able to see whether they apply. Obviously, we will also be able to see whether there is any improvement over time in regional diversity, but it is important that we measure those things, hold ourselves to account and say, "Is this actually working?"

Simon Madden: In terms of measuring the impact of outreach and how effective those events have been, we are surveying attendees of those events. As things stand, including the event from Sheffield—so all the events we have held so far, from Darlington to Sheffield—84% of those who attended strongly agree that they would recommend interest or involvement in the public appointments process to their colleagues or friends.

Chair: I say to schoolchildren in Hackney, "Don't let people do things



HOUSE OF COMMONS

about you without you". It sounds like there is some progress to be made there in Government Departments and other appointments.

- Q81 **Peter Grant:** Coming back to the appointments advisory panels, if you have a panel of four or five people, it cannot be representing the full diversity of the United Kingdom.

If you look at every one of those panels that has sat in the last two or three years, hundreds of people have sat on those panels. Do you monitor and publish a breakdown at that level by gender, ethnicity and other things? If not, why do you not do that? That would give us a very quick temperature check to say that, while each one individually does not look too bad, over the piece there are far too many old white men like me on the panel.

Simon Madden: It is certainly something that we could go away and look at. Primarily, it is probably because the Cabinet Office at the centre does not monitor the composition of the advisory assessment panels. They are dealt with within each Department, but there may be ways in which we could monitor that more effectively that we could take away and look at.

- Q82 **Peter Grant:** Finally, when you are looking at the job description, and in particular at the person specification if, for example, there is a requirement that you have to have a university degree, which a number of positions will ask for, that makes it harder for some ethnic groups in particular to apply. We know there are significant differences in ethnic communities about who goes to university and who does not. People can be just as capable, but they demonstrate that in ways other than the letters after their name.

Does anybody look at the person spec before it is published to flag up anything that is in there that is going to discriminate either for or against particular groups? At the very least, somebody will then be able to say, "Yes, we realise that causes a problem, but for this particular post it absolutely needs to be somebody with a degree or a professional qualification". Do you go into it in that level of detail for every appointment?

Simon Madden: Yes, we would expect that that would be looked at before it goes to Ministers.

- Q83 **Peter Grant:** You have said a number of times, Mr Madden, "We would expect". Does that mean it happens or that you would like it to happen? Does anyone monitor to see if it is happening, and what happens if you find it is not?

Simon Madden: As I said, the Cabinet Office does not micromanage each individual appointment, but it would be good practice for that role description to be checked thoroughly to ensure that it is appropriate before it goes to Ministers.



HOUSE OF COMMONS

Sir Alex Chisholm: In our training and guidance, some of these excellent points were made by the Committee. We should make sure that that is factored in.

Q84 **Peter Grant:** Does anyone ever go back and report, not necessarily identifying individual posts, to pull together all the appointments during a year and to say, "This number of appointments did not comply with best practice in some way"? Is it just left to individual Ministers, who probably will not be there next year by the time of the annual report? Not just this year but any year, there can be an issue that ministerial turnover can be so fast that, if there is bad practice by a Minister in a particular Department, the chances are that they have moved on by the time the annual report comes out.

Simon Madden: That is not currently something that we track and report on. It might be worth mentioning the successful boardroom apprenticeship scheme, which we support; it is a DLUHC initiative. That initially came over from Northern Ireland. It is a non-executive director boardroom programme.

Q85 **Chair:** We are aware of it. Are you monitoring the diversity of the people who are board apprentices?

Simon Madden: DLUHC does monitor that diversity.

Q86 **Chair:** Is that across all the diversities that we have been discussing?

Simon Madden: I think so, yes. I can write to you to confirm.

Q87 **Chair:** Please write to us on that, because we have seen it in practice elsewhere.

Simon Madden: We always invite a member of the boardroom apprenticeship programme to come along to our outreach sessions so that they can talk about and promote the benefits of that scheme.

Q88 **Sir Geoffrey Clifton-Brown:** Mr Madden, when Ms Owen was asking her excellent questions on diversity, it occurred to me that, in job interviews, unsuccessful applicants ask for feedback. Is there any feedback ever given by the chair of the Appointments Commission or anybody else? Can applicants ask for feedback?

Simon Madden: Yes, applicants can ask for feedback, but, as we look to improve the candidate experience as part of our work, we should look to take a more proactive approach to providing that feedback. That is not only for the benefit of the individuals for that particular appointment, but also so that they are not disincentivised and do not leave the public appointments interest system. They should want to stay close in case they want to apply for other roles. That should be a routine part of the ongoing candidate care.

Q89 **Sir Geoffrey Clifton-Brown:** That was precisely the purpose of the question, in case they want to apply for other roles.



Simon Madden: Yes. That is what we would look to ensure becomes a more routine practice.

Q90 **Sir Geoffrey Clifton-Brown:** That is very helpful, thank you. This is a slightly critical question, Sir Alex. Can I take you to paragraph 3.9, as you would expect me to. I am sure you were waiting for this question.

In that paragraph it says, "As of November 2023, 261 roles had been advertised on the system, 27 campaigns have been completed, 18 people have been appointed, and complete real-time data were only available for two appointments...For comparison, the commissioner reported 624 appointments in 2022-23". Then this is the critical bit: "Our review of the data confirmed that some data were being entered after the fact. Basic errors in data entry, such as inverting dates, also means that the data generated are not accurate".

It goes on to say, "Until more Departments are using the system as intended, Cabinet Office will not be able to maximise the usefulness of the new system". What are you doing to put that right?

Sir Alex Chisholm: We agree that is not satisfactory, and we have written to all the users of the scheme—all Departments and all public bodies—to remind them about how to use it correctly, given this feedback. We have also organised a series of training events and strengthened our guidance on this point. I share your disappointment.

Q91 **Sir Geoffrey Clifton-Brown:** Entering data correctly is so basic. It is almost dishonest to enter data after the fact. When would you expect all Departments to comply with proper procedures?

Sir Alex Chisholm: Being a tiny bit charitable to colleagues, it is a new system. It was introduced in April. It has not yet had a first full year of running. This whole process, with the NAO Report and PAC hearing—we might write again in reinforcement of some of the points arising—will get people used to using a new system.

Correct use of that system is obviously an absolute gamechanger, as it has correctly been described in terms of the quality of the overall system, which is already good but will be much enhanced in that way.

Q92 **Sir Geoffrey Clifton-Brown:** In terms of timeliness of data, we have not talked today at all about professional recruiters or recruitment agencies. It seems to me that they are fairly lax at providing real-time data. What can you do to improve that?

Sir Alex Chisholm: Our system will produce real-time data, which is great. The only limitation there is when you use external research companies. We do not give them access to our system because there would be data protection and other issues involved there, and commercial advantage, potentially, from doing so.

Q93 **Sir Geoffrey Clifton-Brown:** I absolutely understand that, but if you are not giving them access to the system—I understand why you are not—



how are you going to make sure that your system is as up to date as it needs to be on the bits of the recruitment that they are doing?

Simon Madden: We are working with the executive search agencies or recruitment consultants to find ways in which we can integrate the data reporting that they would have, so that then is fully reflected in the ATS, whether that is done centrally or with Departments. We are currently working that through with them.

Q94 **Sir Geoffrey Clifton-Brown:** Sir Alex, regarding this excellent new tracking system that seems as though it is going to produce great results, and already is producing results, when will you decide—maybe you have decided—what information you will be giving to Ministers, and particularly what information you will be giving to Parliament so that we can have greater transparency in the whole system?

Sir Alex Chisholm: As you are familiar with, the decisions about exactly what is published are taken by Ministers, but you are fully aware now of the potentiality of the new system. Obviously, Parliament is powerful and effective in asking for the information it wishes to see.

Chair: We are able to make recommendations.

Q95 **Sir Geoffrey Clifton-Brown:** As night follows day, how long is that likely to take?

Sir Alex Chisholm: We will have just completed our first full year of running. As you have seen from this interim Report from the NAO, it is not yet working perfectly, but it is working extremely well and will provide rich data.

Also, there are some enhancements to the system that we are going to be introducing so that it is a workflow-based system and prompts, universally, things that you should be doing, such as making sure that, if you are a candidate applying, you have declared your conflicts of interest. It is about monitoring that system.

Q96 **Sir Geoffrey Clifton-Brown:** Sir Alex, that was an excellent answer, but it did not answer my question. When do you expect this to take place? When will the decision be made? I am not asking what the decision is, but when do you expect the decision to be made?

Simon Madden: Certainly, later this calendar year we expect to be in a position to outline a plan to Ministers on how the data should be used. The more confident we are in the maturity of the system and the quality of the data, the quicker we can look at ways in which we can share that with the public and Parliament.

Q97 **Chair:** Presumably you are sharing it with the Commissioner for Public Appointments.

Simon Madden: The commissioner could have access to that. It is fair to say that Departments have a dashboard already, so they can use that.



Q98 **Chair:** The commissioner does not yet have a dashboard.

Simon Madden: I believe that he has access to that information. Departments certainly have access to that information so that they can identify process improvements themselves. They have a dashboard that they have access to, and Ministers are currently given, each fortnight, a forward look of all the appointments that are coming down the pipeline.

We are already starting to use the data, but I hope it will not be too long before we can use it to improve transparency and drive accountability.

Q99 **Chair:** We have a suite of recommendations that will come out of this, so we can think about how we do that.

I just had some final, quick questions. The first is on political activity and political donations. Being politically active clearly should not preclude people from ever holding a public position, because some people have expertise but also a political persuasion. The figures Sir Alex highlighted were for 3% of all appointments, and you gave the figures by breakdown.

There have been examples that I cannot, for obvious reasons, outline in detail, where people have had political activity or political donations that would make it inappropriate for them to hold a position, but the board's expertise and knowledge of the political activity is not deep enough to understand this.

For example, come 2 May, when we have local elections, if someone declared that they were busy actively knocking on doors at that point, they are probably pretty politically active, but a board of people who are not politicians might not appreciate that or might not appreciate that leaflets published even a decade ago might still be in existence.

How do you make sure that your boards are properly aware when they are recruiting? You say you do not follow every case, Mr Madden, but how do you set some sort of guidance about whether something is significant enough to be considered?

Simon Madden: Certainly, in our review of guidance, that is one of the issues that we want to try to address so that bodies themselves and Departments and Permanent Secretaries are better aware of those issues and how to best handle them.

Q100 **Chair:** It is a challenge if someone is not political, but that is when Ministers probably know better, for good or ill. I will leave that one there for now, because there certainly can be issues there that are difficult to go into in public.

Then there is the use of headhunters and transparency. Sir Geoffrey touched on this a bit. Headhunters will do their work at the behest of the Department, but they do not always know as well as they should what is actually required.

Again, I have come across experience where a headhunter has been unwilling to give honest feedback to a candidate because the candidates



HOUSE OF COMMONS

are obviously future cash cows for headhunters, so they want to be nice to the people who did not make it through.

How do you make sure that you are really getting the best value out of headhunters, but also the best practice out of headhunters so that they are nurturing future candidates for public office, but who might actually apply directly?

Sir Alex Chisholm: It is a really important point that people get good-quality feedback. Good practice there is, at the end of the panel discussion, to conclude what feedback should be given to whom and by whom and in what way. That is certainly what I have practised, and that is true even if you have a search firm. If they are going to do it you say, "You need to speak to that person in this way, and let me know when you have done that".

Q101 **Chair:** I suppose there is only so far we can take that with a generalised example.

You talked a couple of times about CVs, particularly in response to Ms Owen's comments, Mr Madden, about people putting CVs up on the system. It is well recorded—I think it was the Runnymede Trust that did some work on this many years ago—that CVs are not as fair, in terms of diversity, as an application form. Are any of the jobs requiring application forms or are they all CVs? How do you make the judgment?

Simon Madden: CVs are only part of the application. Candidates are also required to present a covering statement, which shows how they personally meet the requirements of the role.

Q102 **Chair:** My point is that these are personalised documents. If you and I wrote a CV down, we would put different things in it. You could put three versions of the same accurate, honest position, but that means that people are presenting themselves in a particular way.

It is well known that, for diversity reasons, an application form where everyone is having to answer the same criteria is preferable. Sometimes there are blind applications, though possibly for some of the very specific roles in this sector that might not always be appropriate. I understand that. Have you considered an application form approach to help increase diversity?

Simon Madden: It is not something that we have considered to date, but certainly it is something that maybe we can take away to look at in the context of diversity.

Michael Jary: What you describe is increasingly common in the corporate sector. You are absolutely right. Indeed, there is increasing use of blind applications, particularly at the initial stages of a process.

Q103 **Chair:** Some of these are quite senior jobs, so it might be easy to identify somebody, potentially, but how far do they go blind in the corporate sector currently, in your experience?



HOUSE OF COMMONS

Michael Jary: In my firm, just to take one example, we not only do blind screening; we actually do blind interviews. The interviewer does not have the CV of the candidate either in advance of or at the interview.

Q104 **Chair:** Is that challenging for the interviewer?

Michael Jary: No, because it means that they recruit on criteria that are relevant to the job rather than what is on the paper in front of them.

Q105 **Chair:** Is that common?

Michael Jary: I would not say it was common. It is increasingly being adopted, but it is probably still by a minority of companies.

Q106 **Chair:** It would still be the case that someone in HR would be filtering through on the basis of the applications, so they will see that.

Michael Jary: This is a big topic. Probably at more junior levels, no, someone at HR would not see the application forms. The application forms are then weighted against the database, which corrects for bias by region, social background, educational establishment and so on.

It is trying to measure outperformance rather than absolute performance. That is a mechanism that some employers are now adopting, and there are a number of firms that are selling technology solutions that enable this to take place.

Elizabeth Passey: At the very senior level in the corporate space, I have never seen an application form. I have never seen a search firm send out an application form. I have seen instances in more junior recruitment campaigns that would involve AI, such as screening to an AI process, that might involve an application form, but not at the most senior levels that I have been exposed to.

Chair: Thank you. It is an interesting topic that we could extend much further, but it is a bit beyond the remit of today's session.

Can I thank our witnesses very much indeed for their time? People who do public appointments do a great service to the taxpayer and the citizen. They are vital roles, but we also want to make sure, as you have heard from our questioning, that they are fair, well managed, and represent the wide range of people available to do the important work. Thank you for your time.