



House of Commons Governance Committee

Oral evidence: [House of Commons Governance](#), HC 692

Tuesday 18 November 2014

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Written evidence from witnesses:

- [Rt Hon Andrew Lansley MP](#)

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Members present: Rt Hon Jack Straw MP(Chair); Sir Oliver Heald MP; Mr David Heath MP; Jesse Norman MP; Ian Paisely MP; Jacob Rees-Mogg MP; Valerie Vaz MP; Mr Dave Watts MP.

Questions 311-371

Witnesses: **Mr Frank Doran MP**, **Rt Hon. Andrew Lansley MP** and **Rt Hon. Sir George Young MP** gave evidence.

Q311 Rt Hon Jack Straw MP (Chair): Thank you very much for coming to give evidence. From your experience, how effective do you think the Commission is? Does it work well?

Sir George Young: If you stand back and look at what the Commission has done in this Parliament, I think you can say that it has discharged some corporate responsibilities quite well. At the beginning, there was a target of minus 17% in expenditure, which is quite a challenging thing to do. I think it achieved that in a responsible way, after due consultation. It has prioritised the various bids on the resources for the House—the capital programme and the extra services. It has given a remit on difficult issues like salary increases. If you stand back and look at the major things it has had to do—come up with a budget, deliver a budget and prioritise the key decisions—I would say it has achieved those objectives quite well. A lot of support from the officers, good quality papers and, by and large, decisions reached in a cohesive and corporate way.

Q312 Chair: Are there any criticisms or things that you think it could do differently?

Sir George Young: You have got a small number of quite busy people on the Commission, and I think it would benefit if there were slightly more people on it. You may

want to come on to that, but, by and large, from the time that I had there, I would not have any major criticisms of the way it operated.

Mr Lansley: Principally I agree with George about my experience of the Commission over recent years. You can see an objective measure of that: now, on two occasions, the corporate plan has been presented to the House for debate and from reading those debates you get a sense that the House as a whole has recognised that the Commission is taking the overall management of the budget and the administration of the House in the right direction. It did not disclose fundamental problems and that in itself is a shift from the past. If you cast your mind back to the Braithwaite report, for example, that had some pretty trenchant criticisms of the way in which the House administration overall was being managed. So the general picture is a positive one.

To anticipate your next question: is it perfect? No, it is not perfect. I would say two things and it may be that my experience is slightly different from George's. While my hope—it was my experience for most of the time—was that the Commission was capable of operating successfully on a consensus basis, that did not always prove to be true. That is a pity and, on the idea of there being majorities in the Commission, there should have been a greater willingness on the part of the Commission to refer back and reconsider and consult more on things where there was no consensus.

Secondly, the management board, in their evidence to you, quite appropriately pointed to a lack of liaison and collegiate working between the management board and the Commission. My colleagues will remember before I was a member of the Commission, but I think there was on at least one occasion an effort to get the management board and the Commission to meet together, but unfortunately that was not followed up. That would have been helpful, because more than once, as the management board illustrated, the Commission was setting out a remit for the management board, but then seeking to interfere in a way that risked more than once undermining the consistent application of a strategy by the management board, which was their intention.

Mr Doran: I have experience of two Commissions: first as Chair of the Admin Committee, when I was in regular contact with the Speaker and the Commissioners; and secondly as a member of the Commission in this Parliament. I agree with what George said: in this Parliament, the Commission has worked well. It has had a lot of difficult issues to deal with, in particular the austerity cuts, and they have all been dealt with in a professional and managed way, which is important.

The membership of the Commission is quite important. We have been quite fortunate in this Parliament—I will not go through all the individuals, because they will be embarrassed if I say too many positive things about them—because all of the members of the Commission have brought something to the table. There is expertise and a range of skills from private sector experience at a senior level through to a small businessman and others with experience in the public sector. That makes quite a contrast with the Commission that I had experience of in the previous Parliament.

On the issue of relationships with the management board that Andrew raised, I do not disagree with what he said. That is certainly relevant. At the last Commission meeting last night, we had a discussion about these arrangements, or the lack of them. It is quite clear that

the Commission recognises that there is a gap. One of the things that we have asked the Clerk to do is give us regular reports. We need to meet with him at some stage. We haven't quite worked out how that will be managed.

Another thing that concerns me—I raised this at the Board—is the number of issues that we effectively sign off without anything actually happening. There are issues with follow-through. Those are the sorts of issues that matter.

Q313 Jacob Rees-Mogg: This follows on from a couple of the answers that we have had. We have been offered a number of alternative models for the composition of the Commission, so I would be interested in your views on that. Should there be any non-executive members? If so, how many? Should the Chairman of the Commission always be the Speaker, or should it possibly be one of the non-executive members? Should Back-Bench Members be elected? If so, should they have a portfolio? Should they have a portfolio even if they are not elected? Are the ex officio members the right ones? Is it essential to have them? Finally, should the Clerk or the chief executive, or conceivably both, be members of the Commission? If we don't get all of those answers, perhaps I will remind people as we go along.

Mr Lansley: First, it seems to me that the answers we have given have not suggested that we think that changes to the composition and structure of the Commission are necessitated by an obvious problem. That being said, I have views on some of your questions.

The fact that one of the members of the Commission is also the Chair of the Finance and Services Committee has worked well and is important. I think it is a pity that we don't also have the Chair of the Administration Committee on the Commission—or we haven't in my experience. I think it would be better if we did because the connection between the extensive involvement of Members in those two Committees and the Commission is an important relationship.

The role of the Commission is not wholly analogous to that of a board of directors. It is representative of the stakeholders—in that sense, of the Members—but in a sense it is there to give authority, rather than necessarily to undertake all of the decision making. It is a mistake to assume that the Commission is there to make the management decisions; it is there to give authority to them. One of the things I was hinting at is that we should set strategy, and sometimes take initiatives, but then let the management board take responsibility for making those decisions. Therefore, if you have non-executives on the management board and the Audit Committee, I am not sure what is gained in authority by having non-executives on the Commission. The detriment is that you would add to the numbers unless you restricted the numbers in some other way.

My predisposition is to the election of Back-Bench Members, because the House has taken that on in recent years, generally with success. That is a reasonable presumption, and one would have to look quite carefully to see why one would do otherwise, although the House might desire to maintain continuity among members of the Commission, so it is not something that you leap into on a frequent basis.

Finally, on ex officio members—I would say this, wouldn't I?—I think it is very important for the Leader of the House and the shadow Leader of the House to be there because the point about authority is not simply about the authority of the House; it is the authority that comes with committing, in the case of the Leader, the views of the Government and the Opposition to support the role the Commission has taken. Sometimes the Commission has to do things that depend upon the subsequent approval of the House. For the Commission to do that while being unaware of how the two Front Benches are going to respond to their discussions is asking for trouble.

Mr Doran: On the last point, I agree entirely with Andrew: it is important that the Leader of the House and the shadow Leader of the House are there. On the point of elections, when I was appointed, the Labour party put that out to election. I was the only candidate. That says something about what ordinary Back-Bench Members know about the running of this place. If people had known what the Commission actually does, there might have been a queue, but there was not, so I got elected. I am totally in favour of that. I do not have any difficulties at all with that being extended.

I am interested in the idea of an outside member of the Commission. In other areas, that has worked extremely well—particularly in the management board. I do not have the level of experience of outside industry to be able to say that that would be a good thing for the Commission, but I am interested in it; that is as much as I can say. I would be interested to see how it could operate in practice. On the question of numbers, the fact that it is relatively small—for example, the Admin Committee has over a dozen members, and it is very difficult to get a consensus. We are able to get a consensus. We have our difficulties from time to time, but we are able to get a consensus. That is important.

I agree with Andrew that consideration should be given to the Chairman of the Administration Committee. There is a direct link and it makes sense. The Chair of the F and S is absolutely crucial because it means that the F and S can give us an analysis of a management proposal, which helps. Having the Chairman of that Committee there to discuss the proposal is very important.

Sir George Young: Just as a footnote, the Wright Committee did not go quite as far as saying that we should elect members to the Commission. But I think that it would help to bridge the gap between the House and the Commission if there was an election and people felt more ownership of what was happening on the Commission because they had voted for the people. My only concern would be a slight risk of a manifesto—someone saying, “I'll freeze the price of beer in the Strangers Bar,” or, “I don't want any more contracting out of services.” I would be slightly worried if it went that far, but the idea of election is a good one.

It has to be chaired by a Member of Parliament. This is the Commission running the Houses of Parliament and I think that the Chairman has to be a Member of Parliament—probably the Speaker. I am in favour of non-execs. My experience on the Audit Committee was that it was very favourable having the non-execs there. I was an advocate of putting non-execs or outsiders on Standards and Privileges. That is still bedding down, but it was the right thing to do and it has enhanced that Committee's credibility in the outside world. I would put in non-execs. Who knows? If we had had non-execs on the Commission of the last Parliament, we might have avoided some of the heroic mistakes which I am afraid we did make in the last Parliament, and for which we are still suffering a reputational consequence.

Chair: I respectfully draw to your attention that we have less than 25 minutes to get through the remainder of the questions. Do not feel obliged to answer every question. A consensus may break out and you might decide that you agree with your colleagues.

Q314 Valerie Vaz: I am struck by some of your comments about the workings of the Management Board and the Commission. I am pleased to hear that a new type of working will take place. I hope that that is as a result of some of the evidence that we have had. We have heard that the Management Board and the Commission are dysfunctional. I do not think that the whole Management Board even meets with the Commission. Is that right? What do you see as the purpose of those two boards? How could that be improved?

Mr Doran: As Andrew said, the proposals are presented to us by management and we make a decision. That works effectively. They are the experts in all of the different areas. While we do not meet formally, it is important to recognise that virtually every director has a regular visit or meeting with the Commission at our regular meetings. When they put proposals forward, they come and speak to the papers, so we do have that contact. That is extremely important.

Mr Lansley: I would just add that I think it is important for the Commission to recognise that its job is to set strategy—that can involve taking initiatives—but not to attempt to be, as it were, a court of appeal on the Management Board. We have on occasions in the recent past come awfully close to that, and although we managed to avoid it in the end, it undermines the Executive structure of the House administration if there is a feeling in the House that the Executive are subject to some kind of appeal to the Commission beyond them. With the Commission and the Management Board, however, the Management Board should feel confident—as I think they expressed in their evidence to you—that they have the political cover for the decisions that they have to make to fulfil the strategic remit that they are given.

Sir George Young: My antennae were not sensitive enough to pick up the tension between the Commission and the Management Board; I felt that it all worked quite well. Whenever the Management Board appeared at the Commission, they were well briefed and very professional. I had not picked up the dysfunctionality that some of your witnesses have referred to.

Q315 Valerie Vaz: Who follows up on the work that the Management Board are supposed to be doing on the Commission's behalf? We heard some evidence that on the website some of work listed has “actioned” against it and that the little points get dealt with but the much bigger issues do not. Who is actually following it up?

Mr Lansley: In the strategic sense, it is the responsibility of the Clerk of the House, as the head of the service, to ensure that the Commission's decisions are implemented. I am not sure that I felt that that was not the case. It seemed to me that that generally was the case, and that is the Clerk's responsibility.

Mr Doran: My earlier comments related to my experience in the Administration Committee. We would spend a lot of time on a project that was presented to us. The initiative

came from the Management Board or a particular director on the Management Board and we would spend a lot of time looking at it, analysing it, and considering it. We would make a decision and, in quite a significant number of cases, nothing actually happened. I hope that is in the past.

Q316 Sir Oliver Heald: Frank, we have not got your views yet on the thorny question of whether the role of the Clerk and the Chief Executive should be split and if so, how it would be achieved; over to you.

Mr Doran: When I was preparing for this meeting, I had another look at the Tebbit report and I was taken by something that I did not pay a lot of attention to when I first read it. There is a little paragraph in which he talked about the need for the Clerk to have assistance in his Chamber activities so that he could be a proper Chief Executive. That has not happened, as far as I know. A lot of changes were made following the Tebbit report, but I think that they are two important roles. I doubt that one individual can do what is necessary. I have known several Clerks in my time in the House, all of whom seem to be quite exceptional individuals, including the current temporary incumbent.

It has taken a long time for this House to get its finances, structures and the range of functions that any business has. We are not a business; we are far too complex for that but we need to have some business acumen and experience. That has only been recognised in recent years. There has been the push from the string of reports and they all seem to be incremental—one builds on the other. Tebbit, quite rightly, said that his was part of a series, rather than an individual report. The people in charge now are much more forward looking. Part of that is to do with the involvement of external members of the Management Board particularly. That is extremely important. As for the mechanics of how you would have a Clerk as a chief executive with 600 years of history, and graft on to that a chief executive officer with responsibility for, if you like, the business elements, that is a much more difficult question to answer, but I think it is something that will have to happen.

Q317 Sir Oliver Heald: That brings us to George. You came forward with the idea, in your speech in the House, of a chief operating officer. You described it, I think, as devo-max—apologies to Alex Salmond. Will you say a bit more about that?

Sir George Young: I think there is a need for clarity here. We need one person at the top. I have looked at the two-pillar option and I don't think it works. I don't think you can split the responsibilities of the House neatly into two pillars, to begin with. There is so much overlapping. Secondly, I think two pillars builds in tension and conflict, so I am in favour of one person being at the top. The question is, should it be the Clerk or the COO? I am in favour of the Clerk, a position with which we are familiar, with independence.

It avoids a change in the law. One witness said that that would be relatively simple. As a former Leader of the House, I beg to differ. So I would leave the Clerk at the top and have a COO to whom the Clerk would delegate that which made sense for him to delegate, mainly on the services side of the House, keeping to himself the clerkly stuff in the Chamber. That is the structure. I agree with a bit of what Frank said, that you would have to do some serious work as to what you delegated, but I am convinced in my mind that there has to be

one person at the top. It should be the Clerk, but because of the range of skills that you now need in the place, the Clerk should delegate some of the current responsibilities to somebody with those skills to manage the place.

Q318 Sir Oliver Heald: Andrew, do you want to comment on that?

Mr Lansley: I think I am on the record as having made it clear that it is possible for somebody to do both. I think that, in Robert Rogers, we had the experience over three years of somebody who was capable of doing both. Is that the best way of doing it? It is difficult. The demands of a chief executive role, or the demands of the administration, make it quite difficult. It is a reasonable proposition—I share this view with George—that while the Clerk should be the corporate officer, the accounting officer and the chief executive, actually, to manage that most effectively requires the appointment of a chief operating officer.

As you will recall, I said in the House that this was something I made clear during the course of our discussions on the recent appointment process. I was heartened to see that John Browne said pretty much that to your Committee. He said, you have to find what is the real purpose, the bigger purpose, find who is in charge of that and then delegate responsibility for the workings of the institution to someone who is the expert at that. I entirely concur with that. I think it is not credible to the House, as has been proven in the debate we have seen in recent months, that the person who is in charge of the administration of the House should not be somebody who is able to take the lead responsibility for the purpose for which we are here, which is the management of our constitution and legislative processes.

Q319 Mr Watts: Leaving aside that there is a difference of view about whether you can have two pillars, or whether the chief executive or the Clerk should be the most senior person, if you take the assumption that the Clerk is the most senior person, how do you stop the Clerk interfering with the work of the chief executive?

I shall link a couple of questions so we do not have to go back to them. How do you suggest that the Clerk, or senior post, can effectively delegate to the chief executive? How would you work that role out, as to what should be delegated to the chief executive by the Clerk? I think you have answered this, but can any of you suggest a way by which you could split the accounting officer role between the Clerk and the chief executive? I think you have answered the latter part, but people might want to comment.

Mr Doran: It is a very difficult question to answer, because of custom. Everything about this House revolves around the Clerk, and the Speaker at the other level. I think George is right that two heads is very difficult, but I am still keeping in my mind Tebbit's view that the Clerk needed more support for his Chamber responsibilities and that suggests more attention being paid to the management side.

I think one of the perennial problems of people who reach the top in this institution—and I say that advisedly—is that there is a lack of outside experience. That has been shown over the decades. We are very slow to move things forward and custom and deference are a big part of the problem as well. Things have moved in this Parliament much quicker than they have in the rest of my time here. I was first elected in 1987. In the years when I was

chairing the Administration Committee, it was quite interesting to see the change in the way in which decisions were made. I remember having a conversation with one of the Serjeant-at-Arms. We had launched an accommodation inquiry and in the process of that I came across a consultant report that nobody had seen. It was three or four years old and it advised the House authorities that there should be forward planning—short-term, medium-term and long-term. I asked why that had never been implemented in the three or four years since it had been presented. The response I got was, “We’re waiting on your decision, Sir.”

We have moved on. Initiatives are taken. We are now looking at a digital Parliament and all sorts of massive changes. What goes with that is the people to be able to run these operations. That is what may be a problem in the future, because it is only going to get harder for the Clerk to do the two jobs. Management is much more complex and more onerous.

Chair: Thank you. I appreciate that. Mr Watts, very briefly.

Mr Watts: I don’t know if anyone wants to come back on this, but I think that the difficulty we see is that if you are accountable for something, you are likely to want to know what is going on. If you are likely to know what is going on, you end up interfering with the role of the person that got the job. I do not know how you avoid that. I am just trying to seek out from the comments that we have heard how you would stop someone who is ultimately going to be accountable not wanting to know day to day what is going on, and not wanting to be involved in decision making.

Mr Lansley: I think it is perfectly possible. A Clerk who knows how Members are performing their tasks and the issues that are coming up will be aware of the issues that have been raised by Members. Understanding that is part of what Clerks are extremely good at. It seems to me that it is the same issue as you encounter for a chief executive in any walk of life. You cannot expect to know intimately what is happening in every part of an organisation, but what you can expect to do is to set up the systems and metrics that allow you to assess all of that. Part of our corporate plan should be precisely to make that happen. Part of what we were discussing earlier is making sure that the ends tie together at the Management Board and the Commission in such a way that a Clerk who is also chief executive and the accounting officer—and I am sure that there can only be one accounting officer—is able to see, by virtue of those responsibilities, where things are being delivered or failing to be delivered.

Mr Heath: Andrew, you set out what you think the position should be for the moment but you have also said, and I can’t remember if it was in a speech or in evidence, that there are things about to happen, such as the restoration project and future co-operation with the Lords, which might change your view. Do you have a long-term view of what the structure ought to look like?

Mr Lansley: I do. You may recall that at the Commission, probably in the April meeting, we agreed that the appointment process for Robert Rogers’s replacement would be conducted on the basis that there would be appointment to a Clerk who was also chief executive. In recognising the issues that arise in relation to that, we agreed that we should conduct a review, and you are conducting such a review.

One of the principal motivations for that review, certainly from my point of view and accepted by some other members of the Commission, was that some years hence, when we embark on the restoration and renewal project, we will seek to do so on a Parliament-wide basis. That project will doubtless have separate project management, but it would be helpful if that project also had one customer.

That begs a question, because at the same time we are moving progressively with things such as procurement, information technology and security to joint working between the two Houses. I think it is inconceivable as things stand that the two Houses would have one Clerk or one Clerk's Department, but it is not inconceivable that there could be one administration on the estate as a whole, which would enable us to have one customer and all the efficiencies that might be gained by having such a united administration.

In my view, it was only under those circumstances that the gain from having a separate administration from the role of Clerk justifies what would otherwise become the dislocation between the Clerk's role and that of the chief executive. In a sense I am trying to have it both ways. I am trying to have it one way now and possibly another way in the future. It is a reasonable proposition to ask when the benefits come from dividing the administration from the Clerkship, and I think only in the circumstances where the two Houses have agreed to do it collectively.

Q320 Chair: I don't want to put words into your mouth, Mr Lansley, but what you are suggesting is that maybe we should consider both immediate short-term, medium-term and a longer-term arrangement.

Mr Lansley: Yes, I am indeed.

Q321 Mr Heath: I have a brief question for George. You are very clear that the Clerk should retain the chief executive role, albeit with a chief operating officer. It occurs to me that the difficulty with that is that whereas whenever this appointment happens you have a choice of who is the best possible Clerk for the institution, you are very unlikely also to have the opportunity to choose who is the best possible chief executive. The range of people who have clerkly function abilities is unlikely to be the same range of people for the chief executive role. Are we inevitably tying ourselves to just a single candidate, if that, by retaining the two together?

Sir George Young: I agree with what Andrew said, that the previous Clerk had the whole range of skills necessary to perform both the chief executive role and that of the Clerk. Whether it is reasonable to continue to expect that to be the case as it becomes more and more complex to run this place, I am not sure. Was your question about timing, namely that you do not choose them at the same time?

Q322 Mr Heath: No. You said that one of the key questions is whether it continues to be realistic to expect to find one person holding these qualities. I put to you that your answer to that is probably no.

Sir George Young: Yes, that is the case. I think a Clerk would welcome what the Committee is looking at, namely removing from his shoulders some of the current responsibilities. That is why I think the notion about interfering is the wrong dialogue. This is somebody who is helping the Clerk achieve his objectives. The selection process for both jobs would select somebody who was good at working with other people, good at delegating, someone who was not going to interfere the whole time. That would be part of the job qualification, as it were. I see two people working in harmony and the Clerk actually being quite relieved that some responsibilities have now been delegated to someone else.

Q323 Jesse Norman: Mr Lansley, you made some stringent criticisms of the appointment process in your speech in the Commons debate on the issue. You called for the current appointment process to be scrapped among other things. You also said: “It is particularly regrettable that Mr Speaker sought expressly to water down the 2011 requirement in the job description that the Clerk should have ‘detailed knowledge of the procedures and practices of the House.’” We have been given cause to wonder whether that is true. Can you give us some more evidence? Are you sure you meant that?

Mr Lansley: Yes. Frank will recall that the Commission said at its meeting—I think it was the April meeting—that we were looking for the appointment process to be conducted, as far as possible, on the same basis as 2011. Subsequently, a number of changes were made to what was decided at the Commission meeting. Part of that was changes to the structure and the wording of the job description. Another part of it was that we decided not to employ head-hunters, but it was subsequently put to us that we should employ head-hunters. As it happened, as part of that process the previous job description referred to a requirement that the applicant should demonstrate a “detailed knowledge” of the procedures and practices of the House. In the draft that came round from the Speaker’s Office, that was changed to “awareness of”.

There was subsequently—how can I put it?—an exchange of views. As part of a conversation I had with the Speaker, I made it clear that I could not accept “awareness” and I would not accept “understanding”. In the context of an agreement to allow for head-hunters to be employed, I accepted that the description would move to “knowledge of”.

As a panel, we agreed—I was party to this—to work collectively and reach a collective view. That was before the panel met. It is important to recognise that in an appointment process you work to the job description.

Chair: Of course.

Mr Lansley: To some extent, therefore, the panel started on a basis that clearly was not the same as it was in 2011. Indeed, I was unhappy about that. That was one of the reasons why the subsequent Commission decided, which you will see recorded in the Commission’s minutes, that all future decisions relating to the appointment of the Clerk of the House must be expressly agreed by the Commission itself, because that did not happen in the appointment process that had taken place.

Q324 Jesse Norman: In the light of your experience as a panel member, are there any other changes you would make to the appointment process?

Mr Lansley: Yes. I think we should have an appointment process agreed before the vacancy arises so we can determine how we go about making senior appointments.

Chair: That's a very revolutionary idea.

Mr Lansley: I know.

As it happened, one of the other debates was about who the members of the panel should be. It would have been more in keeping with what Tebbit recommended for there to have been a different weighting in the panel of external members who were in a position to bring expertise of precisely these kinds of appointments, analogous, for example, to permanent secretary appointments in the civil service.

Q325 Jesse Norman: Sir George, what process do you think future recruitments should follow? Specifically, would you support pre-appointment hearings for the most senior posts in the administration?

Sir George Young: I am not sure about pre-appointment hearings for that. I can see that the House wants to hold the Government to account when they propose certain appointments in the public sector, but that is slightly different. It is an appointment process that is being conducted by the House itself, possibly with people it has elected. It is a slightly more circular process than a normal pre-appointment hearing, in which the House of Commons holds the Executive to account. Therefore, I don't think the case is as strong.

Q326 Jesse Norman: Mr Doran, did you want to say something?

Mr Doran: I agree with George.

Q327 Ian Paisley: Do you have a view on the desirability of increasing shared services between the Commons and the Lords, and how do you see that working out?

Mr Lansley: As I implied, I think we have to go in that direction. As a member of the Commission and as the Leader of the House, I made it clear that I feel the House should apply to itself the same kind of budgetary rigours that are being applied to other public sector organisations. That may or may not prove to be the case in the next Parliament. We will have to see. If it does, and if those savings are to be achieved and the efficiencies of the House are to be maximised, it can only be done by maximising shared services with the House of Lords.

Q328 Ian Paisley: Do you see that leading to one accounting officer overall?

Mr Lansley: In the long run—coming back to the point about the short run and the long run—it would be reasonable to assume that you would end up with one accounting officer for both Houses.

Sir George Young: I set up a joint meeting of the Audit Committees, because both Houses have Audit Committees, and that was felt at the time to be a very radical process. I am in favour of that. The answer to the broader question is: if we go ahead with a restoration project, there will have to be a special vehicle to manage that, involving both Houses. That, itself, may then begin the transformation towards more joint delivery for whatever then emerges in a new building, if and when we get there.

Mr Doran: The other key issue is buy-in from the Lords. At the moment, there does not seem to be a lot of enthusiasm on their side.

Ian Paisley: It is a means to an end.

Chair: Thank you. I am sorry that time is pressed. We are very grateful.

Examination of Witnesses

Witnesses: **John Manzoni**, Chief Executive of the Civil Service, and **Michael Whitehouse**, Chief Operating Officer, National Audit Office, gave evidence.

Q329 Chair: Mr Manzoni and Mr Whitehouse, thank you for coming. Apologies for the slight wait. As I explained, we were aiming for this session to run for 45 minutes. It is possible that there will be a vote around 6 o'clock. We will do our best to be brief in our questions. We have asked you here because you have great expertise but also because we are having to grapple with a two-board model in quite a complex organisation, and you both have two-board models. What have your experiences been? What is essential to ensure that these two boards work effectively?

John Manzoni: Let me preface my remarks by saying that I have been in the government for precisely nine months. My personal view is from 30 years of private sector experience. I do not usually call them two boards in the private sector; I call them a board and an executive committee. That is how I would characterise them. The board is usually the collective body, made up of a combination of executive actors and non-executive actors. The mix of skills is, of course, important. It is essentially disposing on the propositions made by the Executive. The executive group below it is usually headed by the chief of the executives, who is also often times sitting on the board above.

In this context, the management committee or whatever it is called is usually an executive body. In this case, I think that we have some non-executives in there, although I am more used to seeing the non-executives in the higher body. Those are the people who generally run the operation. What is probably most important is that the members of what I call the board, as opposed to the executive committee, do not attempt to play in the space of

the executives. The board usually has lots of different experiences; it brings that experience to bear on the issues and understands what its role is. It plays that role as a board.

If members of the board individually choose to play in the executive space, it usually causes all sorts of chaos.

Michael Whitehouse: I agree with all that Mr Manzoni says. We have a board within the National Audit Office that has been in existence for about five years, and we have what we call a leadership team, which is the executive of the NAO. It is a bit more complicated in the case of the NAO because the chief executive, the Comptroller and Auditor General, is a statutory officer of the House of Commons, so he has statutory responsibilities, which do not come within the purview of the board as such. What the board does is give assurance on our overall strategy, our resourcing, our capability and the progress that we are making with our business plan and strategy. As you will be aware, we also have the Public Accounts Commission, which meets twice a year, when the Comptroller and Auditor General, the non-executive chair of the NAO board and I go to present the strategy and the forward budget. We are held to account in that way. It is important that you have a connection between the board and the executive, so the Comptroller and Auditor General and I are members of the board.

Q330 Chair: Who chairs the board?

Michael Whitehouse: There is a non-executive chairman. At the moment it is Sir Andrew Likierman, and it will be Lord Bichard from 10 January 2015. The non-executives are obviously in the majority. There are five non-executive members and four executive members.

Q331 Chair: Can you put papers to the board without them having to go through the Comptroller?

Michael Whitehouse: I have never had to do that, but if I wanted to, I could.

Q332 Chair: This is the last question from me, and I thank you for your very helpful note. Looking at your role as COO, you seem to be responsible for a lot of the operations of the NAO. Do you carry those out autonomously of the Comptroller, even though you report to him?

Michael Whitehouse: It is a difficult one to answer. In theory, yes, but the nature of the relationship that I have with the Comptroller and Auditor General is very close. We discuss these issues at length, and it is a very good working relationship. I think that is very important. I am held accountable for the implementation of the NAO strategy and ensuring that there is sufficient resource and skill within the organisation. I stress that the Comptroller and Auditor General is the accounting officer and chief executive of the organisation.

Q333 Chair: Was that delegation determined by the commission, by the board or by the Comptroller?

Michael Whitehouse: By the Comptroller and the board.

Q334 Sir Oliver Heald: Mr Manzoni, the Cabinet Secretary is senior to you in the ranks, isn't he?

John Manzoni: Yes, very clearly.

Q335 Sir Oliver Heald: Do you find that that in any way hampers you in your role as chief executive?

John Manzoni: In the month that I have been doing it, no. There is no reason why it should. The key to this is, first, clarity of accountability and clarity of delegation. Structurally, we must be clear that people are doing different jobs. Having got that clarity, it is up to individuals to behave in the right way. It is about picking individuals for the different roles who understand how to behave, because there are always going to be areas of overlap. So far, I have found absolutely no issue, and I don't foresee any issues. I am doing a different job.

Q336 Sir Oliver Heald: Here we have a Clerk who is a very senior figure in the House administration, and some people are suggesting that there should be a chief executive, too, albeit lower down the hierarchy and reporting to the Clerk—in effect, the chief executive would be just under the Clerk. From your experience of business-type people and the sort of people you might recruit as a chief executive, do you think that that is an impossible model? Or do you think it is workable?

John Manzoni: I am bound to say that it is workable because I am in that position, but I do actually think it is workable. It rather depends, of course, on the nature of the two roles. As I understand it—and I am by no means an expert—on the one hand you want somebody to run things downwards, and on the other hand you need somebody to provide the constitutional advice and all those things. Those are two very different roles. There is no reason why those two things cannot be done by two individuals.

Q337 Sir Oliver Heald: What do you understand as the difference between a chief executive and a chief operating officer?

John Manzoni: Well, it varies. In my private sector experience, I would define usually a chief executive as the place in the organisation where—so, looking from below, an organisation is often structured in sort of line departments, delivery entities, and functional departments, with people looking at the professional standards across the organisation. The chief executive is where those two things come together, usually.

The chief executive is the senior-most executive actor in a private sector company and oftentimes—always, in fact—is sitting on the board above. There are instances where other executives also sit on the board. The chief financial officer is common and then, less common, but quite often, other executives are also sitting in a capacity on the board. But the

chief executive is essentially very clearly their boss, and that is how it works in the private sector.

Indeed, I am operating in a slightly different model today, because the public sector is more complex.

Q338 Sir Oliver Heald: You are a Permanent Secretary. Are you the accounting officer for the matters you deal with?

John Manzoni: For the matters I deal with, I am an accounting officer.

Q339 Sir Oliver Heald: Mr Whitehouse, what would you see as the normal support arrangements for a chief exec or a chief operating officer, in terms of the posts and teams directly reporting to you?

Michael Whitehouse: If you take the experience of the NAO, we have streamlined a lot of our back-office functions and our overall structure, so in terms of direct reports to me on a day-to-day basis, it would be the chief finance officer, the head of resource and the director general responsible for the quality of the NAO's products. Those are my direct lines. Also, there is our head of strategy. That does not mean that I do not have leverage over the people at the front line. We have about 50 directors within the organisation who are responsible for the products that the NAO produce and the relationship that we have with different Government Departments and the work that they do for the Public Accounts Committee. I do not have a direct relationship with them, but I have the authority to talk to them and ask them questions about their performance. In so doing, I would be working with the total NAO leadership team, but I do have that right of access, that right of questioning and the right of influence.

Q340 Mr Watts: What tools and authority do you think a chief executive needs to effectively deliver change in an organisation and to deliver good quality services?

John Manzoni: Let me just try on this. Leadership qualities is where it actually all starts. I do think there needs to be some level of clarity of accountability and delegation to that individual, but by no means does that—normally, in the private sector they have, as I have mentioned, everything reporting to them. I am operating now in an environment where I do not actually have everything reporting to me. I have a number of functions and other activities reporting directly to me, but actually, just as with Michael, one relies on influence and credibility; relationships are critical; communication skills—all those things that can get things done in an organisation, because whatever structure you put around almost anything, it always comes down to human beings and relationships.

I put leadership at the top. I think one needs some clarity. You need to be accountable for some specific things. If you are just floating in the ether, that is not going to be very helpful, so you need to have some things that you can use to leverage. And then I think it is about credibility and relationships.

Q341 Mr Watts: Do you feel that you have to be absolutely clear about delegation? Who is responsible for delivery and do they have to be accountable to you, if you are the final arbiter of whether something is effective or not?

John Manzoni: Well, in the private sector, yes. This is a more complex environment. I am operating today as the chief executive of the civil service, but I do not have direct reports of all the Permanent Secretaries. I have direct reports of the functions in the centre of Government—so the technology function, the human resource function, the commercial function and all of those things. I also have an input into the assessment, appraisal and, therefore, the future of the Permanent Secretaries and I talk with the Cabinet Secretary. The relationship that I have with the Cabinet Secretary is absolutely critical, just as it is for Michael. In this instance, I do not have all of the levers, but I am not sure that I would either wish to have all the levers or that it would make a lot of difference. It depends on how I choose to operate.

Michael Whitehouse: I would agree totally with what Mr Manzoni said. I think it is about the quality of the information that you have. The important thing for any successful organisation is that people feel empowered, there is clarity about what they are responsible for, there is a chief operating officer and that the channels of information that come to you—some of them may be formal and some informal—are sufficiently sophisticated that you can begin to see where things are either being very successful or are not working as you intended, so that you can be a bit ahead of the curve in terms of the interventions you might need to make.

Q342 Mr Watts: What happens when something goes wrong and you have identified it as going wrong? Do you not need levers to pull to make effective change?

Michael Whitehouse: Of course, if you see something go wrong you have to take action as quickly as possible and there are different ways in which you can take the intervention that may be needed. In my case, it may be an issue around the quality of a product. The leverage I have with the individual teams and the different people within the organisation is that I can hold them to account, I can initiate things and I can initiate remedial action, but I don't have something precise or easily defined. A lot depends on the nature of the problem you are dealing with.

Q343 Mr Watts: The point I am trying to get at is if something has gone wrong and you have identified where it is wrong, haven't you got to have the ability to make that change? That may mean structural change or staff change, but you have got to have some power as well as everything else.

Michael Whitehouse: I agree totally. If there was a structural change needed, I would refer that to the Comptroller and Auditor General for discussion and our wider leadership team and we would agree as a group the change needed. In some instances, immediate action may be needed. That may be a coping action before you get to a longer-term solution, in which case, I would probably make that decision, which I have the authority to do.

Q344 Jesse Norman: Mr Manzoni, will you characterise the difference between a CEO and COO? You said the CEO was the point at which the functional and the line management roles met. What was the contrast with the COO? Was it purely line management? You didn't quite fill that out.

John Manzoni: No, I didn't. It is different in Government, as many things turn out to be different in the public sector. In the private sector, the COO would normally be, on behalf of the CEO, overseeing most of the line activity and delivery activity. They are the chief operating officer so they are in charge of the operations, and the CEO would have functions such as strategy, technology and other things coming, and would then have a sort of span-breaking COO. That is the normal private sector practice. It is not thus here.

Q345 Jesse Norman: Is there a meaningful difference, just to be clear, in Government, or can we pass over that?

John Manzoni: We have declared some COOs in Government—Michael is one—but some Departments have COOs. It turns out that in the public sector, the COOs are more normally in charge of several of the services and functions in the Department, which is quite the reverse of the private sector. That is just how it has evolved.

Q346 Jesse Norman: That is very interesting. Obviously you have limited experience now, but just from what you have seen, can you talk a bit about whether there are particular constraints to being a chief executive in a political environment?

John Manzoni: There are differences. The agenda is perhaps a little more apt to change.

Jesse Norman: We enjoy that, if I may say so, Mr Manzoni.

John Manzoni: The priorities tend to adjust a little quicker. If I may say, I think that one of the roles of leadership in any organisation is to sort of absorb the exogenous changes and to make it okay and clearer for everybody below.

Q347 Jesse Norman: Even when you are having your chain yanked by politicians of different codes.

John Manzoni: Absolutely. One of the issues for us in the civil service, and maybe why a chief executive post has been created, is that maybe we can create a little more capacity to absorb all of that and make it okay for people who are doing really difficult things over a long time frame and who have to be organised to do that. That is part of the role of leadership.

Q348 Jesse Norman: That is potentially very interesting in the context we are discussing.

I just have a final question for you, Mr Whitehouse. In the NAO, how do you manage without interference the professional responsibilities of the Comptroller and Auditor General versus, as it were, those of the chief executive?

Michael Whitehouse: If you go back to our model, the Comptroller and Auditor General is the final arbiter on decisions relating to the products that come from the NAO. The principal products are the audit opinions of the financial accounts of each Government Department and agency and the value for money report that is presented to the House. He has a statutory responsibility for that and takes it very seriously. His focus is very much on ensuring the quality of the product. Every account and every value for money report requires his individual sign-off.

Q349 Jesse Norman: That is his primary purpose.

Michael Whitehouse: That is his primary purpose. That means that I have to be confident that I am delivering for him an organisation that ensures that the primary products coming to him are of appropriate quality.

Having said that, those two roles cannot be completely divorced, because we are constantly talking about the quality of the output and the strategic direction that we are taking the organisation in. Again, I would agree with Mr Manzoni that the role of the chief executive is to determine the strategy, so Sir Amyas Morse very much determined the strategy and the direction of travel for the organisation in consultation with our board. I am making it happen, but I cannot make it happen unless I have a really close working relationship with Sir Amyas.

Q350 Jesse Norman: But there is real scope for a punch-up between you.

Michael Whitehouse: I don't think there is. We have never had that. We may have frank discussions behind closed doors, but we are very much a team. I think we are successful because we are that team.

Q351 Jacob Rees-Mogg: Continuing, Mr Whitehouse, on that point, you do not clash with the Comptroller and Auditor General, but is that really down to your personal working relationship? Are the structures set up to some extent to allow clashes to happen with the blurring of lines between responsibilities? Or do you feel comfortable that, even if you did not particularly get on, the lines are sufficiently clear that you would not clash?

Michael Whitehouse: I am fortunate that we do get on very well, but if there were circumstances in which we did not, I have access to the non-executive chairman and to the board, of which I am a member. I am confident that the nature of that relationship is such that if I wished to raise an issue or if I was not happy about something, I would have the ability to do so or be so. That is more or less set out clearly. I have not had to action that in any way.

Q352 Jacob Rees-Mogg: The next question is really to ask you both what skills are needed for a good chief executive or a good chief operating officer. Could you also possibly mention whether you think we get too tied down with private sector titles when we are trying to do something in the public sector that is fundamentally different? Mr Manzoni, you almost touched on that in a previous answer.

John Manzoni: In answer to your first question on the required skills for a chief executive or, to some degree, a chief operating officer, No. 1 is leadership and No. 2 in this context is that one has to understand how to get things done in large, complex organisations. I do see examples of people knowing how to get things done in small organisations, but getting things done in large organisations usually involves different skills. Small organisation tactics in large organisations is a bit the same as the board coming in at some level. An awareness of understanding of how organisations work, depending on the nature of the organisation, matters, and of course communication and all those things also matter.

I am not sure: I define my own role basically through an execution lens. Government do a lot of things. I can add no value as a chief executive from the private sector into the policy-making structures; there are people who are far better at that than I am. But what I can bring is a lens called, “Actually, I know how to make things happen with people, with organisations.”

I think much of the same things that make things happen in the private sector—frankly, if I’m honest, we could build that muscle in the public sector a bit more than we have today, which I assume is why I’m here. It is about clarity, accountability and delegation, and I would say that in those three areas there are opportunities for improvement.

Q353 Mr Heath: Could I ask Mr Whitehouse a question? I am intrigued by this relationship in the National Audit Office. I am worrying about whether we are getting hung up on titles. If you were not titled chief operating officer but you were titled chief executive, and the Comptroller, with his royal appointment, carries on comptrolling and you get on with running the organisation, would it make a blind bit of difference to the fact that you were called chief executive, rather than COO?

Michael Whitehouse: I think it would, to an extent. I take your point about the Comptroller continuing to comptrol. There is an important point to be made. I am struck by what Mr Manzoni said. This ability to have the time and space to think more widely, to think about the direction of travel of the organisation, to have that vision and understanding of where you want to take the organisation in the evolution of its strategy is an important role that the chief executive has, and it needs to be clear that that is vested in one individual. I call that individual the prime mover, who presents those ideas to the board and takes them forward. So, I don’t know if I have answered your question, but I think there is a difference, and in my case—my world—it is different because of the nature of the statutory responsibilities that exist with the Comptroller and Auditor General in that post.

I am also struck by Mr Manzoni’s point. I think the role of the chief operating officer, to get away from the title, is really to make it happen, and there is a certain skill set that goes with that, really. I think it is both tactical and strategic; it is about communication. It is about

taking hard decisions when you have to take those hard decisions, and I do think that there is something about it. You can't divorce it from strategy; you have to understand the vision of the organisation and sign up to it. But you have just got to make it happen.

In answer to Mr Rees-Mogg's question, I think that we get hung up on titles in the public sector. I was struck by evidence you took from Lord Browne, and I think that it has been echoed by other witnesses. It is this clarity about what you are seeking to achieve. You are very clear about that; you take a long-term view; you understand the journey to getting to that vision; it is very well-thought through; and people know in the organisation what their responsibilities are and how they are held to account, and you support them.

Q354 Mr Heath: Mr Manzoni, you made the point about what private sector experience brings to the role. Do you think that is an essential factor for a chief executive to have, or are there other factors that are equally evident within the public sector and that would equally inform the role?

John Manzoni: My observation is this: this is no position at all, but I believe that, having spent a long time in the private sector brings a fresh perspective on issues associated with implementation, which I think is beneficial to the public sector, if I may say so. I think it adds to the mix a bit, because I see things through a slightly different lens than I perhaps would if I had spent a career in the civil service. One isn't right and one isn't wrong, but I think the blend of these things is actually beneficial.

By the way, it doesn't matter what you're called, in my view. Provided that the structure, the accountabilities and the delegation are clear and that people are behaving in an appropriate way—as I have emphasised several times—provided that happens, it does not matter what you are called, just get on and do the job. At senior levels, it really should not matter.

Q355 Valerie Vaz: Lord Browne is resigning because he found it hard to make Government like business—that is what he is saying—so we need to clarify what he means.

It is interesting what you said, Mr Manzoni, about getting things done. I think a lot of civil servants out there will be very upset by what you say. It is almost implying that nothing got done until you came. I am not quite sure whether your comment was about getting things done, or getting things done quicker.

John Manzoni: I think those are your words, not mine. People are working extraordinarily hard; it is amazing how much does get done. Things could be done even better.

Q356 Valerie Vaz: Okay. This is an interesting model that we are looking at in the House of Commons, because it is different from what you have seen, both where you are currently and in the past, even in your statutory organisation. Given that you have had a look at the structure, what lessons do you think we could take away? What lessons could you give us about how we can move on from the structures that we have?

John Manzoni: I must admit that I am no expert in the particular issues that you are wrestling with, but from my read of your inquiry thus far, as I think I described at the beginning, there are lessons around there being two different roles that are trying to be performed. One is about the operation, if I may put it that way—it is more about the operation—and the other is about constitutional advice and has a very different mix.

My first point is that those two things are less likely to be found in an individual perhaps than in two different individuals. In many ways, and provided that it was clear and that both performed their different roles—having been defined clearly—the outcome might be better in two than in one, because that would allow each one to focus on different things. That is my first observation.

My second observation is that it would be more normal for the Commission—in this case, I think—to be the place on which external non-executives sat, leaving the management board or the one below primarily focused on the execution of the doing. I think we have it different today, as I understand it. Those are just two things. We can have a conversation about which one is on top and all of those things, but in some senses the role at the top is usually performing the primary purpose for which the organisation is destined, and the one below, whether you call it a CEO, a COO or whatever, is getting it done. I offer those thoughts, too.

Q357 Valerie Vaz: Ultimately, it is the person who has been elected, would you say, or not?

John Manzoni: Doing?

Valerie Vaz: The final arbiter—the person at the top who makes the final decision for the Commission.

John Manzoni: I am insufficiently qualified to make a statement in this particular context, to be honest. I just do not know.

Michael Whitehouse: Again, it is good that we are in agreement on most of these issues. I would agree as well. I would expect to see non-executive representation on the Commission, although less so on the management board—I forget the exact terminology.

What works well in my organisation—I think it would be mirrored in the House—is the link in your world between the Commission and the management committee. You have to have that link. If you do not, I do not think the organisation works effectively. I would expect the chief executive or Clerk, whatever the post is, to be a member of the Commission and, as the accounting officer, accountable to that Commission and ultimately to the whole House.

The only other thing I would say is that it is always important to look at why an organisation is successful and to maintain that. My original subject was history. The Westminster Parliament has such a strong tradition of strong legislative scrutiny and holding to account, and it is about how you maintain that and grow it for future generations. So I think that is an important issue for me.

There has been a lot of discussion about the operational running of the House. Of course, any future refurbishment will be important, but a lot of people know how to do that and what is very important is maintaining the quality of that scrutiny.

Q358 Valerie Vaz: The skills that you mentioned, such as leadership skills, can be grown internally through secondments. Do you feel that there are enough people here who can do that?

John Manzoni: I will give you my observation, although I am not setting out anything that I have not already said. I am actually rather surprised that we do not have the structures inside the civil service today which grow delivery skills. We do not have professions or a structure in the civil service where a 25-year-old can come in and spend a career doing increasingly complex implementation, because actually what we promote is policy skills or private secretary skills or something else. That is the balance that I was talking about.

Q359 Valerie Vaz: There is—I think you need to ask the right person. The school of government trains people up, and when I was a civil servant we used to have a skills audit; the key thing is money and training. Mr Whitehouse, can you have skills inside and grow them?

Michael Whitehouse: I started my career in what was the Exchequer and Audit Department in 1979, so I have been around for a long time, but I was fortunate that, during my long career—I trained as an accountant, as everyone does at the National Audit Office—I spent four years in other organisations both in this country and internationally. As Mr Manzoni said, that was not necessarily in implementation skills, but in other skills that I am now able to bring to this role.

I certainly agree that, without sounding arrogant, you have to have a degree of intelligence and an ability to ask the right questions and to understand how organisations operate. The nature of the NAO's work is quite interesting, because it enables you to look at organisations and what makes them successful and less successful. I have been ably supported to use that skill in the role that I have now. So I do think that you can grow that.

Valerie Vaz: Thank you both.

Q360 Jacob Rees-Mogg: Mr Whitehouse, I am very interested in how you have made the relationship with the Comptroller work, because it seems to me that personality is crucial in this. If there were a chief executive who was not a Clerk, we would have a quite sharp break from what had happened previously and that may not be welcomed by the people who were overlooked. When the Comptroller came in, did everyone in the organisation think, "Oh good, we have got a very good person in," or were there any problems at that point? Did you have to overcome any internal difficulties or resistance in order to get on with him?

Michael Whitehouse: The answer is no. If I am very frank—I know the organisation very well—Sir Amyas Morse came from running a global company, and I think that the

feeling within the organisation was that this was a man who would come in and change everything and introduce commercial principles very quickly. That is not what Amyas did. He looked at the organisation and decided that it was not broken—things could be done a lot better, but it was not broken as such. We embarked on a strategy to build on what we had and we wanted to do it at an appropriate speed. We did not do everything overnight; we had a plan about what we wanted to achieve, but we considered the pace of change very carefully.

We were fortunate in that, as I said, the organisation was not broken. I appreciate that in different circumstances—I am not saying this about the House in any way—you have to come in and work more quickly, but we were fortunate that we did not have to do that. Sir Amyas's approach gained considerable buy-in and confidence in what he was seeking to do, although not for everyone. Over the last five years, at various stages, we have made some radical changes to how the organisation operates and how it is staffed—a number of people have now left the organisation—but we have done it at the appropriate time, so it has not been rushed.

Again, I do not know whether I am answering your question, but I would stress again that it was very fortunate we got on well from day one. For me, having been somebody who worked in the NAO for most of their career, I had confidence that he had the interests of the NAO at heart and wanted to make it more successful. I think he has succeeded in doing that.

Q361 Jacob Rees-Mogg: And there was no initial underlying irritation that it had not been an internal appointment, but that it had been somebody from outside? Or was there a bit of that, but actually, he was very good at personally overcoming it?

Michael Whitehouse: I don't know. To my knowledge, I don't know of any internal candidates for the post. In fact, I know that that was not the case.

Jacob Rees-Mogg: That is very helpful.

Q362 Chair: You will know that we are wrestling with this issue. It has been in the line of questioning: splitting these two roles and what the relationship should be if we do decide on a split. We had a note of evidence from Mark Addison. He was chief executive of the Crown Prosecution Service, and David Calvert-Smith was the Director of Public Prosecutions. One of the points that came out was that the DPP was the accounting officer, but the chief executive of the CPS was an additional accounting officer. I assume there is an accounting officer for the Comptroller and Auditor General.

Michael Whitehouse: Yes, the Comptroller and Auditor General is the accounting officer. We are subject to external audit by a firm of auditors that the Public Accounts Commission appoints.

Q363 Chair: Would it work—I asked Mr Manzoni a similar question—if you were an additional accounting officer?

Michael Whitehouse: No, it comes back to the clarity of responsibility. I know what I am responsible for to the board. This is a personal view, but I am not in favour of having an additional accounting officer.

Q364 Chair: Mr Manzoni, is the Cabinet Secretary, whom I think is your line boss—

John Manzoni: One of them.

Chair: It is the person through the green baize door, but in a different respect. Who does your annual appraisal?

John Manzoni: The Cabinet Secretary.

Q365 Chair: Fine. With input from the chap next door?

John Manzoni: I think from all sorts of people. I have not been through one. But he is my boss.

Q366 Chair: Is he an accounting officer?

Michael Whitehouse: As far as I know, no, he is not.

Q367 Chair: It is quite important, because my understanding was that in the old system it was the permanent secretary, or the person who filled that post in the Cabinet Office, who was responsible for the Cabinet Office's budget, which, among other things, pays the wages.

John Manzoni: That is true today. Richard Heaton is the permanent secretary and is an accounting officer in the Cabinet Office.

Q368 Chair: And that includes the Cabinet Secretary's office.

John Manzoni: And the Cabinet Secretary.

Q369 Chair: So here we have a model where the person who is at the apex of the official Government system is not an accounting officer.

John Manzoni: I make no comment. I do not think he is. I know Richard is, and I know I am.

Q370 Chair: I am not sure what he would be accounting officer for. Do you know the answer to that question, Mr Whitehouse?

Michael Whitehouse: Are you talking about Richard Heaton?

Q371 Chair: Is the Cabinet Secretary an accounting officer for anything?

Michael Whitehouse: I think Gus O'Donnell was. I am not sure.

Chair: It would be useful to find out the answer to that question. You understand why I am asking. I thank you very much indeed. Your evidence has been really helpful.