



HM TREASURY



Review of corporate governance in central government departments





Corporate Governance Review

- To review and refresh “Corporate governance in central government departments: Code of good practice” (the “Code”)





Drivers for review

- Timeliness
- Increased emphasis on tone from the top
- Perceived shortcomings in practice
- Departmental families
- Focus on delivery
- Transparency and accountability





Progress to date and timing



- Updated Code to be issued in second half of 2010
- Project has been signed off by Nick Macpherson and Gus O'Donnell
- Steering Group chaired by Alex Allan (Cabinet Office)





Going forward...

- Engagement with stakeholders, including Perm Secs, FDs, AOs and Board Members
- Arm's Length Bodies (ALBs) and their relations with departments
- Road test possible changes with key stakeholder groups
- Roll out and implementation





Approach

- What does good governance look like?
 - Right leadership and tone from the top (effective board)
 - Systems: assurance over decision implementation, use of funds and achievement of outcomes
 - Right culture and values
 - What does an effective departmental family look like?
- What are the current weaknesses in the Code?
- What are the areas that need to be improved in the Code?





Key areas of possible change

- Clarification of board function and purpose
- Clarification of the roles of board members (AO, FD, execs, NEBMs)
- Clarification of the role of the Minister in relation to corporate governance
- Focus on tone from the top
- Strengthened role for NEBMs





Key areas of possible change (cont.)



- Guidance on relationships with ALBs
 - Professional families
- Accountability
 - comply or explain
 - board effectiveness
 - appraisals
- Effective system
 - Enhanced secretariat function
 - Guidance on board papers, reporting and more effective use of subcommittees
- Emphasis on induction, training and development of board members
- Emphasis on risk management
- Machinery of Government changes





HM TREASURY

Robert Davidson

Project manager

0207 270 5520

robert.davidson@hmtreasury.gsi.gov.uk

Ayan Man

Project team member

0207 270 5784

ayan.man@hmtreasury.gsi.gov.uk

