

FEE Roundtable

The good governance standard for public services, how it was developed and is being used

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The purpose of this session

- **This contribution to the discussion is about the practical and political challenges of developing and enforcing a good governance standard.**
- **I will take you through the development and dissemination of the Good Governance standard that you have heard about earlier today from Ian Carruthers.**
- **I will then explore the use of the standards and the challenges of getting everyone to use it**

Research and consultation questions

How well is public governance working for the 450,000 people who are involved on boards of organisations providing public services*?

Research published -

'Rubber Stamped?' The expectations and experiences of appointed public service governors J Steele, G Parston, OPM 2003

Control or charade Boards of housing associations S Platt, J Smyth NHF 1994

(* Public services are provided by organisations in all sectors, public, charitable, mutual, private, for profit)



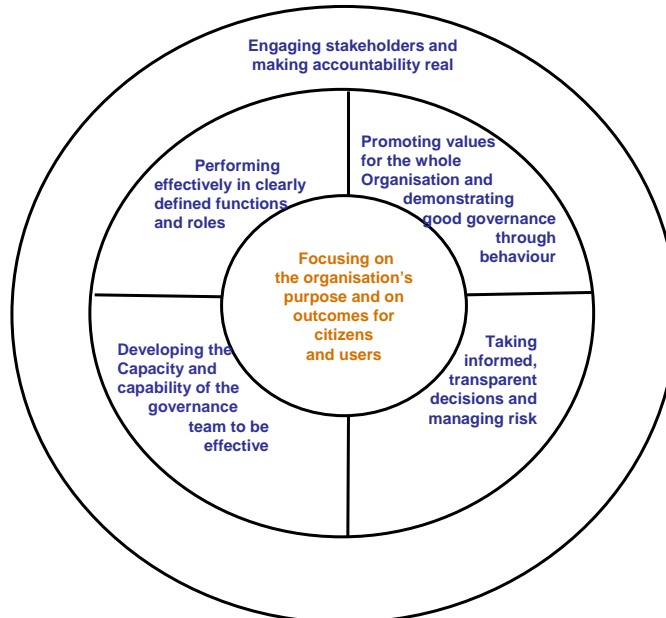
Many governors

- Do not/cannot hold the executive to account
- Are confused by the mix of stakeholders
- Find it difficult to build relationships to improve accountability
- Are more reactive than proactive
- Are not strategic
- Easily get into situations when they are adversarial and making assumptions about management
- Lack confidence to ask for better information to inform decisions
- Do not/cannot exercise effective stewardship or oversight



Action required?

- clarifying the purpose of governance and role of the governor
- expanding the supply of governors
- improving governor induction and performance
- Improving the governor-executive relationship
- *development of a common code for public service governance*
- *Which was published in 2006 and reviewed in 2008 (no changes made). It is the foundation for many different governance codes for different public services in all sectors.*



Six core principles

- 1. Good governance means focusing on the organisation's purpose and on outcomes for citizens and users.**
- 2. Good governance means performing effectively in clearly defined functions and roles.**
- 3. Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour.**



4. Taking informed transparent decisions and managing risks

5. Engaging stakeholders and making accountability real

6. Developing the capacity and capability of the governance team to be effective



Review of the standard in 2006

- **We reconvened the commission,**
- **examined governance codes and standards published by different sectors**
- **Surveyed people who used the standard**
- **Held a conference**



We noted changes in public policy – all of which have continued

- **More emphasis on commissioning**
- **A more mixed market of service provision**
- **More work through partnerships**
- **More choice of organisational form – community interest companies, a new interest in mutuals – different people becoming governors**
- **Public disenchantment and lack of trust in governing bodies**



Our findings

- The good governance standard is widely used especially as the basis of bespoke standards for different purposes
- However there is little appetite for a universally applicable standard – though there are strong reasons to support this
- There was no compelling reason to update it
- There has been a lot of interest from Africa and other parts of the world



What have we learned about developing and implementing the standard?

- The standard is valued, respected and useful
- Regulators like it ; as the current government in the UK reduces the burden of regulation there is a need for (local and national government commissioners to require good governance of all their different service providing organisations
- The focus on values and behaviours in the standard is very helpful; it is not a 'tick box' approach
- Sector organisations like to develop and 'own' their own bespoke standard
- The fact that ours was an independent commission acting clearly in the public interest was helpful
- There are advantages of the 'softly softly' approach as long as regulators and commissioners constantly require good governance of public services



The need for an overarching standard or code

- **To help the public to challenge poor governance**
- **To help governors to do a better job**
- **To support governors who serve on different boards in different sectors**
- **To support better partnership working**
- **For commissioners to use as a condition for approving new contracts**
- **For regulators and inspectors to use**