



Selfless, objective and accountable? Non-executive directors on government departmental boards

Stephen Crone, June 2011

Non-executive directors (NEDs) have been a feature of departmental boards since the formative stages of their development in the early 1990s.¹ Employed by Conservative and Labour governments alike, the directors are seen by many as a complementary addition to the machinery of Whitehall – valuable for the experience and ‘outsider’ perspective that they are deemed to bring to their respective departments. So far, the Coalition government does not appear to have deviated markedly from this view. In fact, it has already announced its intention to ‘beef up’ the role of non-executives by insisting that departmental boards should henceforth consist *equally* of ministers, senior civil servants and non-executives;² by designating new, ‘lead’ non-executives; and by investing non-executives with the power to recommend the removal of their department’s permanent secretary.³

These changes to the role of non-executive board members have not gone entirely unopposed. Shortly before the first tranche of new NEDs were revealed in December 2010, grumbles were reported from senior civil servants regarding the adverse consequences which the new boards could have on civil service independence.⁴ In April this year, meanwhile, the House of Commons Committee of Public Accounts – perhaps partly echoing earlier concerns – expressed the view that the NEDs’ new power to advise the dismissal of permanent secretaries may, in practice, unduly restrict the secretaries’ freedom of action.⁵

And yet, this fairly meagre criticism aside, there has been little parliamentary or media scrutiny of what is perhaps the most obvious source for potential consternation: namely, the new non-executives themselves.⁶ This is surprising – especially when one considers that even five minutes of the most elementary detective work immediately reveals a number of questionable appointments. Among these are the names of John Nash and Theodore Agnew – both recent arrivals at the Department for Education. Nash is said to have

¹ S. Parker, A. Paun, J. McClory and K. Blanchford, *Shaping Up: A Whitehall for the Future* (Institute for Government: 2010), p. 45.

² A majority of whom, it should be noted, are to be drawn from the private sector.

³ Enhanced Departmental Boards: Protocol, <http://www.cabinetoffice.gov.uk/content/enhanced-departmental-boards-protocol>.

⁴ ‘Mandarins resist business drive’, <http://www.ft.com/cms/s/0/62580d6c-07dd-11e0-8138-00144feabdc0.html#axzz1O9FDDqGm>.

⁵ House of Commons Committee of Public Accounts, *Accountability for Public Money (28th Report of Session 2010-11)*, p. 16.

⁶ The Committee of Public Accounts expressed concern that there had been no ‘proper appointment system ... in place’ for the recent appointees, but did not consider the suitability of the individuals thus appointed (*Ibid.*, p. 16.). The *Morning Star* was one of the few newspapers that did so (see ‘Money men enter the civil service’, <http://www.morningstaronline.co.uk/content/view/full/99217>).

commercial interests in private education; Agnew – a trustee of Policy Exchange – is considered to be one of the key figures behind Tory education policy. Between them, it is worth adding, the two have donated hundreds of thousands of pounds to the Conservative Party.

Why does this matter? Well, as with other people in public service, Nash and Agnew, as non-executive directors, are expected to uphold the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honest and leadership). And yet, in this instance, one could surely be forgiven for wondering how the two can be expected to discharge their duties objectively, when together they have so much invested – either commercially *or* personally – in a very specific set of (rather controversial) education policies. Similarly, one might question whether there is a possible conflict of interest in the Department for Culture, Media and Sport asking David Verey, a director of the Daily Mail and General Trust, to help steer the government’s media policy; or whether a non-executive director of Greggs the bakers and former CEO of Tate and Lyle is really the most suitable candidate to be entrusted with power at the department responsible for the nation’s food supply.

The overall problem, it seems, is that, in hastily parachuting in non-executive directors *en masse*, questions of suitability have been neglected by the government – or, worse still, ignored. Whilst many respected commentators, such as the Institute for Government, remain supportive of the role that can be played by non-executive directors, it is clear that greater efforts must be made in future to ensure that appointees are unfettered by potential conflicts of interest, and are therefore able to command the confidence and trust of the public.

Non –Executive Members of Government Department Boards (current as of 20 June 2011)

Listed overleaf are the current non-executive members of government departmental boards. Italicised names are the new designated ‘lead’ non-executives; starred names are those who were already in their respective roles prior to the current government’s first major re-shuffle in December 2010. Brief biographical details are noted on the right. Please note that although every effort has been taken to ensure the accuracy of this list, the departments’ own websites are not always up-to-date or entirely transparent (indeed, some have not been updated in months or, in some cases, years). Consequently, any gaps have had to be filled in using other, reliably-sourced information.

Department for Business, Innovation and Skills

<i>Andrew Witty</i>	Chief Executive at GlaxoSmithKline. Has also sat on Cameron's Business Advisory Group.
Julia King*	Career has involved work in academia and business. Was also appointed a Business Ambassador by Cameron.
Brian Woods-Scawen*	Chartered accountant, formerly of PriceWaterhouseCoopers. Now sits on a number of boards, public and private (including the CSPL).

Cabinet Office

<i>Lord Browne*</i>	Formerly of BP. Not merely the lead non-executive within the Cabinet Office, but also the Government's lead non-executive. Was given responsibility for bringing in new wave of non-executives from the business world.
Ian Davis	Career spent in McKinsey & Co.
Rona Fairhead	Chairman and Chief Executive of the Financial Times Group.
Dame Barbara Stocking	Chief Executive at Oxfam GB.

Department for Communities and Local Government

<i>Sara Weller</i>	Managing Director of Argos.
Stephen Hay*	Chief Operating Officer at Monitor; formerly of KPMG.
Diana Brightmore-Armour	CEO of Corporate Banking at Lloyds Banking Group.

Department for Culture, Media and Sport

David Verey	Senior adviser at Lazard & Co Ltd. Sits on the board of the Daily Mail and General Trust.
Peter Bazalgette	Creator of TV company Endemol. Is said to be a 'keen Conservative supporter [with]... parliamentary ambitions.' ⁷
Dr Tracy Long	Has served on the boards of various public and private sector organisations.

Department for Education

Anthony Salz	Executive vice-chairman at Rothschild; corporate lawyer. Governor of Wellington Academy – a state-funded school, sponsored by the public school, Wellington College.
John Nash	Former chair of Care UK; co-founder of Sovereign Capital. According to an article by the <i>Daily Mirror</i> , John Nash and his wife have donated £203,500 to the Tories; whilst his partner at Sovereign Capital, Ryan Robson, has donated £252,429.45. ⁸ The <i>Morning Star</i> also reports that Nash: 'is a businessman who regularly invests in private education companies. His private equity firm Sovereign Capital owned leading British private schools firm Alpha Plus and special needs school operator SENAD until a few years ago.' According to the paper, 'Nash's firm still owns international private schools firm WCL.' ⁹

⁷ 'The Right's 100 Most Influential', <http://www.telegraph.co.uk/news/uknews/1564630/The-Rights-100-Most-Influential-100-76.html>.

⁸ 'NHS reform leaves Tory backers with links to private healthcare firms set for bonanza', <http://www.mirror.co.uk/news/politics/2011/01/19/nhs-reform-leaves-tory-backers-with-links-to-private-healthcare-firms-set-for-bonanza-115875-22859373/>.

⁹ 'Money men enter the civil service'.

Nash was also at the centre of a scandal involving personal donations to then-shadow health secretary Andrew Lansley.¹⁰

Theodore Agnew

Career spent in insurance. Has donated £134,000 to the Conservatives between 2006 and late 2009; is a trustee of Policy Exchange; and has been a key influence on Tory education policy.

Dame Sue John

Headteacher.

Department of Energy and Climate Change

Paul Walsh

CEO of Diageo. Signed the Tory-orchestrated letters on National Insurance and spending cuts; accompanied Cameron on his trip to China, and has donated £10,000 to the Tories. According to Robert Peston, Walsh is 'widely viewed' as a Conservative supporter.¹¹

Commented last year that Diageo might consider relocating the company's operations elsewhere: "We enjoy being headquartered in London, but if the tax regime here in the UK becomes so *egregious*, either for corporates or individuals, we will have no option but to look at other alternatives," he told the BBC.¹²

Richard Reed*

Founder and CEO of Innocent Drinks.

Rob Whiteman*

Managing Director of the Improvement and Development Agency (IDeA).

Department for Environment, Food and Rural Affairs

Iain Ferguson

Chairman of Wilton Park, Non-Executive Director of Greggs, Former chief executive of Tate & Lyle.

¹⁰ See 'Tory health spokesman accepted £21,000 donation from private health firm boss', <http://www.dailymail.co.uk/news/article-1243579/Andrew-Lansley-embroiled-cash-influence-row-accepting-21-000-donation-Care-UK-chairman-John-Nash.html>.

¹¹ '35 Business leaders back Osborne's cuts', http://www.bbc.co.uk/blogs/thereporters/robertpeston/2010/10/35_business_leaders_back_osbor.html.

¹² 'Diageo hits out at UK tax regime', <http://news.bbc.co.uk/1/hi/business/8510025.stm>. Emphasis added is our own.

Alexis Cleveland* Career civil servant.

Bill Griffiths* Career in finance and management at Unilever, ICI and INEOS.

Department for International Development

Vivienne Cox Former Chief Executive of BP Alternative Energy; now works for Climate Change Capital.

Doreen Langston* Has occupied various roles in the City.

Department for Transport

Sam Laidlaw Chief Executive of Centrica. Accompanied Cameron to the Middle East and also sits on the Prime Minister's Business Advisory Group.

Ed Smith* Long career in Coopers & Lybrand (later PriceWaterhouseCoopers).

Alan Cook* Formerly the Chief Operating Officer of Prudential, CEO of National Savings & Investments, Managing Director of the Post Office.

Sally Davis* CEO of BT Wholesale.

Department for Work and Pensions

Ian Cheshire Chief Executive of Kingfisher; former Chief Executive of B&Q. Appointed to the DWP board in February 2011. Signed the Tory-orchestrated letters condemning Labour's 'jobs tax' and supporting Osborne's spending cuts. Accompanied Cameron on his visit to India.

Adrian Fawcett* Chief Executive of General Healthcare Group, 'the UK's largest private hospital and healthcare group.' Previously worked for Punch Taverns, Interbrew, Bass Brewers, Mars and Ford. Has been on the DWP departmental board since 2006.

Fawcett made the following written statement in September 2010: 'We are entering a new, exciting era, driven by the forthcoming healthcare reform that will ultimately change, *to our benefit*, the landscape in which we operate.'¹³

Helen Stevenson*

Chief Marketing Officer at Yell Group UK; formerly Director of Group Marketing at Lloyds TSB.

Department of Health

Catherine Bell

The press release from the Department of Health states that 'Dr Bell is a Non-Executive Director of the Civil Aviation Authority, United Utilities Group Plc and Ensus Ltd.' She joined the Health board in January 2011.

Mike Wheeler*

Has worked mostly for KPMG, where he became Global Leader of the Advisory Services Group. Joined Health board in June 2006.

David Heymann

Chair of the Health Protection Agency. Appointed to Health board in January 2011.

Peter Sands

Group Chief Executive of Standard Chartered Bank since 2006; formerly at the Foreign Office and McKinsey. Accompanied Cameron on his trip to China.

Chris Pilling

Head of HSBC Branch Network; former CEO of First Direct.

The Foreign and Commonwealth Office

Rudy Markham*

Has worked in various capacities for Unilever, AstraZeneca and Standard Chartered Bank, among other companies.

Julia Bond

Currently serves in a non-executive capacity on a number of bodies; formerly the managing director at

¹³ General Healthcare Group, *Annual Results for the year ended 30 September 2010*, <http://www.generalhealthcare.co.uk/GHG-PLC/PDFs/Annual-Results2010.pdf>.

Credit Suisse and director at Bank of America International.

The Government Equalities Office

Peter Bungard*	Chief Executive of Gloucestershire County Council; career prior to this spent in local government, for the most part.
Judy McKnight*	Career spent in trade union officialdom.
Janet Soo-Chung*	Career spent in NHS management.
Fiona Cannon	Director of Diversity and Inclusion for Lloyds Banking Group.

Her Majesty's Treasury

<i>Baroness Hogg</i>	Head of Policy Unit for John Major; financial journalist; wife of Douglas Hogg; has held various board roles. Attended a Tory dinner at the Carlton in 2009; has also been appointed a Business Ambassador by Cameron.
Dame Deidre Hutton*	Career spent mostly in the public sector.
Sir Callum McCarthy*	Former chairman of the FSA; former CEO of Barclays Bank North America.
Michael O'Higgins*	Has occupied various positions in business, academia and the charitable sector.

Home Office

<i>Val Gooding</i>	Former Chief Executive of BUPA.
Philip Augar*	Former equities broker, Natwest and Schroders.
Dianne Thompson	Chief Executive of Camelot UK Lotteries.
John Allan	Chairman of Dixons Retail Plc; Senior Advisor to Deutsche Bank.

Ministry of Defence

David Allen* Former Managing Director at BP. Joined the Defence Board in January 2010.

Ian Rushby* Also a former employee of BP. Joined the Defence Board in January 2007.

Ministry of Justice

Jim Leng Former chairman of Corus; has served on various company boards in executive and non-executive capacities.

Anne Bulford Has previously worked as a finance director for Carlton, the BBC and Channel 4, among other roles.

David MacLeod* Has worked in various roles in business, the public sector and academia.

Dame Sue Street Career civil servant.

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