



Department of

Finance

An Roinn

Airgeadais

www.finance-ni.gov.uk

Partnerships between Departments and Arm's Length Bodies:

NI Code of Good Practice

March 2019
Version 2



CONTENTS

ABOUT THIS CODE	1
THE FIVE PRINCIPLES	2
HOW THIS CODE SHOULD BE USED	4
SCOPE OF THE CODE	5
1. LEADERSHIP	7
2. PURPOSE	9
3. ASSURANCE	10
4. VALUE	12
5. ENGAGEMENT	13
ANNEX A. THE SEVEN PRINCIPLES OF PUBLIC LIFE	15

ABOUT THIS CODE

There are around 120 Arm's Length Bodies delivering public services in Northern Ireland, and they account for roughly 70% of the NI Executive's Departmental Expenditure Limit budget. The partnerships between these Arm's Length Bodies and departments are therefore critical to the delivery of high quality public services. For the system to work well and achieve good outcomes, those relationships must be based on trust, shared outcomes, transparency and clear lines of accountability and responsibility.

The Code aims to set out principles of good practice which can be applied to derive greater value from, and bring consistency to, relationships between departments and Arm's Length Bodies. Partnerships will vary according to the purpose, size, structure and public interest in the Body. However, whilst the exact nature of the relationship will vary, all effective partnerships will be underpinned by common principles: the purpose of the Arm's Length Body should be clear and well understood; there should be a proportionate approach to assurance; departments and Arm's Length Bodies should share skills and experience; and most importantly, partnerships should be based on open, honest and constructive working relationships.

There is "no one size fits all" to partnerships between departments and Arm's Length Bodies. Departments and Arm's Length Bodies should work together to develop constructive and effective partnerships taking account of the principles set out in this Code. However, within the principles, and in consultation with Arm's Length Bodies, it is for departments to determine the most appropriate model of partnership.

THE FIVE PRINCIPLES

The five common principles, and examples of what good practice looks like are set out below:

LEADERSHIP

Partnerships work well when departments and Arm's Length Bodies demonstrate good leadership to achieve a shared vision and effective delivery of public services. Strong leadership will provide inspiration, instil confidence and trust and empower their respective teams to deliver good outcomes for citizens.

PURPOSE

Partnerships work well when the purpose, objectives and roles of Arm's Length Bodies and the sponsor department are clear, mutually understood and reviewed on a regular basis. There needs to be absolute clarity about lines of accountability and responsibility between departments and Arm's Length Bodies. In exercising statutory functions Arm's Length Bodies need to have clarity about how their purpose and objectives align with those of departments.

ASSURANCE

Partnerships work well when departments adopt a proportionate approach to assurance, based on Arm's Length Bodies' purpose and a mutual understanding of risk. Arm's Length Bodies should have robust governance arrangements in place and in turn departments should give Arm's Length Bodies the autonomy to deliver effectively. Management information should be what is needed to enable departments and Arm's Length Bodies to provide assurance and assess performance.

VALUE

Partnerships work well when departments and Arm's Length Bodies share knowledge, skills and experience in order to enhance their impact and delivery. Arm's Length Bodies are able to contribute to policy making and departmental priorities. There is a focus on innovation, and on how departments and Arm's Length Bodies work together to deliver the most effective policies and services for its customers.

ENGAGEMENT

Partnerships work well when relationships between departments and Arm's Length Bodies are open, honest, constructive and based on trust. There is mutual understanding about each other's objectives and clear expectations about the terms of engagement.

THE FIVE PRINCIPLES

The five principles are interrelated, with good Engagement underpinning Leadership, Purpose, Assurance and Value. Adherence to the principles will ensure effective partnerships between departments and Arm's Length Bodies.



**HOW
THIS CODE
SHOULD
BE USED**

The Code's principles are expected to act as a set of common standards for departments and Arm's Length Bodies to live by and measure their relationships against, on a continuing basis.

Departments and Arm's Length Bodies should use this Code of Good Practice to jointly assess how effective their partnerships are at regular intervals. For example, alignment with the Code's principles could be discussed at regular meetings between departments and Arm's Length Bodies, to assess the 'health' of their continuing relationship and pick up any concerns at an early stage. It should also form the basis for any partnership with a newly created Arm's Length Body. The principles can be formalised in framework documents/partnership agreements.

The five principles are underpinned by a number of standards. The standards draw on best practice from across government, and whilst they will not all be relevant to every partnership, they enable departments and Arm's Length Bodies to assess the extent to which they meet each principle.

SCOPE OF THE CODE

This Code applies to Arm’s Length Bodies as defined in the Cabinet Office Classification Guide.¹ However, departments may choose to apply the principles and standards set out here in relation to other bodies where this is relevant. Arm’s Length Bodies with subsidiaries may choose to do the same.

The Code complements documents such as Managing Public Money Northern Ireland², the Corporate governance in central government departments: code of good practice NI,³ and other relevant existing guidance in areas such as Conflicts of Interest, Whistleblowing etc.

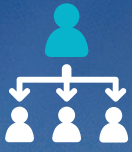
The Code does not override any provisions governing relationships between departments and Arm’s Length Bodies that might exist in statute, or other formal arrangements. In all cases, these existing provisions take primacy.

¹Cabinet Office, ‘Classification of Public Bodies: information and guidance’.

²Department of Finance (formerly Department of Finance and Personnel), ‘Managing Public Money Northern Ireland’.

³Department of Finance (formerly Department of Finance and Personnel), ‘Corporate governance in central government departments: code of good practice NI’.

The code consists of:



1. LEADERSHIP



2. PURPOSE



3. ASSURANCE



4. VALUE



5. ENGAGEMENT

1. LEADERSHIP

PRINCIPLE

1.1

Partnerships work well when departments and Arm's Length Bodies adopt good leadership to achieve a shared vision and the effective delivery of public services. In taking this responsibility for effective leadership, departments and Arm's Length Bodies will provide inspiration, instil confidence and empower their respective teams to deliver good outcomes.

STANDARDS

1.2

Good leadership in departments and Arm's Length Bodies should help to create a culture for effective partnerships to work well across a diverse range of organisations. In acknowledging that 'no one size fits all' there are some core principles that should underpin all public sector organisations.

1.3

Departments and Arm's Length Bodies should carry out their business and account for their stewardship of public resources by striving to meet the seven principles of public life. These principles which are set out in full at Annex A are:

The seven principles of public life

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

Departments and Arm's Length Bodies should exhibit these behaviours, should actively promote and robustly support the principles and be willing to challenge behaviour which falls short of these standards wherever it occurs.

1.4

Departments and Arm's Length Bodies will lead to inspire by showing pride and passion for good public service, communicating purpose and direction with clarity and enthusiasm. The department and Arm's Length Body will value and model professional excellence and expertise, looking to applaud innovation and initiative while ensuring lessons are learned from what has not worked as well as what has.

1. LEADERSHIP

1.5

Departments and Arm's Length Bodies will lead through empowerment by giving teams the space and authority to deliver clearly set objectives in a timely manner. By being visible, approachable and welcoming challenge, however uncomfortable, the department and Arm's Length Body will invest in the capabilities of their people to be effective leaders in their respective fields. This will be achieved by championing diversity and external experience, recognising the value that brings to organisations and ultimately improved delivery of public services.

2. PURPOSE

PRINCIPLE

2.1

Partnerships work well when the purpose, objectives and roles of Arm's Length Bodies are clear, mutually understood and reviewed on a regular basis. There needs to be absolute clarity about lines of accountability between departments and Arm's Length Bodies. In exercising statutory functions Arm's Length Bodies need to have clarity about how their purpose and objectives align with those of departments.

STANDARDS

2.2

The purpose, objectives, accountabilities and responsibilities of the Arm's Length Body are mutually understood and clearly defined in relevant documentation, including departmental and Arm's Length Body plans, framework documents/partnership agreements and Accounting Officer appointment letters.

2.3

The framework document/partnership agreement is reviewed and updated regularly, and complies with Managing Public Money Northern Ireland.⁴

2.4

There is an agreed process for reviewing the framework document/partnership agreement. Reviews may be required following a significant change in government policy relating to the Arm's Length Body's business or as a result of a spending review. As a minimum, written agreements should be reviewed formally at least once every three years. The depth of reviews should be proportionate to the size and/or responsibilities of the Body concerned. All such reviews should be published.

2.5

Formal delegations have been established with the Arm's Length Body, including the Accounting Officer (if appropriate). In such cases the Arm's Length Body Accounting Officer understands the conditions of Managing Public Money Northern Ireland which he or she is accountable for.

2.6

There is a good strategic alignment between the purpose and objectives of the Arm's Length Body and the department. This is expressed in relevant documentation where appropriate.

⁴Department of Finance (formerly Department of Finance and Personnel), 'Managing Public Money Northern Ireland'.

3. ASSURANCE

PRINCIPLE

3.1

Partnerships work well when departments adopt a proportionate approach to assurance, based on Arm's Length Bodies' purpose and a mutual understanding of risk. Arm's Length Bodies have robust governance arrangements in place; departments give Arm's Length Bodies the autonomy to deliver effectively. Management information should be what is needed to enable departments and Arm's Length Bodies to provide assurance and assess performance.

STANDARDS

3.2

The department's approach to assurance is based on an effective assessment of the risk posed by the Arm's Length Body.

3.3

The department's approach to assurance has been agreed with the Arm's Length Body, and does not unreasonably overlap with existing governance arrangements in the body or blur the lines of accountability.

3.4

The departmental board and the departmental Audit and Risk Assurance Committee have an appropriate overview of operations of the Arm's Length Body, proportionate to its purpose, accountability, risk and independence.

3.5

The department and the Arm's Length Body have a shared understanding of the risks that may impact on each other, and reflect them appropriately in their respective risk registers.

3.6

The Accounting Officer of the Arm's Length Body has established governance arrangements which comply with *Managing Public Money Northern Ireland*.⁵ For example, this includes having appropriate policies for the identification and management of conflicts of interest, dealing with potential frauds and concerns raised through whistleblowing and the recording of gifts and hospitality. The Arm's Length Body has established sound financial governance arrangements which ensure that the organisation lives within its budget, whilst complying with the accepted standards of regularity, propriety and value for money.

3.7

The Arm's Length Body has effective scrutiny processes in place, including an effective Board, Audit and Risk Assurance Committee, Internal Audit function and transparency arrangements.

⁵Department of Finance (formerly Department of Finance and Personnel), *'Managing Public Money Northern Ireland'*.

3. ASSURANCE

3.8

The department and the Arm's Length Body are assured that the Arm's Length Body has the capability to deliver effectively, and that both are assured that they have the appropriate skills to ensure an effective partnership.

3.9

The department and Arm's Length Body have access to the data they need to assess the body's performance and to drive forward improvements. Performance data and any targets set by Government will be published. Where appropriate, benchmarks are used to draw comparisons with other relevant sectors and organisations.

3.10

The Arm's Length Body and the department should agree what management and financial information will be required. Central government and the department are mindful of the need to avoid duplicate requests for the same information, and recognise the need to minimise reporting for Arm's Length Bodies. The Arm's Length Body should be clear about why the management and financial information is necessary and how it will be used.

4. VALUE

PRINCIPLE

4.1

Partnerships work well when departments and Arm's Length Bodies share knowledge, skills and experience in order to enhance their impact and deliver more effectively. Arm's Length Bodies are able to contribute to policy making and departmental priorities. There is a focus on innovation, and how departments and Arm's Length Bodies work together to deliver value for money.

STANDARDS

4.2

There is a regular exchange of skills and experience between the department and Arm's Length Bodies, different Arm's Length Bodies within the departmental group, as well as Arm's Length Bodies outside of the departmental group. This may include secondments/interchange opportunities, joint programme or project boards, and forums for staff from bodies and departments to learn from each other.

4.3

The department and Arm's Length Bodies within the departmental group, and Arm's Length Bodies outside of the departmental group (where relevant), work together in a targeted way on projects according to the expertise and experience required through a collaborative approach.

4.4

The department and the Arm's Length Body maximise the expertise and experience of their non-executive directors. This may include inviting non-executive directors to participate in reviews, taking part in recruitment exercises (civil service and/or public appointments), as well as broader corporate priorities across the integrated delivery system.

4.5

Where appropriate, the Arm's Length Body can be involved as a partner in policy/strategy development and provide advice on policy implementation.

5. ENGAGEMENT

PRINCIPLE

5.1

Partnerships work well when relationships between departments and Arm's Length Bodies are open, transparent, honest, constructive and based on trust. There is mutual understanding about each other's objectives and clear expectations about the terms of engagement.

STANDARDS

5.2

The department and the Arm's Length Body work to develop constructive working relationships based on trust, respect and shared values.

5.3

The department and the Arm's Length Body will be straightforward, truthful and candid in their communications, surfacing tensions and resolving ambiguities. By giving clear, honest feedback and supporting each other to succeed, the department and the Arm's Length Body will be team players toward one another and should not tolerate uncollaborative behaviour.

5.4

The department and the Arm's Length Body have agreed the terms of engagement within the framework document/partnership agreement which will be published. This is reviewed at regular intervals.

5.5

The department and the Arm's Length Body engage with each other in a coordinated, collaborative and consistent manner. There is a clear sense of collaboration and partnership in 'the way we do business together' which is experienced by staff in the department and the Arm's Length Body.

5.6

The Government's outcomes based approach recognises the role of Arm's Length Bodies and departments in working collaboratively in a joined up approach to contribute to improvements in overall outcomes.

5.7

The department and the Arm's Length Body induct new senior leaders, non-executive directors and working level contacts. Staff from the department and the Arm's Length Body take the time to understand each other's business and the challenges they each face.

5.8

The department and the Arm's Length Body are given notice of relevant public announcements, in line with the independence of the Arm's Length Body and the department's need to know. The Arm's Length Body understands the department's strategic objectives. The department understands the Arm's Length Body's remit, core business and audiences.

5. ENGAGEMENT

5.9

There is a clear and well understood process to resolve any disputes.

5.10

The department and the Arm's Length Body review the strength of their relationship at regular intervals and at least annually. They can use a 360 degree approach to develop an honest, trusting and supportive relationship. Actions are agreed to address any areas for improvement.

ANNEX A

THE SEVEN PRINCIPLES OF PUBLIC LIFE

SELFLESSNESS

Holders of public office should act solely in terms of the public interest.

INTEGRITY

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

OBJECTIVITY

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

ACCOUNTABILITY

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

OPENNESS

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

HONESTY

Holders of public office should be truthful.

LEADERSHIP

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

