

Unpaid advisers may seem like a free gift to government but bring with them issues around access, conflicts of interest, and status



Personal advisers to ministers should be categorised and accounted for as special advisers, writes [Sir Richard Mottram](#). Yet considering the present government's record in relation to codes and regulation, such a change is unlikely, even following Matt Hancock's affair scandal.

Good corporate governance is essential to organisational success, whether in the public, private or third sectors. What constitutes 'good' will depend on the nature and scale of the organisation's activities and the risks and challenges it faces. 'Bad' practice may achieve public salience by making it into the media only when something spectacular happens – as when a Secretary of State and his former personal adviser, and now non-executive director on his department's board, are caught on camera in a COVID-regulations-prohibited clinch. What are some of the lessons of this saga for good governance?

Clarity over who does what in government

The roles, access to facilities and information, and conduct of the three main actors in central government – Ministers, civil servants, and special advisers – are all specified and regulated. Experts across a range of subjects provide advice to government through advisory bodies whose terms of reference and membership are generally in the public domain. Paid consultants operate under contract, though, as COVID-related cases have shown, much greater transparency is needed on the basis on which they are hired.

Unpaid consultants may seem like a free gift to government but bring with them issues around access to buildings, people and official information, handling of conflicts of interest, and how their status is understood, both within and outside government. Ms Coladangelo would appear to have operated for a period as an unpaid, un-regulated, part-time special adviser to Mr Hancock, focused on communication issues. Perhaps because she did not seek to exploit her position externally or perhaps because the precedent had been forgotten, she and her Secretary of State did not suffer the fate of Liam Fox and his friend and self-styled adviser Adam Werritty. In October 2011, Dr Fox [resigned](#) having allowed personal and professional responsibilities to be blurred.

In the light of Ms Coladangelo's case, it is clear that greater transparency is needed in the appointment of unpaid advisers. As a general rule, their appointment needs to be for a specified and time-limited role and disclosed publicly, perhaps in departmental annual reports. There may be lessons here too from the case of Mr Lex Greensill while attached to No.10 Downing Street (in his case championed by a top civil servant rather than a minister). Personal advisers to Ministers in a role like Ms Coladangelo's who are part-time and unpaid should be brought within the framework of the special advisers arrangements including the agreement of the Prime Minister to their appointment and inclusion in the annual special advisers report.

Departmental boards and their non-executive directors

Ms Coladangelo's subsequent appointment by the Secretary of State to the departmental board of the Department for Health and Social Care has rightly attracted considerable attention. The role and powers of the board need to be seen in the wider context of the accountability to parliament of the minister in charge of the department for the exercise of the powers of the department and of the permanent secretary as its Accounting Officer for its use of public money. Given these accountabilities, departmental boards and their non-executive directors (NEDs) have advisory roles rather than the accountabilities of a company's board.

This said, NEDs can make a valuable contribution in relation to the performance and risk management of the organisation rather than its policies, which are a matter for ministers. Although this has not been much commented on or referred to in the Hancock Affair, there is clear guidance within central government about departmental boards. A code of good practice on '[Corporate governance in central government departments](#)' covering the roles and responsibilities of boards and their composition is issued by HM Treasury and the Cabinet Office and periodically updated. Its summary of the Departmental Board model begins:

Government departments are not the same as for-profit corporations, but they face many similar challenges. They need to be business-like. They can do this by tapping into the expertise of senior leaders with experience of managing complex organisations.

The code specifies that:

Non-executive board members, appointed by the Secretary of State, will be experts from outside government. They will come primarily from the commercial private sector, with experience of managing large and complex organisations. In order to achieve representative boards with broad-based experience, departments will aim as far as possible to ensure that there is at least one non-executive board member with substantial experience in the public and/or not-for-profit sectors, in addition to members with strong commercial expertise.

Evolution of chairmanship of the board

In the early 2000s, NEDs were being brought into departmental executive boards chaired by the permanent secretary and provided expertise that in my experience could be of real value for departments with large executive operations. They provided an important external perspective on performance and on the pace of managerial change within government and risk management, of potential value to both ministers and officials. But in a model where NEDs operated in a board chaired by the permanent secretary, they were not necessarily given the access to ministers to share their concerns about performance and how it might be improved.

Under the coalition government, revised arrangements with the Secretary of State chairing the board were introduced with the potential to improve the contribution and voice of NEDs. A lead NED across government with oversight of the whole system was introduced with the first two incumbents of the post senior leaders from industry with clear experience of the scale of management challenges faced in its different context by the top managers in major central government departments.

I had not myself foreseen that, alongside these benefits, a potential risk in the involvement of Secretaries of State is that the NED appointment process, which is unregulated, might be personalised and politicised, changing the balance of expertise and the nature of the contribution offered by the NEDs. To take three examples: Ms Colandangelo has experience in lobbying and in retail marketing that may not equate to managing large and complex organisations envisaged in the code; the recent practice of appointing to boards former MPs and special advisers likewise offers a different expertise and type of challenge which ministers on the board might themselves be expected to provide; and the lead NED across government is now a Conservative peer and former junior minister which may not reassure those concerned that the board appointment process may be at risk of politicisation. Nor does his career history suggest he offers the management expertise and experience of his predecessors.

Lessons to be learned

What lessons might be learned? I am not questioning the potential contribution of unpaid advisers, provided the basis of their appointment and role is transparent. Personal advisers to ministers should be categorised and accounted for as special advisers. Departmental boards will benefit from the expertise of top managers, as envisaged in the code of practice. As others have argued, board appointments should be regulated (though the effectiveness of the regulation of public appointments is itself in question). Will these things happen? On the present government's track record in relation to codes and regulation, probably not. After all, it was not because of such matters that Mr Hancock resigned.

About the Author



Sir Richard Mottram is a Visiting Professor in Practice in the LSE's department of government. He was a permanent secretary in the UK civil service from 1992-2007.

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