



The CEO in government

Leading ALBs well



Foreword

Arm's-Length Bodies (ALBs) play a pivotal role across all aspects of society and public service delivery. And critical to their success is the role of their leaders. In the first research of its kind, the Association of Chief Executives and Nous Group have identified the capabilities and characteristics needed to thrive as a CEO in an ALB.

When CEOs fulfil their potential, public services are delivered more efficiently and effectively. This report seeks to understand the skills and attributes that make successful ALB leaders. This research should enable boards and government departments to recruit CEOs more effectively and to set clearer objectives for their CEOs to help improve the quality of our public bodies.

Leaders of public bodies must also better represent the communities they serve. This research will support ALBs to plan succession more robustly, to broaden the talent pipeline and develop capable individuals to CEO level. This report is also important for aspirant leaders who, whatever their background, can learn more about the skills needed to thrive as a CEO and assess their own suitability and areas for development.

In the Department for Digital, Culture, Media and Sport (DCMS) and in my role as central government sponsor of the Association of Chief Executives, I have encountered many committed CEOs who are an asset to their organisation and partner government department. By understanding the skills of these CEOs in greater detail, we can develop more productive working relationships and enable greater collaboration throughout all areas of government.

Sarah Healey CB
Permanent Secretary, DCMS



Making the most of this report

Arm's-length bodies (ALBs) are an important part of the public sector in the UK and in each of the devolved administrations. However, they often do not receive the same level of attention as ministerial departments or other parts of the machinery of government. In particular, ALB Chief Executive Officers (CEOs) frequently do not receive the attention and support that is available to similarly senior leaders in either departments or the private sector.

This report seeks to address this challenge by providing a competency framework for ALB CEOs. It does this by bringing together insights from over 30 interviews and over 30 survey responses from current and former ALB CEOs, board members and associated experts. Different groups can use this competency framework and the associated commentary to increase their chances of becoming a CEO, critically analyse their performance as an ALB leader or better support the CEOs with whom they work.

There are four primary audiences for this report, each of which will find different parts of the report more valuable. They are:

- **Aspirant and newly appointed CEOs** seeking to develop their understanding of the role and its challenges. They can use this document to better understand their strengths and weaknesses as an ALB CEO, and to assist in identifying appropriate steps to accelerate their development.
- **Existing CEOs** progressing their professional development priorities to help them become better CEOs and become better equipped for their next role. This document can help them think more broadly about the skills that they can develop to become a better ALB CEO and to deliver on strategic priorities.
- **Sponsoring departments** working with CEOs who lead organisations with different priorities, challenges and levels of independence, and

who possess different personal characteristics, workstyles and personal narratives. This document will help sponsoring departments, who may work with upwards of 40 CEOs, to engage effectively with ALB leaders.

- **ALB Chairs and board members** recruiting CEOs. This report highlights the major skills and personal attributes that CEOs and board members deem important. While individuals are only likely to only hire one or two CEOs during their time on a given board, this can provide a broader context to inform recruitment decisions.

The first half of this report will be valuable for all readers, while the later sections include specific insights targeted to each of the groups outlined above. The report includes the following sections:

- **Section 1** outlines the nature of the ALB role. This will be most useful for aspirant CEOs or those with less familiarity with ALBs or the ALB CEO role.
- **Section 2** summarises the need for an ALB leadership document.
- **Section 3** explores the core capabilities that an ALB CEO requires to perform their job well and provides an indicative capability framework.
- **Section 4** outlines common pathways to ALB leadership.
- **Section 5** considers the employee value proposition for the ALB CEO role.
- **Section 6** brings together insights from different ALB CEOs to emphasise that it is a great role, despite the challenges.
- **Section 7** explores some of the successes and challenges that ALB CEOs have faced in supporting a diverse and inclusive workforce.
- **Section 8** highlights specific insights for prospective CEOs, new CEOs, boards and departments.

Section 1 ALB CEO – what is it?

There is very limited understanding of the ALB CEO role. Consultation revealed that many current ALB CEOs did not have a strong understanding of the role until soon before they applied, and very few people without direct experience as an ALB CEO understand the role's unique challenges.

Understanding an ALB CEO's role requires understanding the role of ALBs in government and the distinct role of a CEO. We also need to recognise the different skills that successful ALB CEOs will possess and the diverse ways that potential CEOs can gain these skills.

ALB CEOs can develop the skills and personal attributes that they will need in their role in many different sectors and roles. And the employee value proposition for ALB CEOs can be compelling for people from across the public, private and third sectors. However, ALBs will not be able to access the broadest possible talent pool if potential CEOs either don't know about ALBs and ALB leadership roles, or if they don't see these roles as part of their career trajectory.

A more active process to encourage people to understand the potential of a career as an ALB leader is therefore necessary. This will both ensure that ALBs have the best possible leadership and that ALB leaders can more effectively reflect the diversity of modern Britain.

Some ALBs have done fantastic work to encourage greater diversity and inclusion. However, there is more work to be done, especially at senior levels. Women now have a strong presence at the top of ALBs. Several CEOs and board members noted that this was thanks to nearly two decades of concerted effort. However, ethnic diversity is limited with white British leaders continuing to account for a disproportionate number of senior leadership roles. Our survey suggests that LGBTQ+ Britons and Britons with long-term physical or

mental ill-health and/or a disability were also underrepresented among ALB CEOs.

Many ALBs and recruitment panels are missing out on top talent by not actively promoting the role and the skills development pathway to prospective CEOs. Therefore, a stronger understanding of what an ALB CEO role entails is necessary.

An ALB CEO doesn't have the same freedom of action of many CEOs in the private sector or equivalent heads of organisation in other bodies. Most ALBs will also have a board, a Chair, a sponsoring department and one or more ministers who also have a legitimate interest in their operations and results. CEOs will also need to appear before parliamentary committees and may also have legislated oversight mechanisms.

Generally speaking, ALBs include parts of government that are neither ministerial departments nor courts and tribunals nor public corporations. They exist in both the central government and the devolved administrations. This definition is imperfect as some additional bodies may consider themselves ALBs and some excluded bodies may also count themselves as ALBs.

ALBs exist where it is appropriate that a public function has a degree of independence from the government of the day. This may be because day-to-day oversight is unnecessary, for example, VisitBritain, or because separation is necessary for public probity, for example, the Parole Board.

ALBs are an enduring part of government, with over 400 arm's-length bodies employing over 85,000 staff¹.

ALBs perform a disparate range of roles that are necessary for the UK's modern society and economy to function. These include:

- Preserving our national parks for future generations
- Issuing driving licences
- Supporting fair business practices
- Ensuring the integrity of elections
- Advancing equality and human rights
- Providing maritime geospatial data

This means that there is an ALB that fits most potential CEOs' areas of interest. A more active approach to promoting ALBs as a great place to work would therefore go some way to ensuring that they can attract a diversity of great talent.

1. Office for National Statistics, Public sector employment, UK: March 2020, Table 10; UK Government, Departments, agencies and public bodies, <https://www.gov.uk/government/organisations>

Section 2 Why we need to focus on ALB CEOs

ACE and Nous have partnered to develop this report because of three core insights:

1. ALBs are an integral part of government
2. Effective leadership is important for any organisation
3. ALB leaders face different challenges from other leaders.

The idea to undertake this research initially came from Phil Golding, CEO at the Law Commission, and Dr Samantha Milton, Head of the Public Defender Service, who identified the need to consider more fully the specific skill-set of an ALB CEO.

Effective leadership requires, at its core, a common set of skills and personal attributes. An effective leader in one setting is likely able to adapt their capabilities to be an effective leader in another context. ALB leaders can and do already learn from existing leadership development programmes and resources. However, there is not yet a resource that translates these general lessons into the specific realities of ALB leadership.

This document seeks to support CEOs, boards and sponsoring departments to complete this translation.

Just as ALB leaders can learn from other discussions of leadership, the findings in this report can also inform other leadership discussions in other fields. This is most obvious in similar independent government organisations, such as ombudsmen, but it also applies for other Civil Service leaders, especially those in operational areas, and leaders more broadly.

Effective ALBs are important

We have also discussed the breadth of ALB operations and their importance in modern Britain. Whether it is nuclear safety, the arts, animal health or getting from A to B, there is an ALB for that.

The breadth of the ALB landscape and the diverse ways that businesses and members of the public interact with them make them an important part of the interface between the government and the governed. Effective government is always important. As is public faith in the quality of government services. Effective ALBs are important for both outcomes.

The government, people and industry need ALBs to work well to deliver effective and efficient results that continue to drive more positive outcomes. Understanding the skills and personal attributes that make for effective ALB leaders is one way to help make sure that ALB work to everyone's benefit.

Effective leadership is important

Any organisation – private or public, department or ALB – requires effective leadership if it is going to be impactful now and into the future. Very few organisations can just continue to deliver the same services to the same quality in the same way. This challenge is double for government. The negative stereotype of government in some parts of society and the fact that UK taxpayers ultimately pay for the services that government provides mean that effective ALBs must undergo continuous periods of transformation and consolidation. This tempo and the consequences that can flow to individuals and businesses if processes don't work well highlight the importance of high-quality ALB leadership.

Given this, ALB leaders need to become as effective as possible, as quickly as possible. This process is already happening, but a document such as this can further accelerate this process. This is important as ALB CEOs do not always receive the same level of professional development support available to senior civil servants or private sector leaders.

This document summarises some of the distinctive leadership challenges that ALB CEOs face and the skills that will help leaders to overcome these challenges. This can help CEOs to develop, guide future CEOs throughout their careers, help board members to make recruitment decisions and support departments to engage effectively with some of their most important stakeholders.

ALB CEOs differ from other leaders

ALB leaders share many of the challenges of their counterparts in the traditional civil service, the private sector and the third sector. Very few absolute or hard-and-fast differences exist between leadership in different spheres – a great leader in one setting is, more likely than not, going to be a good leader in other settings. But the combination of challenges that ALB leaders face differs from leaders in other sectors. These differences justify this focus on the ALB CEO role and ALB leadership.

The ALB board members and chairs contacted for this review highlighted that the two things that would help them most to recruit, retain and develop CEOs are:

- To ensure that more and better training is available
- To develop a clearer understanding of the types of people who succeed in role.

Addressing each of these requires boards and others to have a strong understanding of what capabilities an effective ALB CEO needs.

The best way to understand these differences is to first understand how public sector leadership differs from other forms of leadership and then to understand the particular challenges of ALB leadership within the public sector.

Table 1 provides a summary of some of the differences between private and public sector leadership.

Table 1 | Differences between public sector and private sector leadership

	PUBLIC	PRIVATE
STAKEHOLDERS	Public sector leaders must liaise with a wide group of stakeholders to ensure that all possible interest group and influencers have had a chance to be heard.	Private sector leaders, even those committed to substantive corporate social responsibility, have fewer stakeholder groups that they must engage with and get on-side.
PROCESS FOR CHANGE	<p>Legislative and policy restrictions mean that public sector organisations have limited capacity to change the services that they deliver and, sometimes, the way in which they deliver them.</p> <p>This is especially true if there is significant public interest as the politicised nature of public sector delivery can make it difficult to deviate from the status quo. It also has implications for action. The process for change in the public sector can also just be slow. CEOs need to work within the system, not chafe at its delays.</p>	Private sector leaders need to be aware of their operating environment, competitors and emerging opportunities and threats. But they have broad flexibility to act in their own institutional best interest.
SUCCESS METRICS	Social impact is the ultimate determinant of successful public sector leadership. However, this is hard to measure directly and it is very rare that a single public sector organisation can take all of the credit or shoulder all of the blame for a given outcome. This means that diverse success measures must be negotiated and re-negotiated.	Private sector leaders usually have well defined performance metrics. The ultimate metric of CEO performance in many private sector organisations is shareholder value – there is no equivalent metric in the public sector.

But differences also exist within the public sector. ALB leadership is substantively different from departmental leadership. Three factors account for this difference – focus, independence and breadth of scope. Table 2 goes into more detail about each of these.

Table 2 | Differences between ALB and departmental leadership

	ALB LEADERSHIP	DEPARTMENTAL LEADERSHIP
FOCUS	<p>ALBs focus primarily on operational matters, though they do have some areas where they need to engage with broader policy questions. This means that the balance of leaders' focus is on more operational matters.</p> <p>Like departmental leaders, ALB departmental leaders also need to focus on strategy.</p>	<p>Departments overwhelmingly have a policy focus, with some operational responsibilities in specific areas. This means that the balance of focus is on questions of policy.</p> <p>Like ALB leaders, departmental leaders also need to focus on strategy.</p>

Section 3 Core Capabilities

The ALB CEO role is a complex one that requires a broad mix of capabilities. Our 30+ interviews with CEOs and board members, and the additional survey responses, suggest that these capabilities fall into three broad categories:

1. Policy leadership skills
2. Corporate leadership skills
3. Sector leadership skills.

Personal characteristics underpin these skills.

The visual below outlines skills and attributes that should be evident once an ALB CEO is firmly established in their role, not as they commence. An annex, which is available at the end of this document, outlines the core competencies in further detail.

It is very unlikely that any ALB CEO will have all the capabilities that they will need in role when they begin. In practice, most new CEOs will have the underlying personal characteristics and be proficient in two of these three skills clusters. CEOs with whom we engaged overwhelmingly noted that they developed substantially in role. This underlines the importance of the board and CEO focussing on the capability development.





The realisation that new CEOs will not have all the capabilities that they will need to develop in role has important implications for diversity. It interacts negatively with women's tendency to apply for 'stretch' positions only where they meet all the selection criteria. Communications around ALB CEO positions need to be clear about expectations. Active efforts to understand the available talent pool, potentially through recruitment firms, may be appropriate to ensure appropriate diversity among candidates.

Different employment histories will help potential CEOs to develop skills in each of these clusters. A civil service or political career is an effective way to develop political leadership skills. Working in a senior leadership team, in whatever sector, can help build corporate leadership skills. Sector leadership skills often come from experience working in the department, service providers or regulated entities linked to the ALB in question.

People can develop the personal characteristics regardless of their career path to date.

In practice, most successful applicants for an ALB CEO role will be proficient in at least two of these skill-sets and will demonstrate the personal characteristics in their professional life. This means that most successful applicants will have some diversity in their background in terms of the roles that they have previously completed throughout their career.

Each ALB will have a subset of additional capabilities that will be important for them. For example, strong media skills will be important for more public-facing CEO roles or if the ALB has no other senior staff or board members able to play that role.

Different leaders with varying histories and skills will meet an ALB's needs at different times. An organisation that is undergoing changes to its enabling legislation will benefit from a CEO who understands the Whitehall machine. A CEO with the skills that come from experience in corporate leadership will be useful for an ALB that needs organisational transformation. And a CEO with deep expertise in the sector can play an important role in bringing the sector on-board when the government is changing the regulatory environment.

Section 4 Typical pathways to ALB leadership

The diverse skills mix that the successful ALB CEO requires means that diverse pathways exist for becoming a CEO. Chairs also emphasised that they did not have any hard-and-fast rules about previous professional experience when recruiting CEOs.

However, some consistent themes emerged from our conversations with and surveys of board members in terms of what they look for in a potential ALB CEO's background. Chairs looked positively on a professional history that included:

- working in an ALB
- time in the private sector
- experience in the broader public sector.

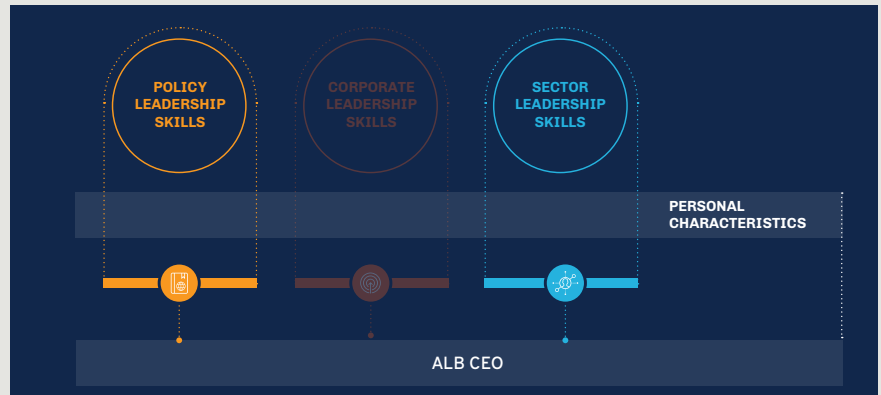
Chairs appreciate previous ALB CEO roles but they were less important than having the breadth of experience noted above. This means both that ALB CEOs can be from diverse backgrounds and that having a diverse job experience will help differentiate a CEO candidate.

Chairs and board members did not as actively look for experience in the third sector, with a specific government department or in academia.

Three archetypal pathways exist for individuals to gain the skills necessary to be compelling in the CEO role. These reflect the skills clusters outlined above. These archetypes are outlined in the visual to the right.

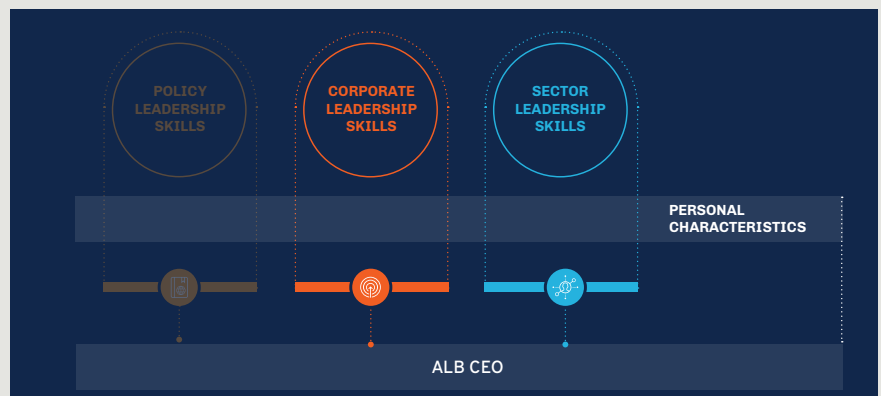
The Civil Service Star

The Civil Service Star has spent their career in different parts of the Civil Service and has developed broad policy and sector leadership skills. They know their way around Whitehall and ministers and they understand the cross-cutting currents within their sector. But they may lack substantial experience in operational leadership. The step into an ALB is an opportunity to try something new but similar. Is the grass greener in an ALB?



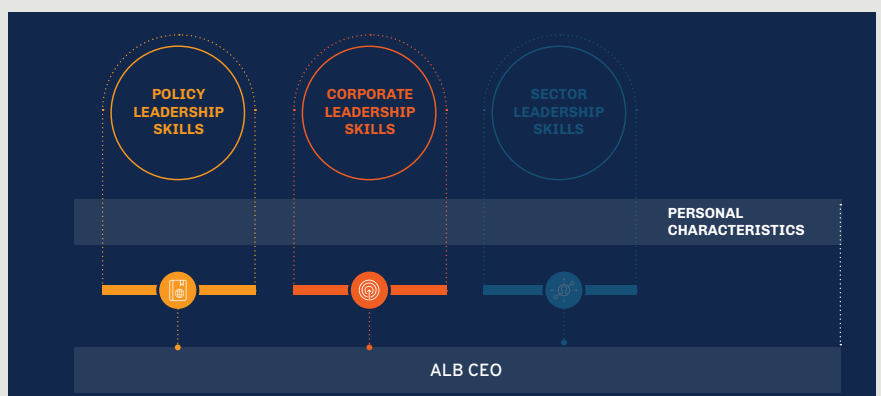
The Sector Sage

The Sector Sage has held senior roles in the sector connected with the ALB which they are to lead. This gives them strong corporate leadership skills and a deep awareness of the sector in which their ALB works. But they are less likely to understand how to work well within the government machine. When the ALB is a regulator, this can be characterised as a poacher-turned-gamekeeper appointment.



The ALB Aficionado

The ALB Aficionado has worked in senior roles – such as Director of Strategy or COO – in one or more ALBs and often spent time in the departmental civil service before this. They have developed strong corporate leadership skills – especially in public sector corporate leadership – and they know how to work across government. But they have often not worked directly in the sector where their new ALB is prominent so lack some sector leadership skills.



No CEO will fit perfectly into any of these archetypes. Instead, each potential CEO will have elements of each in their personal background. They will also have experiences that go above and beyond the skills and personal attributes that we highlighted above.

These archetypal pathways should not be taken as definitive – diverse professional experiences can give people the experience and skills that they need to be effective in the CEO role. For example, many CEOs that we spoke with had worked in the same ALB that they now lead in a less senior role. This meant that they had strong policy leadership skills and moderate-to-strong corporate leadership and sector leadership skills.

Aspirant CEOs should not therefore read these archetypes as a checklist for the background that they need if they want to be hired. Similarly, board members and recruitment panels should not look to any archetype and say ‘that’s the one I need’. Instead, they seek to provide a more practical understanding of what a successful ALB CEO may look like.

CIVIL SERVICE STAR LEADERS

Two general types of Civil Service Star leader exist, with their longer-term aspirations being the main difference. The first class has decided that they want to move away from the central Civil Service. These CEOs do not see their future in the central government apparatus and instead intend to remain either in ALBs or shift out of government. They tend to have a greater willingness to emphasise their ALB’s independence. They won’t burn bridges but they may engage more assertively. The second class see an ALB leadership role as a diagonal step up and are either open or eager to return to a department after their stint in an ALB leadership role. They tend to more strongly emphasise the commonality between their ALB and the broader Civil Service.

Both types of Civil Service Star leader are likely to have similar core skills. But their priorities for the ALB may differ. Recruitment panels and boards may wish to keep this in mind as they will be better able to support different strategic directions.

Civil Service Star leaders benefit particularly strongly from effective leadership development programmes – these include both specific accounting officer training and general leadership training from sources outside of the Civil Service.

SECTOR SAGE LEADERS

Two general types of Sector Sage exist – those with a history in the private sector and those who have worked in the third sector or other levels of government. Their core challenge is the same: to understand government processes – and quickly.

This is often harder for those who have come from the traditional corporate world than for those with more government-adjacent previous experience. An ALB CEO does not have the ability to cut through rules and norms in the same way as a senior private sector leader. This can be a cause for frustration and can make the transition difficult.

Training also differs for people from both backgrounds. People who have worked in the third sector or other levels of government are more likely to see their ALB CEO role as being at or near the apex of their career. It is also likely to be one of the highest paying jobs that they have held. By contrast, many from a more traditional private sector background may see an ALB CEO role as an opportunity for explicit service that is less remunerative than private sector alternatives. This distinction leads to different priorities as they lead their organisation.

Some Sector Sages may also see themselves as experts. This can be positive, they can strive to learn and develop more and more. Alternately, they may feel that there is nothing that the Civil Service can teach them given their expertise. Effective Sector Sages fall decisively into the first category.

Both also face challenges associated with their previous experience, especially if they transition to a regulator who once regulated them. Regulators are easy to paint as ‘the bad guy’ and effective CEO transitions rely on prospective CEOs recognising the legitimacy of the regulator’s role, rather than trying to make life easier for the subjects of regulation – be they charities or banks.

ALB AFICIONADOS

ALB Aficionados may either be promoted to CEO from their own organisation or transition from another, usually smaller, ALB.

The challenges for those who are promoted within the ALB are often akin to those felt by Civil Servants. They often face difficulties in making the step-change necessary in becoming an ALB CEO and in dealing with a broader range of governance and Whitehall machinery. The challenges of loneliness and the need to create an effective team can be particularly acute for them. This is because they can underestimate the extent of the jump that is required for them to make the change. Training is available to support this transition and boards should ensure that it is in place for new CEOs from this background.

ALB CEOs from other sectors have the challenge of getting up-to-speed with the politics within a sector and understanding the effect of pulling different triggers – both on organisations and specific individuals. This means that an early sectoral and organisational listening tour can be even more useful for this type of CEO than it is for others.

OTHER CEOS

Of course, other CEO pathways exist for people with a different mix of core skills and capabilities. For example, academics, public intellectuals or activists. Their pathways to ALB leadership are less common, so their pathways and challenges are less generalisable.

Section 5 It's a great job!

CEO after CEO has emphasised how much they love the job. Six themes emerge when ALB CEOs talk about why they love their job. If these sound like you, ALB leadership might be the right move for you.

- **Ownership and independence** – ALB CEO roles provide a level of ownership and independence that is not readily available elsewhere in the public sector. The sense of individual accountability differs from the more collective experience that many CEOs had experienced in departments. This independence will not appeal to all potential CEOs but is a major drawcard for many.
- **Operational leadership** – ALBs are, generally speaking, more operationally-oriented than the traditionally policy-driven departments to which they are connected. ALB leaders, including those with strong policy backgrounds, have appreciated this focus.
- **Contributing to the public good** – ALB CEOs are overwhelmingly dedicated to public service. They see their role as an ALB CEO as providing a meaningful opportunity to contribute to the community in a sector that they care about.
- **Professional development** – ALB CEOs are committed to making an impact. This means that they are committed to continued professional development. Few ALB CEOs start with all of the skills that they will need to succeed. Instead, and regardless of their previous experience, they develop in role. ALB CEOs consistently stated, and board members concurred, that CEOs developed substantially after starting in role.
- **Measurable impact** – ALBs tend to have a tight remit, and it is possible to clearly articulate the difference the ALB makes to society. ALB leaders can therefore point to their own individual impact on public policy and public administration in a more direct

way than is possible in many parts of the Civil Service.

- **Sector focus** – ALBs have a tight focus on a specific sector or, in most cases, sub-sector. This gives ALB leaders the opportunity to understand the breadth of their operating environment. It also provides an entry point for sector specialists who might not be comfortable joining other, broader, parts of the Civil Service. This is not right for all people at all stages of their career. But CEOs in-role value the experience.

Even more than this, CEOs emphasise that they didn't know what a great job it would be. Many ALB CEOs are an 'accidental CEO', with very few having actively aspired to become an ALB CEO before they considered applying for their first ALB CEO role.

These benefits also help to construct the employee value proposition for ALB CEOs. While effective leaders can be effective in most circumstances, motivation is important too. Remuneration for ALB CEOs is mostly in line with the public sector so leaders who solely focus on remuneration may not find the value proposition compelling. But, leaders who value impact and an overt contribution to the public good are more likely to have the intrinsic motivation to perform well as an ALB CEO.

Section 6 It can be a hard job

ALB leadership is hard. CEOs, despite how much they loved their role, emphasised this fact. An effective ALB CEO is highly talented. They also need to make the most of the wide array of support that is available to them.

ALB leaders face diverse challenges

Many of the challenges that ALB leaders face are common to other leaders but others stem from the ALB leader's position at the boundary between multiple groups. ALB leaders sit between the Civil Service and the private sector, between government and governed. CEOs and board members consistently highlighted the challenges and opportunities for CEOs in getting the best possible four-way relationship between CEO, board, department and ministers.

Several points emerged in relation to managing these things well:

- **No surprises** – interviewees consistently noted that CEOs should, wherever possible, avoid surprising their partners across and beyond government. This allows for the development of broad coalitions for action.
- **Know how long everyone wants the arm to be** – ALBs will, at different times, be closer or further from the centre of government and from the minister's direct control. CEOs need to understand and define the nature of their independence and how to maximise impact while balancing tension with the department and ministers.
- **Understand their partners' priorities and motives** – ALB leaders need to understand the big-P and little-p politics that influences their partners. They must also understand their partners' operating environments – what they can give, what they can change and what is immutable, at least for now.

Most ALB leaders flagged a common set of three interlocking challenges that flow from this position at the boundaries.

ALB leaders need resilience

ALB leaders position at the boundary of things means that they can face challenges from different directions. The minister, ministerial offices, ALB staff, ALB board, their sector, the media and the public all have legitimate interests in the ALB's operations, performance and decisions. This is more pronounced for ALBs involved in socially contentious areas such as public order or the environment.

Through all of this they need to support their staff to continue to work through adversity.

ALB leaders get lonely

The ALB CEO position at the boundary of different systems can be a lonely experience. CEOs consistently raised loneliness as one of their biggest, and often least anticipated, challenges when they commenced in role. The ALB CEO is the boss within the organisation, so the relationship CEO and senior executives have must differ from those between senior executives. This is especially so because ALB CEOs will need to shape their senior team – this can lead to difficult relationships with their senior leaders. The ALB CEO is the primary conduit through which senior management engagement with the minister, the board and the department occurs. This means that the CEO has a unique position understanding the different cross-currents in different organisations. The CEO is a leader, yet always an outsider.

ALB leaders need to balance confidence and humility

ALB leaders need to be able to play to multiple audiences. They need to be able to confidently explain their ALB's operations to different audiences, have the confidence to make hard choices about their operations and organisational structure, and



be comfortable to champion their organisation or their position. But they also need humility to listen when their staff, their board, departments or others have constructive criticism. This is a difficult balance to strike as the appropriate stance is strongly contextual and relies on significant judgement. Getting it wrong can also have long-term consequences. This puts continual pressure on a CEO to perform.

ALB leaders are best when they have support

The diverse challenges of the ALB CEO role mean that they, like other leaders, need effective support. This comes in many different forms for different CEOs. These include:

- **The Chair** – CEOs consistently noted that the chair was their most important support in performing their role. CEOs and chairs also had consistently positive views of their relationship. Many CEOs spoke about the chair as a ‘sounding board’ and CEOs and chairs both discussed the importance of working ‘in tandem’ and completely aligned. But the chair is usually the CEO’s line manager. This can make it hard for CEOs to seek some types of support from the chair.
- **Senior staff** – CEOs highlighted the importance of support from their senior team. They also noted that they needed to have a senior team whose capabilities complemented their own. Several CEOs noted that they entered the role thinking that the best senior leadership team would be one where they cloned themselves several times. But these CEOs soon recognised the value of diversity and the support that it provides. They also noted limits to the support that the senior leadership team could provide. The CEO is, in the end, the boss. This meant that they could not enjoy the same kind of relationship with their staff that they may have enjoyed in previous roles.
- **Family** – several CEOs highlighted the importance of their family, especially their partners, in helping them work through the difficulties of leadership. This was especially common when partners worked in the same sector and had a strong understanding of the nature of the challenges that the CEO faced. But the practical support that a partner can provide is limited unless they have specific expertise or experience.

- **Existing peers** – Some CEOs flagged that their existing friendship or peer group included other people in similar roles – whether in another ALB, a department, the private sector or in a department. But many ALB CEOs did not have these existing relationships when they started in their role.
- **Coaches** – Most CEOs noted that they had, at various times, drawn on the support of an executive coach. Most were positive about the experience. However, many found that they saw diminishing returns from support from an executive coach as they became more established in role. Executive coaches were particularly valuable for CEOs with less experience in corporate leadership. Use the right coach at the right time.
- **New peers** – new peers were the most important support network for most ALB CEOs. These primarily include other ALB CEOs from action learning sets or other professional development opportunities. ALB CEOs consistently noted that the indirect value that came from developing a set of peers who encountered similar challenges in comparable operating environments could be greater than the substantial direct value of the training itself. This suggests that effective CEO onboarding will, in most cases, include a formal peer-based development programme. The importance and value of new, and local, peers was even more pronounced for ALB CEOs who operated outside of the geographic centres of government.



Section 7 Diversity

CEOs and board members universally acknowledged the value of diverse workforce, including at the CEO level. But several major differences emerged in answering the following questions:

- **What diversity should ALBs focus on?** Leaders prioritised different elements of diversity when they spoke about it. Many focused primarily on gender as a success story before reflecting that ALBs had had less success recruiting and retaining people from ethnic minorities. In some cases, substantially less success. Very few discussed broader groups or people with other protected characteristics. Many discussed the role of class in the Civil Service and the importance of attracting applications from people from a lower socio-economic status.
- **What actions are appropriate to increase diversity?** Several leaders saw themselves as the end of a pipeline for diversity. They therefore saw that they had limited scope to increase the diversity of applications. This was more pronounced in ALBs that drew their staff from highly specialised professions. Others saw themselves as having a role in actively encouraging diverse applications.
- **How intensively should ALBs focus on diversity?** Leaders varied from minimalist to maximalist interpretations of the

appropriate steps that they should take. Some CEOs included diversity in their top three priorities year-on-year and were evaluated against their performance in improving diversity. These leaders took active steps to directly engage with relevant communities to understand the barriers to joining and to address barriers at each level.

- **How self-reflective are ALB CEOs in relation to diversity?** Leaders had markedly different views around their adequacy of their own efforts in relation to diversity. CEOs consistently saw improving diversity, inclusion and equity as worthy challenges and ones where they did not have the answers that they wanted. Some assumed that their ALB's position in the Civil Service would suffice over the medium-term to attract a diverse workforce. These varied in terms of how they saw their role in accelerating this process. A more limited number of CEOs actively reflected on their own deficiencies in promoting diversity and their previous assumptions that they were doing a good enough job. Many in this last group had assumed that diversity was a less pressing issue until minority staff shared their own experiences following the Black Lives Matter protests.



CEOs, boards and recruitment panels can make simple changes to promote diversity. These include:

- **Focusing on it** – ALBs that have made diversity an overt priority have made substantial strides in developing a more diverse workforce. This requires a decision to prioritise and resource diversity.
- **Active Allyship** – ALB leaders need to be willing to listen when their staff and stakeholders highlight barriers to greater diversity, inclusion and equity. They also have a role in developing an environment where people who want to highlight challenges feel empowered to do so. But it is not a minority employee's role to call out discrimination. Leaders should not burden minority staff and stakeholders with the role of advocate. Leaders should also actively seek out insights on better practice and demonstrate their active allyship, even when it makes them uncomfortable. Some CEOs are already doing this well. This can make day-to-day governance and management more difficult in the short-term – these changes can and should be confronted. It will also make the organisation stronger, and Britain better, over the medium and long-term.
- **Self-reflection** – non-minority leaders cannot assume that an ALB's position in the Civil Service will prevent discrimination. Nor can they expect minority staff or applicants to bear the burden of championing diversity. Instead, they must take their own active steps as a leader to become an effective ally.
- **Visible leadership** – several CEOs and chairs noted the importance of visible diversity among senior leadership. Leaders used different words to reflect the same idea, that you can't be what you can't see, and highlighted their responsibility to make the transition to senior ALB leadership easier for people progressing today.



Section 8 General advice

Advice for boards

- **Understand the typical ALB CEO** – very few ALB CEOs commence their role as fully rounded CEOs. Instead they are likely to have some ‘gaps’ that you will need to help them fill. This is normal and, in many cases, optimal as it ensures that they gain professional benefits from being an ALB CEO too. CEOs and chairs also report that CEOs develop immensely during their first 6-12 months in post.
- **Align your CEO with your strategy** – determine what skills and personal attributes will be most appropriate for your ALB into the future. This is more than a matter of professional judgement, though this is important, and should include data and a rigorous role description.
- **Understand the trade-offs** – the archetypes above are not prescriptive but it may be useful to understand which skills and personal attributes will be more or less useful and use this to guide (but not control) your search.
- **Get the right job description** – draft your job role description with your outgoing CEO. You may see eye-to-eye on most things. But it is also possible, or even likely, that you have a different view of what the CEO role entails. Work with your CEO and other resources, such as this document, to develop a description that makes sense for the future.
- **Provide ongoing support** – CEOs overwhelmingly value the chair and the board as their sounding board. Playing this role well ensures that CEOs value their relationship with you. They also value a chair’s broader external perspective and the board’s ability to provide a bit more headspace during difficult times.
- **Understand their goals** – effective relationships rely on a shared understanding of a limited number of achievable goals.
- **Support networking** – your CEO will be more successful if you encourage them to network broadly with their peers. The CEO role is tough and a peer group is one of the most effective ways for them to access support when they need it.

Advice for current and potential CEOs

- **Know the market** – very few ALB CEOs start their role with all or most of the skills that they need to be successful in role. Instead, successful ALB CEOs develop rapidly in role and continue to look for further opportunities to develop. Embrace this.
- **Recognise your narrative** – successful ALB CEOs have markedly different professional backstories and trajectories. The archetypes alone demonstrate this. Understand how you can tell your professional story well. This doesn’t need to be prescriptive, but it does need to make sense. This includes an understanding of how you have come to the ALB CEO position, how you will or have developed as a CEO and how this can help you in future roles.
- **Know your skills** – understand what skills you have and how they can be applied to the challenges that an ALB leader faces. It may be useful to complete a self-assessment against the framework. This will help you to construct your narrative and your professional development opportunities.
- **You can and should say no** – one of the most important responsibilities of the CEO as accounting officer is to say ‘no’. This can be hard. But it will be necessary.
- **You’re not alone** – successful ALB CEOs construct senior leadership teams that complement their skills and personal attributes. However good you are, your senior team should include people who are very different to you. This is a matter of temperament as much as it is a matter of skill-set.
- **Feeling lonely is normal** – almost every ALB CEO feels lonely at points. This is a normal, if difficult, part of the role.
- **But support exists** – substantial support networks exist. Some of these are obvious – you chair, your board, your friends and your family. But the most important is likely to be other CEOs. Network well so that you have this support when you need it. Attending ACE events or joining an action learning set is a great way to get these contacts.
- **Lean on your chair** – the relationship between you and your chair will be critical. Effective relationships are open, transparent and mutually supportive. You and your chair should develop clear performance metrics – take advantage of this to lay your cards on the table.

Additional advice for potential CEOs

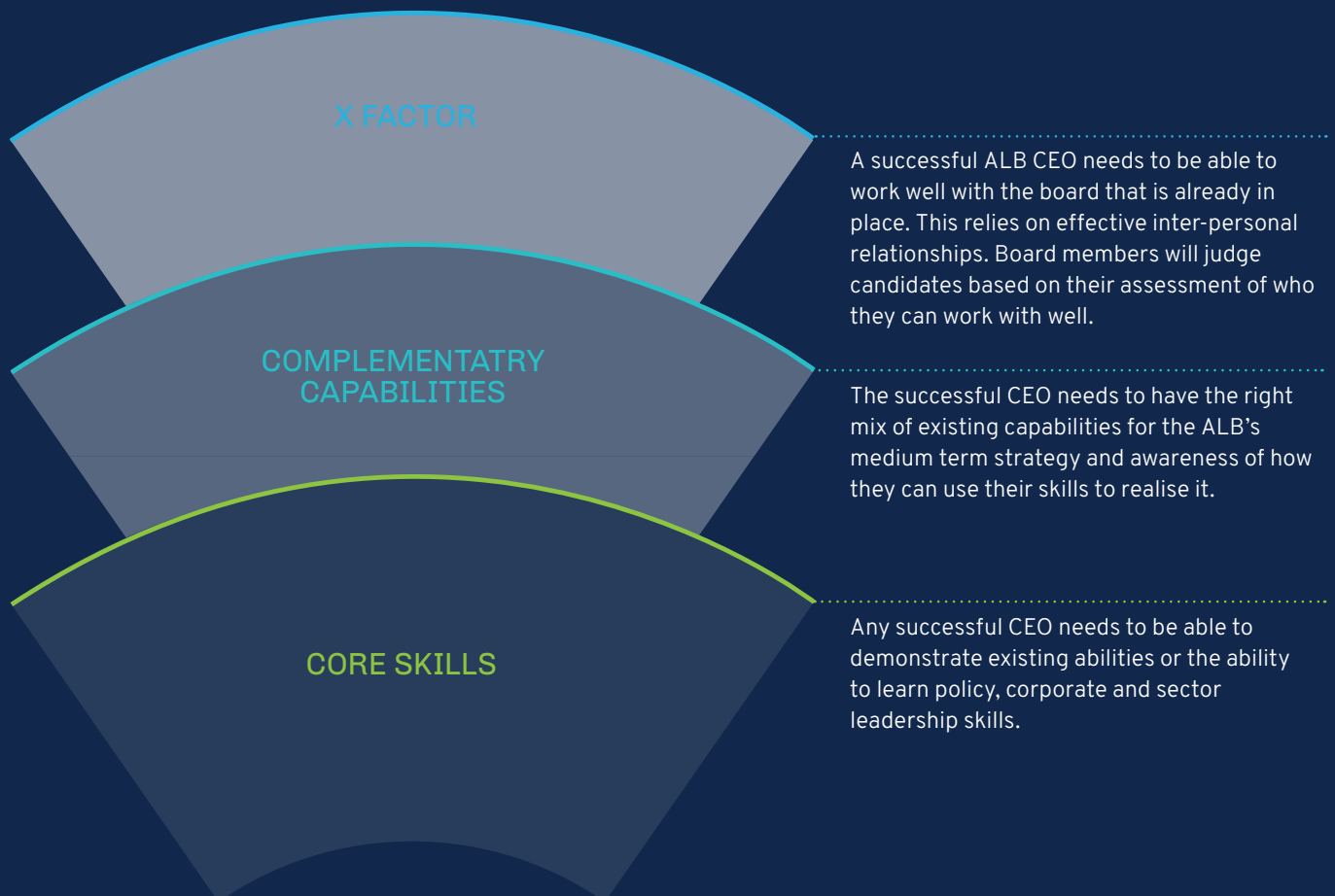
ALB CEOs require certain skills, capabilities and personal attributes. The best placed CEOs will enter the role knowing which skills and attributes they have, which skills and attributes they will develop in role and how they will develop these skills and attributes – both formally and informally.

But even if a candidate for the CEO role has all of the core skills and personal attributes that is needed to be an effective CEO, they may not be right for a given ALB at a given time.

In terms of finding the right ALB, different ALBs have different positions within the constellation of government. Effective CEOs in some ALBs require much greater subject matter knowledge, ability to engage with Whitehall or personnel management. Some of these characteristics are enduring while others are transient as an ALB takes a given strategic direction.

Regarding the right time, ALBs experience periods of growth, consolidation, change and transformation. CEOs need to have the right mix of experiences, skills and personal aspirations to lead the ALB through whichever period it will undergo during their tenure. ALB CEOs have to work closely with their chair and their board. Both CEOs and board members consistently highlight the importance of having strong inter-personal relationships. A good CEO who cannot work well with the existing board and chair will be unable to be successful. Given that the CEO cannot control their board, this can prevent an otherwise appropriate hire. However, board members must also be aware of this risk and mitigate it wherever possible.

This means that great potential CEOs should not be discouraged if they are not a match for the first ALB roles that they see.



Advice for Departments

- **Measure your arm** - ALBs are independent for a reason. Working well with ALBs and their CEOs means that you need to understand why they are independent of the department and how independent they are. It is easy to make mistakes if you and your ALBs have a different understanding of their level of independence.
- **Understand the relationships** – the department, the minister, the CEO and the chair will all have independent relationships with one another. Make sure that you understand the undercurrents in each of these.
- **Help goes both ways** – some ALB CEOs resented being treated as a simple adjunct to the department. ALBs can and should support the department and its priorities. But the department should also support ALBs and their priorities.
- **Understand the CEO role** – a CEO role is distinct from other senior Civil Servant roles. The CEO has specific responsibilities as the accounting officer. They may also have specific responsibilities in legislation. They cannot be flexible around this.
- **CEOs are rightly proud** – CEOs are senior public servants. You may see the ALB as 'less important' than the department but respect is still essential. Treat them as you would a senior leader in your own department.
- **Recognise your distinct roles** – your policy expertise is not the same as their operational expertise. They can often be complementary but both you and the CEO need to recognise this for the relationship to work. If this works well, you both help one another.
- **Sources of advice** – the advice in the [Code of Good Practice for Partnerships between departments and arm's-length bodies](#) applies at an individual level.





Methodology

Nous Group and the Association of Chief Executives would like to thank the current and former CEOs, chairs, board members and other experts who contributed to our survey and who generously provided their time for interviews. Your commentary and insights were invaluable in developing this document.

We conducted over 30 interviews with CEOs and board members and received a similar number of survey responses. Respondents have worked with ALBs associated with most government departments and for ALBs across all four nations of the United Kingdom.

This report represents a distillation of common insights from their experiences. We chose early in the report development process to not provide any identifiable examples. This allowed us to have candid, reflective and self-critical conversations that may not have been possible with attribution.

In this spirit, we have not provided a list of the individuals who supported this work or the organisations that they represent to preserve the anonymity of their responses. But we thank you for your time and your candour.

Annex ALB CEOs | Core competencies

An effective ALB CEO brings a mix of policy, corporate and sector skills which are underpinned by key personal characteristics. The relative importance of these skills will vary from ALB to ALB, and with the current environment of each ALB. An ALB CEO with these capabilities can become an advocate and ambassador for their organisation who brings out the best in their team to collectively advance whole-of-government interests and support their sector.

This document details these skills and personal characteristics. Aspirant CEOs can assess themselves against these capabilities and characteristics to hone their professional narrative. CEOs and Chairs can use this as a guide for professional development conversations. Chairs, boards and recruitment panels may find it useful in assessing candidates for a CEO role. And sponsoring department and other stakeholders may find it useful to understand how they can work more effectively with CEOs.



POLICY LEADERSHIP SKILLS

- **Work effectively with ministers and government departments** – other individuals and institutions in the executive branch have substantial influence over an ALB’s operating environment and successes. Understanding how to align an ALB’s priorities with those of ministers and departments is essential.
- **Engage well with parliamentarians** – parliamentarians, including committee members, provide an essential oversight mechanism for ALBs, shape what is possible for the ALB and are the elected voice for their constituents. ALB leaders need to recognise their democratic role and insights.
- **Understand how to drive policy change through appropriate channels** – government decision-making processes can include checks and balances, stakeholder consultations and steps beyond those expected in other sectors. Effective ALB leaders will understand the system and how to work within it to achieve change.
- **Recognise the government’s political context** – ALBs have a degree of independence from government but this is not absolute. Effective ALB leaders can balance independence with respect for the government-of-the-day’s mandate and direction of travel.



CORPORATE LEADERSHIP SKILLS

- **Provide stewardship, strategic direction and purpose** – ALB leaders cannot do everything in their organisation. Instead they need to provide the clarity of purpose to enable others to act in line with strategic priorities.
- **Drive organisational change** – all organisations undergo periods of consolidation and transformation. ALB leaders need to manage the changes that occur during each.
- **Lead for operational outcomes** – most ALBs have clear operational priorities outlined in their legislation or through guidance from ministers or the board. Effective CEOs lead to achieve these outcomes.
- **Access your organisation’s full capabilities** – ALBs include staff members with a diverse range of skills and personal attributes. Top leaders will lead in a way that encourages all team members to put these to the organisation’s shared priorities.
- **Meet your legal obligations** – ALB CEOs have specific legal responsibilities in their position as the accounting officer. CEOs need to recognise the importance of this role and perform it well.
- **Delegate effectively** – CEOs must work through people. Making the right judgements to delegate well with appropriate oversight is necessary.
- **Act commercially** – an ALB CEO needs a commercial orientation where they focus on achieving the effective, efficient and strategically appropriate outcomes.
- **Focus on results** – ALBs have measurable output and outcome performance indicators. Effective leaders focus both on these and on the more holistic results that they exist to achieve.



- **Work through others** – no ALB leader can realise their ALB strategy alone. Instead, they find ways to draw on others to do the heavy lifting.

SECTOR LEADERSHIP SKILLS

- **Understand your ALB's place in the sector** – each ALB has a specific importance, role and perception in its sector. Effective ALB leaders will work with this history, rather than ignoring it.
- **Know your customers** – sector knowledge includes both policy knowledge and knowing the right people and the rights levers. ALB leaders must either have this people knowledge or have the capacity to gain it.
- **Credibly explain your ALB's value to the sector** – no ALB is universally loved within its sector. Effective ALB leaders can convince a sceptical sector of the value in their institutional role and current strategy.
- **Master the sector's policy environment** – all sectors of the UK's economy and society have a distinct history of regulatory change. Understanding the current environment and previous changes supports impactful and credible engagement with the sector.
- **Balance detailed sector knowledge with a wider lens** – ALBs are a part of their sector and of the government-at-large. Effective ALB leaders bring detailed knowledge to whole-government assessments and vice versa.



PERSONAL CHARACTERISTICS

- **Be curious** – ALBs and CEOs learn best practice from other organisations across all sectors in the UK and abroad. The best leaders will look to all these examples to continue to improve.
- **Show resilience** – ALB leadership is rewarding but it is hard. Sustainable leadership requires a personality that can deal with hard challenges, even when they seem unfair.
- **Appreciate complementary skill-sets** – no person can have all of the capabilities that a leadership team requires. ALB leaders need to build teams that collectively have the necessary skills.
- **Demonstrate sound judgement** – ALB leaders make hard decisions. Leaders must bring together the evidence to make the most appropriate decision.
- **Have a customer-focus** – ALBs exist for specific purposes and effective ALB leaders exemplify a focus on the people, organisations and causes that the ALB exists to serve.
- **Listen well** – ALB leaders receive solicited and unsolicited feedback from diverse sources – there are lessons in each of these and ALB leaders benefit from understanding them.
- **Challenge upwards and downwards** – ALB CEOs sit between systems. They need to be able to assertively and respectfully engage with stakeholders in all directions.
- **Communicate clearly and well** – ambiguity has a limited place in leadership. Effective ALB leaders ensure that people do not have scope to misunderstand them, their strategy or their mission.
- **Show empathy** – ALB leaders cannot solve every problem within their remit. But effective leaders will demonstrate that they understand what drives and influences others' behaviour.
- **Be consistent** – ALB leaders will be most effective when stakeholders know what to expect from them and can engage with them on a 'no surprises' basis.
- **Engage well with stakeholders** – no ALB operates in isolation. Effective leaders will understand their 'collective stakeholders and proactively work with them.

This is a summary of some of the findings of a project undertaken by the Association of Chief Executives and Nous Group. Over 30 current and former ALB CEOs and board members were interviewed for the research. For more information about ACE, please visit <https://uk-ace.org.uk/>. For more information about Nous Group, please visit <https://www.nousgroup.com/uk/>.



Association of
Chief
Executives

The Association of Chief Executives (ACE) is a membership organisation for leaders of Arm's-Length-Bodies (ALBs) in the UK.

Founded in 2006, our aim is to improve the efficiency and effectiveness of public services. We are member-led; run by Chief Executives, for Chief Executives and their Senior Management Team. We offer a unique opportunity for leaders to engage with peers from across the ALB landscape.

Cross-cutting insights

Our innovative, agile programme of events keeps leaders up to date. From private seminars to panel discussions with a range of high-profile speakers, these offer a safe space for leaders to share expertise.

Unique development opportunities

Members can access small-group Action Learning Sets to problem-solve with fellow CEOs. Our working groups support members to drive improvement in their own interest areas, such as diversity and inclusion.

Meaningful influence

ACE seeks to promote efficient relationships between ALBs and all aspects of government. Drawing on the perspectives of its members and undertaking independent research, ACE provides impartial information, expert advice and guidance to Government on the role of ALBs in the delivery of public services.

Recognising the value of ACE, we are supported by Alex Chisholm, Permanent Secretary at the Cabinet Office. Sarah Healey CB, Permanent Secretary at the Department for Digital, Culture, Media and Sport is our central government sponsor.



INSIGHT



DEVELOPMENT



INFLUENCE

“Getting involved with ACE has allowed me to network with my peers, share learning opportunities, access relevant and influential speakers and identify shared challenges.”

-Rebecca Hilsenrath, Chief Executive, Equality and Human Rights Commission and Chair of ACE

Nous: strategic public sector consulting

Our promise to you

We **think further** by going beyond conventional wisdom to find the best possible answer.

We **create together** by listening carefully and working in the spirit of genuine co-production.

We **realise your agenda** by helping you to perform, to succeed, in terms you define.

We aspire to **substantial positive influence** by delivering outstanding outcomes for customers, citizens and communities.

“
Nous brought pace, insight and expertise. They worked well with my team, developing evidence based policy options. I'd wouldn't hesitate to recommend them
”

– Director, Whitehall Department

400

PEOPLE

10

LOCATIONS

3

COUNTRIES

For over 20 years, Nous has worked across the spectrum of the public sector, from policy through to delivery. We partner with leaders across the globe to shape effective departments and agencies, world class organisations, and empowered communities.

The Nous team have worked with organisations including Health Education England, Department for Transport, Cabinet Office, Department for International Trade, BEIS, NHS in the UK, and all tiers of the Australian public sector from Health through to Defence.



Our capabilities

STRATEGY

Business and growth strategy
Business performance and productivity
Market and business analytics

PUBLIC POLICY

System and programme design
Policy development
Regulation
Evaluation

ORGANISATIONAL PERFORMANCE

Operating model design
Process improvement
People strategy
Culture change

TRANSFORMATION

Transformation strategy and implementation
Post-merger integration
Change management

DIGITAL & DESIGN

Customer experience and service design
Digital strategy

LEADERSHIP & TALENT

Leadership assessment and development
Talent management