

## **Holding The Group Board/Executive to Account**

### **Holding to account**

How can a large disparate Membership properly hold its highly paid ambitious Executives to account?

Firstly, one needs to be clear about who is holding whom to account? Before the accelerated Myners driven reforms of 2014, The Group had an elected Board which, for better or for worse, was in place to hold the Executive to account. That Board had among its number specifically appointed "IPNEDs" - "Independent Professional Non-Executive Directors" to advise them on some of the highly technical aspects of running a large multi-faceted corporation.

After the virtual collapse of the Co-operative Bank, it was this configuration of Board that came under attack by Myners et al. It was alleged that the Board was "too big" and had too many inexpert, uninformed, elected amateurs to function properly. The solution thrust forward was not simply to reduce the size of the Board and/or critically review the dubious IPNED input. It was to revamp the entire democratic structure such that any representation of Members was virtually excluded from the new configuration of Board. Instead, a "Council" was created so that all the inexpert amateur elected representatives could have a place to air their views without interfering with the oversight of the actual business.

The new configuration of Board harbours only the faintest nod towards a couple of places for what might be deemed proper representatives of the Members – all requiring the approval of the "independent" "professional" Chair. It is dominated by handsomely remunerated "independent" "professional" IPNEDs – the sort of people who stood around wringing their hands as the Bank imploded. But it is a hybrid Board as well because the Agents – the Executive – are also (up to two places) well represented upon it. This means that the Executive themselves have a substantial say in the matter of holding themselves to account!. (Defenders of the faith in standard model speculator corporations may say this is not out of the ordinary, but that doesn't make it right – especially in the context of a supposedly democratic organisation where the Chief Exec should be ex-officio, ie non-voting.)

So, instead of having an Executive held to account by a Board held to account by the Membership, we now have an Executive held to account by a hybrid Executive/Board held to account by a 100 member Council held to account by the Membership. Not only has an extra layer been inserted to further distance the Membership from the Executive, but the direct mechanisms of accountability between the Membership (via the Council) and the Executive have been all but severed.

People who should know better now opine that plans and policies, having supposedly been sourced through and agreed by the Membership, become the responsibility of the Membership's "Agent" to deliver – and that the Agent in question is the newly configured Board. But it is not the Board's job to deliver such things. That is the Executive's job. The Executive is the Membership's Agent. And, as currently constituted, it is the newly configured Board' (not the Council) which holds that Executive to account.

The Council (representing the Membership) now has very limited input into Executive activities.

It's been pointed out that the Council still has the power to remove directors from the Board. But this is a power of last resort and is rarely used precisely because it is, in practice, so complex as to be unusable. Negligence has to be established and this has proved time and time again to be a costly and futile process. The "power", therefore, isn't really a power at all.

So, given all the restrictions and inhibitions and constraints on the newly born Council, how can it reasonably set about it's "primary duty" - ie, holding its Agent to account?

Confusion over who the Agent actually is doesn't help matters, but the current configuration requires that the actual Agent – the Executive – has to be held to account through the hybrid Board. So the question is, how best can the Council hold the hybrid Board to account?

Being a body of 100 individuals doesn't help either in terms of generating focus, but it does help in terms of providing a wide base of experience and commitment from which to draw. How can the Council capitalise on the experience and commitment whilst at the same time being saddled with problems of focus?

The answer would appear to reside in the use of committees and task groups.

### **Committees**

As mentioned above, the Council has one hundred members. This inevitably leads to Member representatives spending much of their collective time listening to speeches. This is passive involvement and is not the way to make the Council either responsive to its membership or efficient in its primary duty.

The bulk of work should be undertaken by committees. Initially there were two Standing Committees ("Scrutiny" and "Directors' Fees") but others have been added.

In the early review process I, and many others, pressed for a "select committee" system whereby ad hoc committees could be formed and properly resourced to respond to specific unexpected situations. Standing Committees are not always best placed to respond to the unforeseeable and can sometimes tend towards stagnation. They may get bogged down with routine business, static committee populations, and limited lines of enquiry.

To complement the work of Standing Committees, a "select committee" system stands a better chance of utilising the specialist knowledge, experience, and commitment among the wider group of elected members. Properly resourced, they can pursue specific, immediate concerns without being sidetracked by the pressures of routine business. And, job done, they can be disbanded again.

### **Panels**

As an adjunct to effective Committees, two or three member "Panels" should be nominated with the right and opportunity to question the Board and the Executive to the extent required. If needs be, they should have the right and opportunity to sit right up on the main stage at General Meetings to question Executive and/or Board in detail. Hopelessly generalised "questions from the floor" without the opportunity to press supplementary questions are futile and time-wasting. The best hope for "holding to account" resides in the capability to raise and patiently pursue questions until completely satisfactory answers are achieved.

### **Task Teams**

Sometimes Committees, Standing or Select, need more specific information or action than normally readily available through management channels. In these situations, in order more effectively to serve their primary purpose (holding Agents to account), they should be able to call upon wider resources. These could be provided in the form of short term, fixed period Task Teams. These could be assembled through the incorporation of non-Committee Council members with the relevant interest, expertise, and commitment.

A hugely successful model for short term, fixed period Task Teams comes from the film industry. Script writers and directors and producers have clear roles in the creation of films from start to finish. Recognition of an opportunity might emerge from and be discussed by any combination of these but, as the idea firms up and broader support is evidenced, their respective roles become clearer. Producers look for the resources; script writers polish the documentation, directors begin to assemble the team of specialists (actors, camera people, wardrobe, location, continuity, provisioning, etc) to be called up as soon as the producers have secured the resources. The film is made and the team disbands again.

Translating this sort of Task Team to a Membership owned enterprise like The Group shouldn't be difficult. In the role of "producer" or Sponsor one might have one or two active Council members with legitimate concerns about some aspect of the business. They, perhaps with other Council members who also recognise the problem, might look to securing resources for a "script writer" or Scribe to define and articulate the remit. With drafts of this in place, these Sponsors might look to taking on a "director" or Project Manager in the form of, say, a lawyer or accountant or professional researcher who would study the brief, perhaps suggest refinements, work out the likely personnel requirements of the task team and provide a time line and some indicative costings. (If tendering was the preferred option, the Scribe might be tasked with defining the brief with that purpose in mind. Refinements to the brief might then take place with the successful bidder.)

But with the purpose and remit clearly defined, the Sponsors would make representations to the relevant Committee or to the Council itself with a view to securing resources for full implementation. If they were successful in this, the Project would run its course and hopefully focus enough light and attention on the problem area to see to its resolution or make recommendations to Council and/or Board and/or Executive.

And, job done, the Task team would disperse, but with the expertise and experience readily available for other calls to duty in other short term dedicated Task Teams.