NCS Trust Public Accounts Committee Response
Governance, Leadership and Expertise
September 2017

Purpose

This paper summarises the approach NCS Trust is taking to develop its governance, leadership and expertise as it expands, in response to recommendations made by the Public Accounts Committee (PAC). It has two sections - the first covers governance; the second, leadership and expertise.

1. Governance

Background

The Trust is compliant with its obligations as a Community Interest Company (CIC)

When it was established in 2013, the NCS Trust subscribed to a set of Articles of Association under the 2013 Companies Act as a Community Interest Company. These Articles were agreed with the Cabinet Office.

The CIC complies fully with these obligations, and the core requirements are:

- **Community benefit** – the CIC’s activities must be to benefit the community;
- **Not-for-profit** – all surpluses must be used for the benefit of the CIC;
- **Asset lock** – no transfer of assets are permitted except for the benefit of the community.

The Articles of Association set out expectations around, for example, board quorums, decision making, participation, powers, conflicts of interest, appointments and retirements, in line with corporate good practice.

The Trust has a range of further governance requirements as a taxpayer funded organisation

The Trust was set up as a private company in legislative form as it was agreed that the flexibility and commercial freedom afforded by this structure would allow the Trust to attract young people to the programme and grow it at the desired rate.

In substance, the Trust is almost wholly publicly funded, which means it must comply with additional requirements. These include the Department for Digital, Culture, Media
and Sport (DCMS) holding the Trust to account on organisational delivery and performance through a detailed Grant Agreement. The Trust complies fully with these obligations, and reports weekly, monthly, quarterly, bi-annually and annually on its activities. In addition the Trust has a government appointed representative on its Board.

In addition, we have taken steps to hold ourselves to public sector standards of governance as set out in Good Governance Standards for Public Services within the context of an operating CIC (see figure 2 - extract).

**Figure 1: Good Governance Principles for Public Services**

- Focusing on the organisation’s **purpose**
- Focusing on **outcomes** for citizens and service users
- Performing effectively in clearly **defined functions and roles**
- Promoting **values** for the whole organisation and demonstrating the values of good governance through behaviour
- Taking informed, transparent **decision-making**
- **Managing risk**
- Engaging stakeholders
- Making accountability real
- Developing **capacity and capability** to be effective

NCS Trust will put in place additional governance and transparency arrangements, in line with the NCS Act and Royal Charter

We are further enhancing our governance structures in light of provisions set out in the NCS Act and Royal Charter, ahead of the new body going live. This includes (but is not limited to):

- Following the public appointments process for the new Trust Chair and Board;
- Having a government representative on the new organisation’s Remuneration Committee;
- Complying with the FOI Act;
- NAO being appointed as our auditor;
- Laying our accounts, business plan and annual report before Parliament each year;
- Implementing additional financial reporting obligations;
- Implementing additional transparency obligations.

The remainder of this first section will provide additional detail on the Trust’s existing governance, using the principles as set out in Figure 1 as a framework. The second section will explain the Trust’s focus on developing its leadership and capability

**Purpose**

NCS has a clear reason for existence which is reinforced within the NCS Trust, across our network of regional and local partners, to young people and parents, the wider public, to Government, and to Parliament.
Social cohesion: building stronger, more integrated communities

- Our young people are coming of age in a country that is becoming more divided and is experiencing declining levels of social trust: this is an urgent issue that NCS is helping to tackle.
- Young people who would be unlikely to mix under normal circumstances come together on NCS, sharing experiences regardless of their family income, background or ethnicity.

Civic engagement: supporting communities and the democratic process

- NCS engages young people with their power to make a difference, transforming participants from “done to” into “doers” who can have an impact on the world.
- NCS helps young people understand the challenges in their communities, develop empathy for others and a sense of social responsibility. As they plan and deliver their social action projects, they make their mark and build trust in their neighbourhoods. They also establish links to decision makers and the democratic process.

Social mobility: equipping young people with essential skills for work and life

- Government funding means that NCS is open to all 16 and 17 year olds, providing opportunities to develop skills outside the classroom for everyone – not just the privileged few who can afford them.
- NCS graduates emerge with a range of essential skills for work that employers want, as well as character skills, networks and aspirations that will stand them in good stead in life.

To fulfil our purpose, we must focus on four key strategic priorities, as shown in Figure 2:

**Figure 2: Strategic priorities**

- **Demand:** strengthen demand among young people and parents/guardians;
- **Quality:** maintain and improve the quality of NCS;
- **Cost:** ensure cost efficient supply;
- **Sustainability:** build broad-based support for NCS.
Outcomes

Theory of Change

NCS Trust has developed a new Theory of Change following an extensive review of NCS documentation, and consultation with a range of NCS stakeholders. This Theory of Change is based around NCS’ overarching objectives of social mobility, social cohesion and civic engagement. It sets out individual outcomes supporting these social objectives, and a set of underlying personal capabilities equipping young people to develop these individual outcomes (see diagram below).

Figure 3: NCS Theory of Change

Key performance indicators

NCS are held to account by its board, executive team, and DCMS on a wide range of outcome indicators, including participation rates, value for money, and social mix performance (such as the % of Young People on free school meals). Our core indicators, as per our Grant Agreement, are set out below.
Independent evaluation

NCS has been subject to an annual independent evaluation conducted externally by market research foundation, Ipsos MORI. Areas measured include willingness to recommend NCS to a friend, effects on confidence, community involvement and social mixing, and transition to adulthood. Results are compiled from online surveys and self-completion forms of over 30,000 NCS participants, against a control group which acts as a baseline. Follow up surveys are conducted three months after taking part in the programme. This is accompanied by qualitative in-depth interviews with teachers of NCS participants.

Earlier this year, NCS Trust commissioned an additional independent evaluation - Wellbeing and Human Capital Evaluation - which included a wide range of NCS outcomes not accounted for in previous value for money methodologies, and reported a social benefit-to-cost ratio of between £5.93 and £8.36 per £1 of investment.

Live feedback

We collect instant feedback from young people on their experience on the programme through text messages. This gives us access to live data on programme experience, helping to act fast in spreading good practice and intervening to correct underperformance.

Functions and roles

The Chief Executive oversees the Senior Leadership Team (SLT), who deliver the Trust’s core functions. The Chief Executive also has direct oversight of the legal and accounting functions of the Trust. The executive team is as follows:
• Chief People Officer
• Chief Finance Officer
• Director of Partner Management
• Director of Strategy and Implementation
• Director of Partnerships
• Director of Information & Technology
• Marketing Director
• Director of PR and Communications

The Chair manages the Board of Directors, who provide a diverse range of skills to support the executive team in achieving its vision and core objectives, living the NCS Trust values, and managing risks. In order to achieve a diverse skills set, the non-executive team has been appointed as follows:

• A member appointed by the Government
• A member with passion for citizenship and social action
• A member with legal and procurement experience
• A member with FTSE 100 and operations experience
• A member with voluntary and youth sector experience
• A member with experience of digital engagement
• A member who can represent youth or youth culture
• A member with experience in corporate strategy
• A member with experience of education
• A member with brand partnership experience

The NCS Youth Board (made up of representatives from NCS Regional Youth Boards across the country) is also represented at NCS Board meetings.

Values

The Trust’s values are below:

Figure 5: NCS Trust values

1. Make a massive positive impact
2. Be excellent
3. Operate in real time
4. Aspire to simplicity
5. Request help and be helpful
6. Have fun
7. Be trustworthy
8. Be youthful

The Trust has an Ethics and Values Committee whose responsibilities include, but are not limited to:

- assessing compliance with our values across the organisation, especially from our senior leaders;
- developing guidance to help our people comply with expectations;
- owning a conflicts of interest process for our people in accordance with the Nolan Principles.

**Decision-making**

**Senior Leadership Team**

The Senior Leadership Team meets twice weekly to make key business decisions, and review project risks, as flagged by the Trust’s Portfolio Management Office function. The SLT exercises extensive coordination across functions to ensure that relevant input and oversight is maintained across the Trust.

**Table 1: Governance schedule**

<table>
<thead>
<tr>
<th>Meeting name</th>
<th>Freq.</th>
<th>Level</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>All people meeting</td>
<td>Weekly</td>
<td>All people</td>
<td>Communicate key messages to our people</td>
</tr>
<tr>
<td>Direct report 121s</td>
<td>Weekly</td>
<td>All people</td>
<td>Agree priorities and discuss concerns</td>
</tr>
<tr>
<td>Team meetings</td>
<td>Weekly</td>
<td>All people</td>
<td>Set work, flag key risks and ideas</td>
</tr>
<tr>
<td>Project Working Groups</td>
<td>Weekly</td>
<td>Project delivery team</td>
<td>Set work andflag risks associated with major projects</td>
</tr>
<tr>
<td>Project Steering Groups</td>
<td>Weekly/ Monthly</td>
<td>SLT project sponsors</td>
<td>Make decisions related to major projects</td>
</tr>
<tr>
<td>SLT decision making meeting</td>
<td>Weekly</td>
<td>SLT</td>
<td>Make decisions on issues and risks.</td>
</tr>
<tr>
<td>SLT discussion meeting</td>
<td>Weekly</td>
<td>SLT</td>
<td>Discuss strategic issues</td>
</tr>
<tr>
<td>DCMS Performance meeting</td>
<td>2 weekly</td>
<td>DCMS officials; Operations Director</td>
<td>Discuss progress in meeting core performance KPIs</td>
</tr>
<tr>
<td>Meetings with Regional Delivery Partners (RDPs)</td>
<td>Monthly</td>
<td>Trust Provider Managers and RDPs</td>
<td>Discuss performance and flag key risks</td>
</tr>
<tr>
<td>Month-end close meetings</td>
<td>Monthly</td>
<td>Finance</td>
<td>Ensure appropriate controls in place for key finance processes</td>
</tr>
<tr>
<td>SLT risk register review</td>
<td>Monthly</td>
<td>Organisation</td>
<td>Risk awareness and management</td>
</tr>
<tr>
<td>DCMS Management Meeting</td>
<td>Monthly</td>
<td>DCMS officials; NCS business leads</td>
<td>Discuss performance on milestones and KPIs set out in the Grant Agreement</td>
</tr>
<tr>
<td>DCMS SRO/NCS CEO meeting</td>
<td>Monthly</td>
<td>DCMS SRO, NCS CEO</td>
<td>Discuss organisational performance</td>
</tr>
<tr>
<td>Trust Board Meeting</td>
<td>Quarterly</td>
<td>Trust Directors and Executive Team</td>
<td>Discuss strategic direction and key risks</td>
</tr>
<tr>
<td>Audit and Risk Committee Meeting</td>
<td>Quarterly</td>
<td>CEO, CFO, ARC members</td>
<td>Ensure planning, governance and oversight of financial and risk matters</td>
</tr>
<tr>
<td>Remuneration Committee Meeting</td>
<td>Quarterly</td>
<td>NCS Board Chair; 2 non-executive Directors</td>
<td>Set remuneration policy and remuneration of senior executives</td>
</tr>
<tr>
<td>Nominations Committee Meeting</td>
<td>When Needed</td>
<td>NCS Board Chair; 3 non-executive Directors</td>
<td>Make recommendations with respect to Directors’ appointments</td>
</tr>
<tr>
<td>Succession Committee</td>
<td>Quarterly</td>
<td>CEO, CPO, Head of Learning and Development</td>
<td>Ensure plans are in place to grow and develop our talent and future leaders</td>
</tr>
<tr>
<td>Ethics and Values Committee</td>
<td>Quarterly</td>
<td>CPO, Chief Executive Officer and People Engagement and Culture Partner</td>
<td>Ensure people are acting in accordance with NCS values and manage conflicts of interests</td>
</tr>
<tr>
<td>National Youth Board meeting</td>
<td>Quarterly</td>
<td>National Youth Board members (NCS graduates) and NCS Trust</td>
<td>Receive feedback from young people directly</td>
</tr>
<tr>
<td>DCMS sponsor meeting</td>
<td>Bi-annually</td>
<td>NCS CEO; DCMS Accounting Officer</td>
<td>Assess organisational performance</td>
</tr>
</tbody>
</table>
## Key governance milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Freq.</th>
<th>Responsible dept.</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Requests to DCMS</td>
<td>Quarterly</td>
<td>Finance</td>
<td>Formally request funding in line with budget</td>
</tr>
<tr>
<td>Mid-year performance report to DCMS</td>
<td>Bi-annually</td>
<td>Strategy</td>
<td>Formally update DCMS on KPIs</td>
</tr>
<tr>
<td>Annual Report to DCMS</td>
<td>Annually</td>
<td>Strategy</td>
<td>Provide DCMS with an overview of organisational performance</td>
</tr>
<tr>
<td>Budget and Grant Agreement</td>
<td>Annually</td>
<td>Finance</td>
<td>Set out NCS’ core KPIs, milestones, reporting schedule and funding</td>
</tr>
<tr>
<td>Internal audit health-check</td>
<td>Annually</td>
<td>Finance</td>
<td>Provide independent review of robustness of policies, systems, processes and skills NCS has in place to manage public money and risk</td>
</tr>
<tr>
<td>External Audit</td>
<td>Annually</td>
<td>Finance</td>
<td>Statutory requirement</td>
</tr>
<tr>
<td>Publication Annual Report and Accounts</td>
<td>Annually</td>
<td>Finance</td>
<td>Engaging external stakeholders</td>
</tr>
<tr>
<td>Internal audit</td>
<td>Monthly</td>
<td>Finance</td>
<td>Delivery and review of the annual audit plan</td>
</tr>
<tr>
<td>Review of Business Accounts</td>
<td>Monthly</td>
<td>Finance</td>
<td>Review spend in line with budget</td>
</tr>
</tbody>
</table>

In addition to the above, we hold major project boards - for example, the Innovation Board and the “Transition to Royal Charter” Board (which is held jointly with DCMS).

Key decisions, must be brought to the NCS Trust Board. These include but are not limited to, sign off of annual strategies, multi-year business plans, and demand targets.

### Portfolio Management Office (PMO)

#### Scope

The Portfolio Management Office (PMO), launched in February 2017, is responsible for the integrated planning and oversight of the Trust’s annual business activity; the integrated planning, oversight, and review of the Trust’s seasonal delivery; and the approval, oversight, and support of the Trust’s portfolio of transformation initiatives. It helps identify and mitigate risk across the business’s activities and supports the effective distribution of resources based on the strategic priorities of the Trust.

#### Project support

As part of its work supporting the Trust’s transformation portfolio, the PMO has introduced a new approvals process for transformation initiatives. This process involves the Sponsoring Director for the piece of work completing and presenting a ‘Project Initiation Document’. This document is presented and approved in three stages, a Strategic Outline Case (SOC), an Outline Business Case (OBC), and a Full Business Case (FBC). Depending on the scale, complexity and risk associated with a project, these documents will either be approved by the Sponsoring Director (for small, low budget, straightforward programmes of work), the Senior Leadership Team, or the NCS Trust Board.

Once projects are approved they are supported and monitored by the PMO to assess progress and manage risk. Projects are required to use standard project management
tools and templates, and report risk through established processes. Completed projects are reviewed, lessons learned identified and improvements made.

Considerable progress to embed PMO good practice has already been made since February, including the training of all NCS TRUST people in project management and processes. This is an area of the business which we will continue to develop in the coming years, as the scope and scale of our organisation continues to grow.

**Delegation of authority**

The Trust has a robust system for delegation of authority. For budgeted expenditure, all spend above £10,000 must be signed off by the sponsoring director. All spend above £100,000 must be signed off by the CFO, all spend above £250,000 must be signed off by the CEO, and any spend above this must be signed off by two members of the Trust Board. Any non-budgeted spend must be signed off by the sponsoring director, any non-budgeted spend over £50,000 must be signed off by the CFO and CEO, and any spend above £500,000 must be signed off by two members of the Trust Board.

**Risk management**

The establishment of the PMO has also helped the Trust to significantly strengthen its approach to risk management. The Trust’s risk management infrastructure is based around four key documents which are reviewed at SLT and Board meetings.

**Seasonal Delivery Dashboard**

The Seasonal Delivery Dashboard looks at the delivery of NCS’s seasons (e.g., “Summer 2017”). It tracks progress against plans, identifies risks and their owners, and shares proposed mitigations. It also escalates any decisions which need to be made by SLT. The Seasonal Delivery Dashboard is updated and shared with SLT on a fortnightly basis. This dashboard is prepared by the PMO and is an output of weekly Seasonal Delivery meetings where key middle management stakeholders with responsibility for seasonal delivery track the delivery of all live seasons. The SLT discuss all identified red risks and also any decisions which have been identified for escalation.

**Transformation Dashboard**

The Transformation Dashboard looks at the status of NCS Trust’s Transformation Projects. It gives an update on project status, and shares identified risks and proposed mitigations. It also escalates any decisions that need to be made by SLT. The Transformation Dashboard is also updated and shared with SLT on a fortnightly basis. This dashboard is prepared by the PMO based on status reports submitted by the Project Managers of all projects within the Trust’s transformation portfolio. The SLT discuss all projects which have been given a red status as well as any decisions which have been identified for escalation.

**Aggregated Risk Dashboard**

The Aggregated Risk Dashboard looks at operational risks which exist at a portfolio or organisation wide level, such as resourcing challenges created by a number of projects all relying on the same individuals. It captures identified risks, risk owners,
planned mitigations, and delivery dates for those mitigations. The Aggregated Risk Dashboard is shared fortnightly with the SLT, alongside the Seasonal Delivery Dashboard. This dashboard is compiled by the PMO and captures risks identified in their weekly meetings. All new risks are discussed at SLT, and risk owners identified. These owners are then responsible for developing mitigation plans and asked to give delivery dates which are then monitored.

**Corporate Risk Register**

The Corporate Risk Register identifies those risks which are significant enough to impact NCS TRUST at the corporate level. It identifies risks, scores them for likelihood and potential impact, identifies risk owners, and captures proposed mitigations. The Corporate Risk Register is discussed monthly by SLT and compiled by the Finance team, who work closely with the PMO to ensure an integrated approach across NCS TRUST risk management and reporting. The Corporate Risk Register is shared with the Board at the Audit and Risk Committee.

**Information management and public records**

As we continue to improve our business, and as we transition to a public Royal Charter body, a Head of Information Management and Security has been employed. This role is responsible for making sure that the Trust’s information governance processes and policies follow best practice and, accordingly, exceed national minimum requirements. This includes information risk management, which aligns with hierarchical Audit and Risk Committee (ARC) corporate risk processes.

Business impact assessments (BIAs) are being undertaken to assess the current capability of our IT and internal processes, to build and maintain sufficient organisational memory for regulatory requirements (including those around public records).

**Engaging stakeholders**

The Trust engages a wide range of stakeholders. Key groups are listed below, with examples of how we engage them:

- **Young people and parents**: engaged through school assemblies, via social media, our central call centre, annual NCS campaigns (such as “Change Your Summer”), our network of local providers, our network of ambassadors, and our central customer service function. We also have a network of NCS Regional Youth Boards across the country, as well as our “NCS Leaders” and “Kickstart” programme that continue to engage NCS graduates after they have completed the programme.

- **Parliament**: engaged through the Public Accounts Committee but also select committees like the Select Committee on Citizenship and Civic Engagement, as well as relevant APPGs, and a cross-party summer visits programme which has welcomed over 160 Parliamentarians so far this year.
- **Government:** DCMS engaged through our central DCMS reporting mechanisms; Department for Education (DfE) engaged through our Education Policy team; wider government engaged through our central Policy and Innovation teams.

- **Teachers:** engaged through our School Engagement team, that works closely with DfE, Ofsted, and sector organisations like Teach First and the Independent Schools Council.

- **Corporations:** engaged through our Partnerships team that works with, for example, Santander, the “I” Newspaper, Radio 1, EDF Energy, Get My First Job, Edukit, and others.

- **Wider youth sector:** engaged through our Innovation team that has developed important partnerships with the Scouts, Duke of Edinburgh, Sea Cadets and others.

In addition to the above, our new Board of Patrons, a diverse group of experts led by David Cameron, our Chair of Patrons, is helping to facilitate improved NCS engagement across sectors and political parties.

**Making accountability real**

The Trust is accountable to:

- **Young People and the public:** through supporting DCMS in responding to FOI requests, and gathering real-time feedback from young people and parents.

- **Government:** through its annual Grant Agreement with DCMS (core KPIs are listed in “outcomes” above), and a Government representative on its Board.

- **Parliament:** through the Public Accounts Committee, and supporting DCMS to respond to Parliamentary Questions.

The Trust is taking steps to improve its transparency to the public, and from October 2017 will publish additional information in its Annual Report, including the salaries of its senior leadership team, and corporate governance.

2. **Leadership and expertise**

As NCS Trust matures as an organisation, we are developing the leadership and expertise necessary to continue and build on our success. We are doing this in two ways: first, recruiting the right talent; second, developing the capabilities of our existing workforce.

**Recruitment**

Consistent with PAC’s recommendations calling for improvements around governance, capability, unit cost, financial reporting and transparency, we are
recruiting to strengthen our expertise across the organisation, especially in PMO, Finance, People, and Operations.

Our new leaders are strengthening our policies and procedures to ensure the Trust makes effective business decisions and protects public money. For example, our new procurement function has introduced a robust supplier management system.

**Capability development**

Our aim is to build on our own talent wherever possible, so one of our key requirements in hiring new leaders is that they have the capability to develop and grow our own people. In addition:

**We have a robust performance management system**

From the moment they join NCS Trust, our people are required to set clear objectives to drive forward not just their own careers, but the core objectives and values of the organisation. We have a real-time feedback culture and robust appraisal system where employees are reviewed against these objectives and focused development plans are agreed.

**We now have an in-house Learning and Development (L&D) function**

This function offers a core programme of development sessions for all employees. L&D training schedules are tailored to the specific requirements of individuals identified during the annual review process, and is also strategically focused on organisational development areas.

**We have a tailored coaching service to help our people meet their potential**

The L&D team provides coaching for our people, who can self-refer or be referred by their line manager. This builds on a culture of excellence, with people of all levels given access to the tools required to improve their performance and reach their potential.

**We have a robust succession planning process**

We have put in place a ‘succession committee’ to ensure our current workforce is well-positioned to meet the Trust’s future capability requirements. This allows us to develop not just our leaders for today, but also our leaders for tomorrow.