Department of Finance
An Roinn Airgeadais
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PRACTICAL TOOLKIT FOR ESTABLISHING, MANAGING AND CLOSING PUBLIC BODIES

TOOLKIT FOR NORTHERN IRELAND DEPARTMENTS AND SPONSOR TEAMS

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1. PURPOSE

This toolkit is intended to support Northern Ireland departments and their sponsor teams in managing the **full lifecycle of a public body**. It brings together relevant, existing guidance, both from Northern Ireland and across the UK, governance expectations and practical actions that should be considered from the earliest stage of policy development, through establishment and ongoing sponsorship, to review, restructuring or closure.

2. SCOPE

This document is relevant to departments responsible for the sponsorship, governance, oversight or reform of public bodies and arm's-length bodies in Northern Ireland. It should be read alongside the Department of Finance's public bodies guidance, Managing Public Money Northern Ireland, guidance on partnerships between departments and arm's-length bodies, and wider governance and appointments guidance. In addition, the Cabinet Office also has an overall Public Bodies Handbook which has various parts and covers a suite of guidance, the approvals process for the creation of new Arm's-Length Bodies and guidance on the undertaking of reviews of Public Bodies, which may be useful but may not always be relevant.

3. CORE EXPECTATIONS

At every stage of a public body's lifecycle, departments should ensure that arrangements are based on:

- a **clear purpose and remit**;
- **strong accountability and governance**;
- **proportionate oversight**, reflecting the body's size, role and risk profile;
- **value for money and proper use of public resources**;
- **effective partnership working** between the department and the body;
- **fair and transparent public appointments** where board appointments are required.

4. DEFINITIONS AND CLASSIFICATIONS

Definitions and classifications detail for Northern Ireland are provided below. The Cabinet Office also provides guidance on the Classification of public bodies.

PUBLIC BODIES

Public bodies are a **broad category of organisations that are publicly funded and perform public functions**, whether at central, regional, or local level.

This includes:

- Arm's Length Bodies (ALBs)
- Executive Agencies
- Non-Ministerial Departments
- Other statutory or administrative organisations delivering public services

Public bodies may have varying degrees of independence from Ministers, depending on their statutory basis and governance arrangements. All are expected to operate in line with public accountability, transparency and value-for-money principles.

ARM'S LENGTH BODIES

An Arm's Length Body (ALB) is defined as a **public sector organisation that is operationally independent from a NI Department and operates under a framework of sponsorship, governance, accountability or statutory oversight**. ALBs are established to carry out specific functions on behalf of government – such as delivering services, regulation, advisory support, or oversight – while allowing a degree of operational independence.

ALBs are considered to be bodies which have a role in the process of Government, but are not a Government Department, or part of one, and which accordingly operate to a greater or lesser extent at arm's length from Ministers', plus where Accounting Officer Status has been allocated.

ALBs include Non-Departmental Public Bodies (NDPB), Public Corporations, North/South Bodies and Advisory and Expert Bodies. They sit within the wider **public sector structure** which also includes:

- **Core Central Government:** Core Government Departments; Executive Agencies; and Non-Ministerial Government Departments.
- **Independent Public Bodies:** Statutory Office Holders / Commissioners; Tribunals and Judicial Bodies; and Other Independent Bodies.
- **Other Public Bodies.**
- **Local Government.**

The identification and classification of ALBs can be complex and often requires reference to the original establishing legislation, which may date back a considerable period.

CLASSIFICATIONS OF PUBLIC BODIES

CLASSIFICATION	DESCRIPTION OVERVIEW
Executive Agency	Executive Agencies are clearly designated (and financially viable) business units within departments which are responsible for undertaking the executive functions of that department, as distinct from giving policy advice. They have a clear focus on delivering specified outputs within a framework of accountability to Ministers. While they are managerially separately, they are independently accountable within their home department and also report to the Executive and the Assembly on their agency-specific targets. Due to this close working relationship, Executive Agencies are part of their department, and do not have the same level of legal separation from their home departments that other categories of public bodies often possess.
Non-Ministerial Department (NMD)	NMDs operate similarly to normal government Departments in the functions they perform (though usually they are more specialised and not as wide ranging in the policy areas they cover). They generally cover matters for which direct political oversight is judged unnecessary or inappropriate.
Non-Departmental Public Body (NDPB)	NDPBs have a role in the process of government but are not part of a government department. They operate at arm's length from ministers, though a minister will be responsible to the Executive and Assembly for the NDPBs. The category also includes NDPBs with advisory functions.
North/South Body	A "North South body" is a cross-border institution established under the Good Friday Agreement (Belfast Agreement) to foster cooperation between the North and the South on matters of mutual interest, such as trade, language, environment, and waterways, working under the direction of the North/South Ministerial Council (NSMC).
Public Corporations	A body will be classified as a public corporation where it is classified as a market body – a body that derives more than 50 per cent of its production cost from the sale of goods or services at economically significant prices (that is, prices that have a substantial influence on the amounts of products that producers are willing to supply and on the amounts of products that purchasers wish to acquire) for all or most of the goods and services they

CLASSIFICATION	DESCRIPTION OVERVIEW
	produce. Some charge for regulatory activities, where these provide a significant benefit to the person paying the fee. A public corporation may be controlled by central government, local government or other public corporations; and it has substantial day to day operating independence so that it should be seen as an institutional unit separate from its parent department. This mainly covers trading bodies, that either operate commercially or recover some or all of their costs from fees charged to customers. This category of sectoral classification normally only applies where 50 per cent or more of costs are met from such outside income.
Advisory and Expert Bodies	These are usually non-statutory groups, providing independent expert advice on key issues from within the department. Like many NDPBs, Advisory and Expert Bodies may comprise of external (non-civil service) specialists that form committees to advise ministers on particular policy areas. They are often funded from within a department budget, administrated and resourced by civil servants from within the department. It is important to note that they and the advice they provide are still politically and operationally independent, and they may not be subject to the same levels of review or scrutiny that NDPBs require.
Statutory Office Holder/ Commissioners	A statutory office or commissioner is a position established under legislation and sometimes as a separate legal entity or corporation sole, with a specific remit to conduct activities or deliver services within the public sector but which is an individual and not an organisation. The statutory office or commissioner is a position held by one person, though the office may be provided powers to request additional resources if required or to employ staff.
Tribunals and Judicial Bodies	A tribunal or judicial body is an independent decision-making body established by law to exercise judicial functions such as determining disputes, appeals, or legal issues, rather than to develop policy or deliver public services. Tribunals typically specialise in particular subject areas, such as employment, social security, mental health, planning, or pensions, and provide a less formal alternative to the courts. Judicial bodies include courts and tribunals whose members act independently of government and make decisions based on the law and evidence presented.
Other independent public bodies	Other Independent Public Bodies, such as Monitoring Boards or Inspectorates, are publicly established or recognised bodies that carry out specific public functions with a significant degree of independence from

CLASSIFICATION	DESCRIPTION OVERVIEW
	Ministers and government departments, but which do not readily fall within the other classifications of public body. Their functions, legal status, governance and accountability arrangements vary according to the basis on which each body has been established. These bodies are distinct from Advisory or Expert Bodies in that they do not offer advice or expert opinions to a central government Minister or department, and as such are considered to not operate at arm's length.

5. LIFECYCLE STAGES

STAGE 1 — EARLY POLICY DEVELOPMENT AND DELIVERY MODEL CHOICE

Before deciding to create a new public body, departments should be clear about the policy problem to be solved, the outcomes to be achieved and whether a separate body is genuinely the best way to deliver the function. The Department of Finance guidance on public bodies is specifically intended to support departments in establishing and partnering with central government public bodies, while Managing Public Money Northern Ireland sets out the broader principles that apply to the proper handling and reporting of public money.

The Cabinet Office also provides guidance on Setting Up a New Arm's-Length Body (ALB): Guidance for Departments (HTML) - GOV.UK and Cabinet Office - Executive Agencies: A Guide for Departments.

Practical actions

Departments should:

- define the policy issue, service need or statutory function that requires action;
- consider alternative delivery models, including direct departmental delivery, use of an existing body, shared services or other administrative arrangements;
- assess the degree of independence needed and whether the proposal justifies arm's-length status;
- involve finance, legal, governance and policy colleagues at an early stage;
- identify any approvals, delegations or other requirements under Managing Public Money Northern Ireland.

STAGE 2 — ESTABLISHMENT AND SET-UP

Where a decision is taken to establish a body, departments should put governance arrangements in place before the body becomes operational. The Department of Finance's public bodies guidance and accounting and accountability guidance are intended to help departments and board members understand roles, governance and accountability arrangements. The NI Audit Office (NIAO) also provides guidance on Board Effectiveness - A Good Practice Guide which has been developed for current and potential board members, as well as departmental staff administering public appointments, ministers, senior civil servants who are involved in managing relationships with arm's length bodies (ALBs) and chief executives.

Each organisation in government must have an Accounting Officer. The role of the Accounting Officer is of particular importance given their responsibility and accountabilities around the established principles of regularity, propriety and value for money. Chapter 3 of Managing Public Money Northern Ireland sets out the personal responsibilities of all Accounting Officers in order to assure the Assembly and the public of high standards of probity in the management of public funds.

Practical actions with links to guidance

Departments should ensure that the following are agreed and documented at the outset:

- the **legal basis**, status and remit of the body;
- a partnership agreement or other framework document as appropriate;
- the roles and responsibilities of the **minister, department, sponsor team, chair, board, chief executive and accounting officer**;
- governance, financial, audit and risk management arrangements;
- reporting requirements and assurance arrangements.

The Cabinet Office also provides information and guidance which may be useful.

Board appointments and induction

Where the body requires a board, appointments must be handled in line with the Code of Practice for Ministerial Public Appointments in Northern Ireland. The Commissioner for Public Appointments regulates and monitors departmental compliance with that Code, which is designed to ensure appointments are made on merit in a fair and transparent way.

The Department of Finance provides guidance on the Codes of conduct for board members of public bodies and also remuneration, liability insurance and departmental representative roles. In addition, the Northern Ireland Audit Office's Board Effectiveness guide can also be used to support induction,

board development, role clarity and review of board effectiveness. That guide is aimed not only at board members but also at departmental staff involved in sponsorship and appointments.

Assurance, Internal Audit and Audit and Risk Committees

Organisations should maintain proportionate and effective assurance arrangements as an integral part of their wider governance, risk management and internal control framework. These arrangements should enable the Board and Accounting Officer to obtain appropriate assurance on the effectiveness of governance, risk management and internal controls, and support informed decision-making and accountability. Internal Audit provides independent assurance and advisory services, evaluating and supporting improvement in the effectiveness of governance, risk management and control processes. The Audit and Risk Assurance Committee Handbook provides information on how the committee supports the Board and Accounting Officer by reviewing the comprehensiveness and reliability of the assurances available and providing independent scrutiny and constructive challenge. These arrangements should complement, rather than replace, management's responsibility for establishing and maintaining effective governance, risk management and control.

STAGE 3 — ONGOING SPONSORSHIP AND PARTNERSHIP WORKING

Once a body is established, the department's role is to sponsor it effectively and proportionately. Department of Finance guidance on arm's-length bodies includes the **NI Code of Good Practice on partnerships**, a **partnership agreement template**, and guidance on **proportionate autonomy**. These materials are intended to improve clarity of roles, strengthen governance and support effective working relationships. [1]

The Cabinet Office also provides a Partnerships with arm's length bodies: code of good practice and induction handbook on the introduction to ALBs which includes relevant UK government policy, introduces the sponsorship role, refers to online resources and provides important background information for the job role

Practical actions

Sponsor teams should:

- Maintain and publish an up-to-date **partnership agreement** or equivalent governance document;
- keep a current sponsor file covering remit, governance documents, approvals, board membership, performance, risk, accounts and review dates;
- apply oversight in a way that is **proportionate to the body's risk, scale and function**;

[1] DoF are currently developing a NI Arm's Length Body sponsorship code of good practice

- distinguish clearly between matters for the department, the board, the chief executive and the accounting officer;
- review the relationship regularly and update governance arrangements when circumstances change.

STAGE 4 — BOARD CAPABILITY, APPOINTMENTS AND DEVELOPMENT

Effective boards are central to effective public bodies. Good practice would consider that boards should provide leadership, support, direction and scrutiny, and that departments should pay attention to board composition, capability and evaluation. The NI Audit Office (NIAO) provides guidance on Board Effectiveness - A Good Practice Guide which has been developed for current and potential board members, as well as departmental staff administering public appointments, ministers, senior civil servants who are involved in managing relationships with arm's length bodies (ALBs) and chief executives.

Practical actions

Departments and sponsor teams should:

- maintain **board skills and experience profile**;
- identify succession needs early and plan for vacancies in good time;
- ensure appropriate induction and ongoing development for chairs and members;
- use board evaluation and self-assessment to identify areas for improvement;
- ensure all appointment activity is conducted in line with the Commissioner's Code and guidance.

STAGE 5 — REVIEW, REFORM AND RESTRUCTURING

Departments should keep public bodies under review and be prepared to consider whether current structures remain fit for purpose. Managing Public Money Northern Ireland and Department of Finance's governance and sponsorship guidance provide the framework within which departments should assess reform options, accountability, approvals and value for money.

Reviews of public bodies are an important element of effective sponsorship and are intended to test whether the body's function is still **necessary, c**onsider **alternative delivery models** (merge, close, reintegrate), assess the **relationship with the sponsor department and identify efficiency savings and improvements.**

The Cabinet Office provides guidance on the undertaking of reviews of public bodies. Reviews assess **efficiency, effectiveness, governance and accountability**. The approach uses a **risk-based,**

proportionate approach led by sponsor departments and can use an independent lead reviewer, a self-assessment model or focus on value for money and improvement.

Practical actions

Where reform or restructuring is being considered, departments should:

- review whether the body's **purpose, structure and delivery model** remain appropriate;
- consider the impact on governance, staffing, budgets, assets, liabilities, records and service delivery;
- assess whether legislative change is required;
- develop a clear transition plan with milestones, ownership and communications;

Use of Department of Finance's Innovation and Consultancy Services (ICS)

When reforming and restructuring public bodies, ICS can bring a structured, evidence-based and system-wide approach to assessing performance, governance and value for money. ICS integrates expertise across finance, people, digital and organisational design to provide a consistent framework for evaluation, enabling departments to identify duplication, inefficiencies and opportunities for improvement.

Through its consultancy capability, ICS helps departments design and deliver sustainable reforms, including shared services, rationalisation and alternative delivery models, ensuring that restructuring decisions are informed by a clear understanding of strategic fit, operational capability and long-term outcomes.

STAGE 6 — CLOSURE OR MERGING

Closure or merging should be managed as a structured programme. Departments should ensure that legal, financial, staffing, records and governance issues are addressed fully and that any residual functions are clearly allocated. Managing Public Money Northern Ireland and relevant departmental guidance should be used to support final accounting, transfer and assurance arrangements.

The Cabinet Office has a useful, although developed some time ago, checklist for Departments on public bodies reform.

Practical actions

A closure or merging plan should cover:

- legislative or formal authority for closure;
- transfer, cessation or replacement of functions;

- treatment of staff, employment and hosting arrangements where relevant;
- treatment of assets, liabilities, contracts and records;
- final accounts, audit and reporting;
- stakeholder communications and lessons learned.

6. MINIMUM SPONSOR TEAM GOVERNANCE PACK

Each sponsor team should maintain, at a minimum:

- the legal basis and remit of the body;
- the latest partnership agreement, framework document or equivalent;
- a clear accountability map showing roles across the department and the body;
- current delegations, approvals and spending controls;
- board membership, vacancies and appointments timetable;
- annual assurance, performance and reporting timetable;
- current risk and governance issues;
- record of reviews, reform or closure actions identified and progress, where relevant.

7. CONCLUSION

Departments should approach public bodies as part of a **whole lifecycle system**, not as a set of separate events. Strong early design, clear governance, active sponsorship, proportionate oversight and orderly reform or closure are all part of good public administration. Available guidance provides a strong foundation for departments and sponsor teams to manage that lifecycle consistently and well.

8. SUMMARY OF RELEVANT GUIDANCE PER LIFECYCLE STAGE

STAGE	GUIDANCE	PURPOSE
STAGE 1 — EARLY POLICY DEVELOPMENT AND DELIVERY MODEL CHOICE	DoF Public Bodies Guidance	Establishing public bodies, sponsorship and governance.
	Managing Public Money NI (MPMNI)	Approvals, regularity, propriety and value for money.
	Public Bodies: A Guide for NI	Guidance for those involved in establishing and sponsoring a central government public body
	Cabinet Office: Setting Up a New Arm's-Length Body (ALB)*	Comprehensive setup guidance from business case to first review.
	Cabinet Office: Approvals Process for Creation of New ALBs*	Tests for creating a new body, alternative delivery models, mergers and restructuring.
	Cabinet Office: Classification of Public Bodies*	Classification requirements and implications.
	Cabinet Office: Executive Agencies: A Guide for Departments*	A guidance for establishing an Executive Agency.
	Green Book / Business Case Guidance	Strategic and economic case for establishing new bodies.
	Better Business Cases NI | Department of Finance	Guidance and framework for appraising, developing and planning projects and programmes.
STAGE 2 — ESTABLISHMENT AND SET-UP	DoF Public Bodies Guidance	Roles, governance and accountability.
	DoF Accounting and Accountability Guidance	Financial governance and accountability arrangements.
	DoF Financial management and reporting guidance and assurance	Reporting requirements and assurance arrangements.
	DoF Governance and Risk Guidance	Governance, assurance and risk management.
	Cabinet Office: Setting Up a New ALB*	Governance, sponsorship, HR, finance, digital, communications and property.
	Cabinet Office Public Bodies Handbook – Part 2. The Approvals Process for the Creation of New Arm's-Length Bodies: Guidance for Departments*	Details the ALB approvals process
	NIAO: Board Effectiveness – A Good Practice Guide	Board structure and governance.
	Code of Practice for Ministerial Public Appointments in Northern Ireland	Information on Ministerial public appointments.
	Code of conduct for board members of public bodies	Information around codes of conduct.
	CPANI Code of Practice	Public appointment processes.
STAGE 3 — ONGOING	DoF Partnerships between Departments and ALBs: NI Code of Good Practice	Sponsorship arrangements.

STAGE	GUIDANCE	PURPOSE
SPONSORSHIP AND PARTNERSHIP WORKING	Cabinet Office Partnerships with Arm's Length Bodies: Code of Good Practice*	Useful reference document but NI document is based on this.
	DoF Partnership Agreement Template	Governance framework.
	DoF Proportionate Autonomy Guidance	Risk-based oversight.
	Managing Public Money NI (MPMNI)	Financial management and accountability.
	NIAO Partnership Working: Departments and ALBs	Good practice in sponsorship and oversight.
	Induction handbook for new sponsors of ALBs	Induction information for new sponsor staff.
STAGE 4 — BOARD CAPABILITY, APPOINTMENTS AND DEVELOPMENT	CPANI Code of Practice	Appointment processes and merit principles.
	DoF Board Member Code of Conduct	Standards and behaviours.
	Cabinet Office Principles of Governance for all Public Bodies NEDs*	Standards and behaviours for Non-Executive Directors (NEDs)/ Non Executive Board Members
	NIAO Board Effectiveness Guide	Board composition, development and evaluation.
STAGE 5 — REVIEW, REFORM AND RESTRUCTURING	Cabinet Office Public Bodies Review Programme*	Framework for reviews including guidance on undertaking reviews, requirements for reviews, a self-assessment model and useful templates.
	Managing Public Money NI (MPMNI)	Governance and value for money considerations.
	DoF Governance and Risk Guidance	Reform governance and assurance.
	ICS Guidance	Organisational design and restructuring support.
STAGE 6 — CLOSURE OR MERGING	Cabinet Office Public Bodies Reform Checklist for Departments*	Detailed checklist covering governance, people, pensions, assets, liabilities, ICT, appointments, mergers and abolitions.
	Cabinet Office Approvals Process for Creation of New ALBs*	Includes mergers, restructures and closures.
	Managing Public Money NI (MPMNI)	Closure accounts, transfers and assurance.
	HM Treasury Public Sector Business Combination Guidance	Accounting treatment for mergers and transfers of functions.

* Whilst the Cabinet Office guidance is informative and provides a useful basis for consideration, decisions relating to Northern Ireland public bodies should take account of the distinct local administrative, governance and approval arrangements in place.