Dear Accounting Officer

GUIDANCE ON PROPORTIONATE AUTONOMY FOR ARM’S LENGTH BODIES

Purpose

1. This DAO letter is to advise of the publication of guidance on *Proportionate Autonomy for Arm’s Length Bodies (ALBs)*, which is attached separately and is available on the Accountability and Financial Management section of the DoF website.

2. The guidance is intended to help departments and ALBs assess the nature of their relationship when completing their individual Partnership Agreements. It is an important piece of complementary guidance that will focus on the challenges of achieving an appropriate balance between Departments and ALBs regarding the optimum level of autonomy, while taking account of the salient factors.

Background

3. As reflected in DAO (DoF) 05/19 on Partnership Agreements, NI Permanent Secretaries agreed that a fresh look needed to be taken at the relationship between departments and their sponsored bodies. The NICS Board subsequently gave approval for DoF to carry out a review of departmental sponsorship of ALBs. This was informed by an Innovation Lab process attended.
by representatives from key stakeholder groups, which led to the production of an Insight Report capturing the key issues and recommendations that attendees considered would be beneficial in improving the departmental ALB relationship.

4. A working group consisting of key stakeholder groups was established by DoF (Accountability and Financial Management Division) to provide oversight and direction to the work being taken forward in addressing a number of recommendations from the Insight Report. This guidance on proportionate autonomy aims to help departments and ALBs assess the nature of their relationship and has been developed under the direction of that working group. All NI departments have also been consulted with on its contents.

*Proportionate Autonomy*

5. The guidance on Proportionate Autonomy provides guiding principles, rather than being detailed and prescriptive, due to the different nature and challenges across all ALBs. It will therefore be for individual Departments and ALBs to develop their relationship and approach to Partnership Working, and associated departmental activities in a way that is consistent with the principles set out in the guidance, whilst focusing on the delivery of agreed outcomes. The agreed approach and level of autonomy should be reflected in the Engagement Plan within the Partnership Agreement.

6. It is important to note that some ALBs may already operate with an appropriate degree of autonomy from departments. It is also important to highlight that as autonomy is continuous and ongoing, this means it is flexible and should be regularly reviewed as appropriate.

7. Departments should also engage with their Finance Divisions (who in turn should engage with DoF as appropriate) to give effect to the principles outlined, and to identify where it is possible to streamline processes and monitoring requirements, while maintaining an appropriate level of assurance.
**Action**

8. This DAO should be brought to the attention of all relevant staff within your department and ALBs. It should be read in conjunction with the Partnership Agreement template and the principles set out in the “*Partnerships between Departments and Arm's Length Bodies: NI Code of Good Practice*”.

**Queries**

9. Any queries regarding this letter or the template should be addressed to Julie.Sewell@finance-ni.gov.uk or myself (Stuart.Stevenson@finance-ni.gov.uk).

Yours sincerely

**STUART STEVENSON**

Distribution List
Joanne McBurney
Emer Morelli
Jeff McGuinness
Michelle Anderson
Finance Directors
ALB Working Group
Implementation Group