[redacted]

While key issues impacting corporate trust, stability and resilience, such as internal controls effectiveness monitoring, resilience statements, board effectiveness and audit and assurance are addressed in this consultation, I believe a key issue not adequately addressed is the role of the Company Secretary; this consultation is an ideal opportunity to emphasise how the Company Secretary's role comes to the fore in times of corporate stress, and how it is vital that its independence is safeguarded to ensure that the role can be effectively discharged. If you are going to restore trust in governance then strengthening the role of the person who day to day is most responsible for governance in an organisation has to be a positive, and I believe that involves requiring that the role is independent of other executive responsibilities such as general counsel, finance executive or other role where conflicts of interest can easily occur.

Every major governance failure in the last 15 years has happened where the role of the company secretary has either been combined with that of an executive (usually the GC) or where it was downplayed to the role of a minute taker. By contrast, there has not been a major governance failure where there has been a strong independent company secretary in situ. In the same way that no one would conceive of suggesting that the role of an internal auditor be combined with that of a finance executive or director, the role of the company secretary as chief governance officer should be just as independent. If you really want to tackle governance failures then make the governance officer a more meaningful (and liable) role.

The counter argument to independence could be that this will result in increased cost. Every PLC has to have a company secretary of course and where the roles are combined with that of another executive the salary paid for the dual role will be increased and there will tend to be a well remunerated deputy. The additional cost is therefore likely to be minimal at best – paying the deputy slightly more for the work they are currently doing without the title while reducing the salary paid for the dual role no longer fulfilled. Overall costs may well fall if the independent company secretary is not entitled to the same levels of variable remuneration as the dual role holder was, as those costs increase exponentially at senior levels. Adding the role of the GC into the mix to strengthen governance is simply adding more complexity and not resolving the conflicts GCs – who owe their allegiance to the chief executive who appointed them – has; company secretaries owe their allegiance to the board and the shareholders themselves.

In practice where the role of co sec is combined with that of another role there is a deputy co sec doing the work and most of those filling those roles are female. Talented company secretaries of both (or all) genders (and all types of qualification) are being denied opportunities they deserve to play a role in improving governance standards, are doing the work and not getting the pay or recognition for it so I think there is a general acceptance of inequality (often gender but sometimes just qualifications) which should not be tolerated in this day and age.

John Mills
Solicitor [redacted]