

Meeting: Audit Committee

Date: 25th January 2021

Agenda item: 7

Time: 10 minutes

For assurance

Presenter: Louise Byers

Topic: Succession Planning

Issue: To set out the ICO's approach to Board level succession planning

Reason for report: The ICO has identified a risk in relation to the capacity and resilience of the Management Board and Executive Team. Ensuring that the future strategic leadership of the organisation is secured is key, in particular in a time of significant changes to the regulatory, political and societal landscape. As such, it is important that the ICO's Board is in a position to maintain the necessary skills, expertise and knowledge required to provide governance, direction and strategic oversight of the organisation.

This is particularly significant given the Information Commissioner's status as a Corporation Sole. The Board must be in a position to provide challenge to the Commissioner and also perform an advisory role to support the effective management of the organisation.

Purpose of report: This paper sets out the ICO's approach to succession planning at Board and Executive level in a manner which supports the continued high performance of the Board, minimises the risk of skills and experience gaps, and provides a diversity of Board membership.

Background: While the Information Commissioner is appointed by the Crown through an appointment process led by HMG and the ICO's sponsor department, all other Board level roles are appointed to by the Commissioner.

The roles of the Non-Executive members are appointed for fixed terms and, though the tenures of individuals may be extended beyond one term, there are established time frames for the replacement of Board members.

The table below shows the current tenures of the Management Board members.

Management Board Member	End of Tenure
Ailsa Beaton	31 July 2022
Nicola Wood	31 July 2022
David Cooke	31 July 2024
Jane McCall	31 July 2024
Peter Hustinx	31 March 2022

In addition, Roger Barlow, who is the Independent Audit Committee member, is due to end his tenure on the Audit Committee on 31 July 2021. We are also due to bring in a new NED role to the Board as part of the governance changes resulting from the ICO/DCMS Constitutional Review.

As we come the end of the tenure of the current Board members, it is essential that we achieve continuity of the insight and challenge that the Board is able to provide. This is particularly important with the next expected set of appointments which will come in the first year of the new Commissioner's appointment.

The multi-year staggering of the tenures of the Board members helps to manage that risk to some extent. Membership of the Board does not all change at the same time, and so there will be some stability of membership even when new members come onto the Board.

However, there remains vulnerability to a dip in the experience embodied in the Board when personnel changes come around, as well as the risk that of gaps in Board membership if recruitment of new members is not timed effectively.

Determining the current skills set of the Board

During the Autumn of 2020 a skills matrix was developed to better map the skills, experience and expertise within the current Management Board. Each Board member self-assessed their skills and experience in a range of criteria which are required to be delivered by an effective Board.

The members assessment has helped to demonstrate that there is a wealth of experience, and a high degree of confidence, across all aspects of Board responsibilities and performance. It has also helped to highlight where there may be areas of development for current members of the Board.

Crucially, the exercise provided insight into the areas which may need to be the focus for future recruitment of Management Board members when current members leave. It showed that future recruitment exercises to replace roles would benefit from attracting candidates with particular experience in the following areas:

- Knowledge of the international information rights landscape.
- Policy making and/or developing regulations and laws.
- Understanding of the needs of business and the wider economic context in relation to information rights.
- Embedding equality, diversity and inclusion.
- Scrutinising incentive structures.
- Ensuring the principles of sound financial management are followed.
- Knowledge of finance, accounting, and treasury management.
- Long term budgeting and financial planning.
- Knowledge of internal control and audit.

Giving a particular focus on these aspects of the Management Board's skills would help to ensure that there continues to be healthy spread of experience within the Management Board. It will also help to minimise the vulnerability and risk to the Board from particular specialisms being embodied in just one or two people.

The skills matrix helped to identify that there is a depth of strengths and experience across the Board in all aspects of its work. This means that if any individual were to leave the Board will not be completely devoid of experience in any of area skills and knowledge identified in the skills matrix, though there would be greater short term vulnerability.

As well as prioritising the skills areas mentioned above, consideration should also be given to whether there are other technical areas of expertise which would be beneficial to be brought onto the Board.

The Nomination Committee

As part of the recent review of governance arrangements at the ICO, a Nominations Committee has been constituted.

Among other functions, this committee will have responsibility for the recruitment of Executive Directors and Non-Executive Management Board Members, and therefore will have a central role in the appointment of new Board members.

The Committee will have responsibility for maintaining an overview of the skills, knowledge and experience of the Board, and members will therefore be well placed to advise the Non-Executive search company about the qualities which will be required for the Board. Committee members will participate directly in the selection of new Board members.

Scheduling recruitment

Below is a proposed plan which will be taken to the Nomination Committee regarding NED recruitment.

The focus of our next recruitment is the end of tenure of Ailsa Beaton and Nicola Wood, who are the longest serving Board members, as well as the additional NED role.

The key functions which Ailsa and Nicola undertake include chairing of the Audit Committee and the Remuneration Advisory Panel. Nicola is also the current Senior Non-Executive Management Board Member, and this function will need to be appointed.

In addition, the agreement with Peter Hustinx which is due to reach the end of its tenure in March 2022. It is Peter's first term on the Management Board and so has potential to be extended.

Our proposed approach is to seek to run a recruitment campaign for the Management Board Non Executives starting in November 2021. This campaign can focus on a replacement for both Ailsa and Nicola, as well as the new role.

A campaign timed to start at this point would enable appointments to be made in February/March 2022 and line up candidates to take up position in August 2022.

There are drawbacks to having a significant period between the appointment of a Board member and them taking up their position. There may be a risk of drop out, or new appointees taking on other positions which may limit their availability or create conflicts of interest.

However, the longer than usual lead in time for the August appointments would allow the successful candidates orientate themselves to the organisation in the lead up to their commencement, potentially also allowing a period of overlap with departing Board members to support greater continuity.

The schedule for the next anticipated recruitment round for Non-Executive Board members would therefore be as follows:

- November 2021: preparatory work for the recruitment exercise. Confirm appointment of a Non-Executive Search organisation.
- December 2021: recruitment campaign goes live.
- January 2022: campaign closes. Shortlisting takes place.
- February/March 2022: Interviews take place. Appointments made.
- August 2022: Appointees start.

Roger Barlow's position on the Audit Committee will come to an end on 31 July 2021. In order to achieve a continuity of non-executive

representation on the Audit Committee, recruitment to this position should commence in March 2021.

Recruitment in the event of an unexpected departure

If a member of the Management Board were to resign before the end of their tenure, we would expect to implement a recruitment plan upon notification of the departure.

We have options for replacing the Board member, either by recruiting to the post by advertising ourselves, or appointing a Non-Executive Search company to support our recruitment to the positions. The Nomination Committee would be engaged in the development of the recruitment plan.

The skills matrix provides us with a record of the experience which would need to be replaced. We would expect to be able to make an appointment within three months of the departure being confirmed, thus providing a degree of continuity for the size and structure of the Board.

It is our intention to repeat the skills matrix exercise on a regular basis to ensure that succession plans can be maintained and updated for evolving skills and experience, in particular in relation to changes in the composition of the Board.

Diversity

The recruitment of the Board members should emphasise our ambitions to have a diverse Management Board, representing a diversity of thought, experience and backgrounds. This is embodied in the terms of reference for the Nomination Committee.

Membership of the ICO Board is diverse in some respects, but not so in others – for example there are currently no people from Black, Asian or Minority Ethnic backgrounds on the Board.

Our recruitment efforts should seek to encourage applications from a diverse range of candidates, which will help to ensure that the ICO reaps the organisational benefits which diversity brings. The approach taken for recent executive appointments has yielded diverse candidate pools, and same importance should be placed on this aspect of the recruitment campaigns.

In this regard we will also be engaging with the UK Regulatory Network's "Next Gen NED" programme, which is an initiative to widen the applicant pool for Non-Executive roles in the regulatory sector. The programme is aimed at increasing the talent pipeline for Non Executives in the public sector, specifically in the regulatory sector. It looks to present

opportunities for individuals to gain experience in board, committee and panel work to help widen the applicant pool for future NED roles.

The scheme is currently in development, but should allow us to enhance the development opportunities for current ICO employees, create a pool of future talent, enhance the pool of future NEDs for the ICO from other regulatory backgrounds, supporting our succession planning approach and enhancing the diversity of future candidates.

Executive roles

The Executive Management Board roles are all currently filled. The recent recruitment to Executive Director positions which commenced in the latter part of 2020 have filled three newly created roles, ensuring there is also resilience for the Executive Director – Technology and Innovation role which is due to be vacated this year. This includes:

Executive Director of Strategic Change and Transformation – Jen Green due to commence in February

Executive Director of Regulatory Futures - Stephen Bonner – due to commence in February

General Legal Counsel - Claudia Berg - due to commence in April.

The ICO's [Scheme of Delegation](#) also ensure that regulatory and organisational decision making is clear and can continue in the short term absence of any executive roles on the Board. At the most strategic level, it sets out the delegations from the Commissioner to the Executive roles, and then through the organisation. This ensures that in the absence of either the Information Commissioner and/or one or more of the Executive Team, the ICO has clarity regarding decision making.

We also intend to ensure that future iterations of the skills matrix cover Executive roles and to ensure that any areas which should be considered for future recruitment are identified.

Board member development

Although no specific development needs were identified through the skills matrix, there are options for developing the experience, qualifications and skills of the current Board. We would welcome feedback and suggestions from the current NEDs on any recommendations they may have from their previous experience.

Next steps: The next steps will be to take forward the recommendations set out in the paper regarding the recruitment of Non-Executive Directors through the Nominations Committee.

Resource implications: The resources implications are known about, being planned for and are able to be managed within the ICO's HR department.

Equality, diversity and inclusion considerations: As set out above, it is important to ensure that equality, diversity and inclusion is taken into consideration throughout any future recruitment campaign for Board members.

Alignment with values: Ensuring the future capacity and resilience of the Board will ensure the ICO's strategic leadership can continue to deliver on the ICO's values of ambition, service focus and collaboration.

Impact on Risks and Opportunity Register: The approach set out above forms part of the current mitigation of risk 81 – 'Management Board and Executive Team capacity and resilience may not be sufficient to retain clarity of leadership and direction during a critical period of change to the regulatory landscape resulting in delay to the achievement of the IRSP goals and operational, regulatory and organisational priorities.'

Publication considerations: This report is considered suitable for external publication.

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List of Annexes: /