

**Meeting:** Nominations Committee

**Date:** 11 June 2021

**Agenda item:** 7

**Time:** 20 mins

## **For assurance**

**Presenter:** Paul Arnold

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### 1. Topic

- 1.1. Board effectiveness evaluation analysis

### 2. Issue

- 2.1. This report sets out the for the Nominations Committee the findings and actions emerging from the recent Board evaluation exercise. This report is provided to Nominations Committee so that the Committee can review the actions that have been identified to address any weaknesses identified through the evaluation exercise.

### 3. Background

- 3.1. The most recent Board effectiveness evaluation took place during March 2021. The scope of this evaluation included Management Board, Audit Committee, Executive Team and Remuneration Advisory Panel. Nominations Committee was outside the scope of this evaluation as it had only held one meeting at the time.
- 3.2. The process for this evaluation was for members of each of these bodies to complete an effectiveness evaluation questionnaire, which had been development by Corporate Governance. This questionnaire was based on best practice questionnaires available from the National Audit Office and leading consultancy firms. There were three main types of questions within the questionnaires: ratings (out of 4) for effectiveness in particular areas; yes/no questions to identify whether the body fulfilled particular responsibilities; and open questions to identify strengths or weaknesses.

## 4. Discussion

- 4.1. During April 2021, Corporate Governance analysed the questionnaires completed by each of the Board members.
- 4.2. The overall effectiveness scores for Management Board (3.2 out of 4), Audit Committee (3.67 out of 4) and Remuneration Advisory Panel (3.67 out of 4) indicated that those bodies are all performing extremely effectively. While Executive Team was rated as less effectiveness than the other bodies (3 out of 4), this is still a high score. Therefore, the conclusion that can be drawn is that overall the Management Board and its subsidiary bodies are operating effectively. The culture of debate and constructive challenge was consistently seen as a major strength of all of the bodies.
- 4.3. Full details of the analysis are provided for each of the Boards at Annexes 1 to 4. Below is a summary of the overall effectiveness of each of the Boards, and any specific key actions which will be taken to address weaknesses which have been identified. A summary of some of the key actions is provided below.

### Management Board

- 4.4. Key actions include:
  - improving the level of Management Information (MI) provided to the Management Board (a report was provided to Management Board on 17 May providing information on this);
  - identifying an ET member to act as “EDI champion” in Board meetings, to ensure that EDI issues are raised as discussed as appropriate;
  - Including more content on agendas about our approach to prioritisation of regulatory resources and lessons learned from cases.
  - providing Board members with information of all regulatory action taken;
  - identifying external speakers with a diversity of views to the Board to attend meetings;
  - regular reporting from Nominations Committee to ensure that the Board has visibility of succession planning and strategic HR discussions.

### Audit Committee

4.5. Key actions include:

- Continuous dialogue with DCMS finance and auditors to ensure that the ICO is meeting best practice regarding emerging finance and accounting policies and practices.
- Consider whether to establish regular informal meetings between the Audit Committee Chair and Paul Arnold or Louise Byers to ensure awareness on emerging issues.

Remuneration Advisory Panel

4.6. The evaluation was extremely positive so there were minimal actions for improvement. The key action identified for the Panel was to ensuring that the Panel meets each May or June, to ensure that they have visibility of ET objectives.

Executive Team

4.7. Key actions include:

- Develop clearer thresholds for when a decision is needed by Executive Team;
- Ensure all reports to Executive Team include consideration of long-term issues, to help ET to focus on the most long-term and strategic issues;
- Regular review of ET work programme at ET planning sessions (on a quarterly basis).
- Hold an ET away day to develop teamworking, given the number of new ET members.

4.8. Many of the actions for Management Board (such as improved MI, an “EDI champion” in meetings, and more junior attendees to present reports) can also be implemented to benefit Executive Team meetings.

## 5. Summary of assurance provided

5.1. This report gives the Nominations Committee assurance that the Management Board and its subsidiary bodies are operating effectively. The report also provides assurance that where areas for improvement have been identified, actions have been assigned to implement these.

5.2. However, it is important to remember that this exercise was conducted internally, and therefore potentially has an element of self-review. Therefore, the Committee may wish to consider

whether we should also conduct a regular independent Board evaluation exercise. An option for this, if desired, may be for this to be conducted by Mazars through our internal audit programme in 2022/23 or beyond.

## 6. Equality, diversity and inclusion considerations

- 6.1. Ensuring that the Management Board and Executive Team actively consider EDI matters whenever relevant should have significant benefits in ensuring that negative EDI outcomes are avoided and that we exploit opportunities to maximise EDI benefits. Therefore, ensuring an “EDI Champion” within Management Board and Executive Team meetings to ensure this should have significant benefits to the ICO’s EDI performance.

## 7. Consultation outcomes

- 7.1. People who have been identified as action owners within the annexes have all been consulted and confirmed that they are content with the actions assigned to them.

## 8. Communications considerations

- 8.1. The main audience for this work is members of the Management Board and its subsidiaries. Therefore, no wider communication of this work is needed.

## 9. Next steps

- 9.1. The next steps for this work are to implement the various actions identified in the annex. It will be beneficial for Corporate Governance to draw up a brief plan that sets out the timescales for implementing these actions – some will be quick wins, but others may be longer term pieces of work.
- 9.2. Similar reports to this will be presented to Management Board, Audit Committee and Remuneration Advisory Panel to inform them of the findings and proposed changes.
- 9.3. We will repeat this process annually, with the next evaluation due in March 2022. Ideally, we will use the same questions as used in this instance of the evaluation, as that will allow results to be directly comparable. However, we will review this in early 2022 to ensure that the questionnaires also address any particular issues which may have arisen in the intervening year.

## 10. Areas for challenge

- 10.1. Was the approach used to gather this information appropriate and effective? Are we being ambitious enough in addressing areas identified as weaknesses? Currently the focus on further actions has been to address the weaknesses; should we also seek to identify additional actions to maximise the benefits of the areas that were seen as strengths?

## 11. Resource implications

- 11.1. There are no direct resource implications to this work, but similarly there are no additional resources available to implement the actions identified. Therefore, the level of ambition of the actions has been needs to be matched to the level of resources that can reasonably be committed to it.

## 12. Alignment with values

- 12.1. Ambitious – delivering the actions set out in this report will help to ensure that the ICO is able to continuously improve the quality of its most strategic meetings.

## 13. Link to the Information Rights Strategic Plan

- 13.1. Improving the effectiveness of these meetings will help with the effective delivery of all goals within the IRSP.

## 14. Impact on Risks and Opportunity Register

- 14.1. This work cuts across multiple risk appetite areas, but the most appropriate single area is “infrastructure and resources”, where we have an open risk appetite. The proposed actions to improve the effectiveness of the meetings aligns with this appetite. If anything, the actions are less risky than the risk appetite would indicate is desired, but this is more due to available resources than risk aversion.
- 14.2. Implementing the actions set out in the annex helps to mitigate R81: Management Board Resilience. As the overall effectiveness of Management Board increases, the amount of cross-skilling will also increase which should help to ensure that the Board can continue to be more effective even if vacancies arise or when succession occurs. The increased awareness of succession planning through regular reporting from Nominations Committee will also contribute towards this.

## 15. Publication considerations

15.1. This report can be published internally and externally.

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