

# **FSA 22-06-12 - Final Report from External Effectiveness Review of the FSA Board**

An independent evaluation of the way that the FSA Board and its Committees currently conduct their business.

## **1. Summary**

1.1 The Board is asked to:

- Discuss the final independent report from the external effectiveness review of the FSA Board (Annex 2)
- Agree to consider and respond to the recommendations within 6 months.

## **2. Introduction**

2.1 The Corporate Governance Code for Central Government Departments 2017 requires that a Board effectiveness evaluation is carried out annually and with independent input at least once every three years.

2.2 Internal Board effectiveness reviews have been carried out each year. In the Annual Governance Reports to the FSA Board in September 2019 and August 2020 the Board agreed to wait until the UK had exited the EU and the new arrangements for the Board (as agreed in Board paper FSA 18-09-08 Governance Review) had been properly tested before commissioning a full external review of its operations.

2.3 While the impact of the new arrangements post-EU for the Board had still not been fully tested, upon joining the Board in July 2021, the Chair felt that it was timely to undertake an external effectiveness review of the Board to assist her to identify how best to work with the Board and improve its role in FSA governance.

2.4 The scope of the external Review was in line with the Corporate Governance Code for Central Government Departments 2017 and included: how the Board and its Committees are organised; what skills the Board Members have; as well as relationships and behaviours among the Board and between the Board and the Executive team.

2.5 It was expected that the external review would examine both the formal, visible structures through which the Board operates, as well as the more informal and less tangible aspects about how we operate, including the nature and tone of working relationships between the Board and Chair and the Executive.

2.6 An extract from the invitation to tender document specifying the specification for the contract is included for reference at Annex 1.

2.7 Following an open and fair external procurement exercise, Jo Clift Consulting was awarded the contract to conduct the Board Effectiveness Review in November 2021. The final report from the review can be found at Annex 2.

## 3. Conclusion

3.1 The Board is asked to:

- discuss the final independent report from the external effectiveness review of the FSA Board (Annex 2)
- agree to consider and respond to the recommendations within 6 months.

## Annex 1

### The Specification

#### Scope of the Services Required

3.1 It is considered good practice to undertake periodic external reviews of an organisations' Board and its Committees. We are therefore seeking an externally facilitated governance review of the effectiveness of our Board and Committee arrangements to ensure the Board discharges its responsibilities effectively and has the right mechanisms and structure in place to deliver the aims of the new Strategy.

3.2 The scope of the review should seek to cover the following:

- the overarching culture and tone set by the Board. Clarity of, and leadership given to, the purpose, direction and values of the FSA
- how the Board has appropriately influenced government, reflecting consumer interests in policy making (are we striking the right balance of working alongside, getting things done but not losing our independence?)
- how the Board communicates with, and listens and responds to, its organisation and other stakeholders
- the mix of skills, experience and knowledge on the Board, in the context of developing and delivering the strategy, the challenges and opportunities, and the principal risks facing the FSA
- succession and development plans
- quality and timing of papers and presentations to the Board
- quality of discussions around individual proposals and time allowed. The process the Chair uses to ensure sufficient debate for major decisions or contentious issues - including how constructive challenge is encouraged
- effectiveness of Board committees, and how they are connected with the main Board
- how the Board and its subcommittees support the Accounting Officer in meeting the requirements set out within Managing Public Money. Clarity of the decision-making processes and authorities. How the Board has had regard to it
- processes for identifying and reviewing risks
- how the Board's practices, relationships and cultural norms compare with Boards of other Non-Ministerial Departments

The proposed contract for services is to run from November 2021 and to be completed no later than 31 March 2022.

#### 3.3 Objectives

The objectives of this review are as follows:

- a) An independent evaluation of the way that the Board and its Committees currently conduct their business with a focus on:

- meetings process and administration (for example, have we got the right sub committees, the right Terms of Reference, does the informal arrangement of Board Members shadowing topics work?)
- culture and dynamics (for example, do people feel safe to challenge, how can the Board do better at having frank conversations in open, what's the relationship like between Board and Executive and what does good look like) and
- the relationship between the Board and its Committees.

b) A forward-looking evaluation to advise how Board and ARAC business could evolve to ensure the right mechanisms and structures are in place to:

- deliver the new Strategy which is currently under development
- have sufficient oversight of change projects
- continue to focus on governance, risks and controls, taking into account actions which are already in progress within FSA
- and any opportunities created by COVID-19 for how the Board can operate more effectively.

3.4 The review seeks a wider challenge and forward-looking perspective than can be achieved through our process of conducting informal internal effectiveness reviews.

3.5 It also fulfils a requirement of our chosen code of governance, which recommends that effectiveness reviews should seek independent input at least every three years.

3.6 The scope of the review is expected to be broad and be cognisant of other sources of governance best practice (such from the Financial Reporting Council and National Audit Office). We would expect the supplier to consider how best to blend these sources into the review.

3.7 The project is estimated to commence in November; the main objective is to have the review completed to a high-quality standard.

We would also like the option for the successful bidder to return after 15-18 months to review and report back on our implementation of recommendations. Please mark a separate cost for this follow-up review on the financial template.

### 3.8 Methodology

The FSA does not wish to be overly prescriptive or impose any constraints on how the review can be delivered but as a minimum, we expect that that when providing the service, the successful bidder will:

- work with the Chair, Chief Executive and Executive Management Team, engaging with all Board and ARAC Members
- use both qualitative and quantitative aspects to inform their conclusions
- conduct one to one interviews (remotely or in person – see 4 below) to discuss reflection and insights, including what Board members value, changes that might be positive and make a difference
- seek the views of the Executive Management Team and senior colleagues in the business
- 'Observe' the ARAC meeting on 24 November and the Board and Business Committee meetings on 8 December
- benchmark against other public and private sector organisations
- discuss a draft with the Chair to develop this for presentation to and discussion with the Board.

### 3.9 Outputs

The reviewer will be expected to generate two reports. The reviewer will generate a report with detailed findings, conclusions and a roadmap of recommendations which can guide the Board in taking forward a process of continuing improvement. A draft of this full report should be prepared for comment by early January, including a meeting to discuss the findings with the Chair.

An Executive Summary of the full report findings will be presented to the meeting of the Board in public on 9 March 2022. The Executive Summary report should meet the Web Content Accessibility Guidelines at Level AA.

## **Annex 2**

Board Effectiveness Review, Food Standards Agency, April 2022, Jo Clift Consulting

PDF

[View FSA 22-06-12 - ANNEX 2 - Board Effectiveness Review of the FSA as PDF\(Open in a new window\)](#) (1.09 MB)