Annex 1 - Management Board effectiveness analysis

Areas of focus average scores

Position: 3.1 (out of 4)

- Positives: quality of discussion, horizon scanning; good balance and comprehensive coverage of issues; political awareness; good balance of formal and informal; diverse perspectives.
- Suggestions for improvement: comparisons to other regulators; more clarity on the key issues for the board; more NED experience in policy background; more subject matter expertise; programme of deep dives; more external input before strategy is created; invite external contributors more frequent board meetings or more briefings;)
- Actions to improve:
  - o feed comments regarding NED experience/background into Nominations Committee to ensure that it is factored in to recruitment (Action: Corporate Governance to provide to Mike Collins);
  - o consider how to get external expertise into meetings, most likely through the UK Regulators Network (UKRN). Options include the UKRN next-generation NEDs programme, UKRN NEDs coaching and mentoring/buddying systems between UKRN NEDs (this would also give an opportunity to promote the importance of personal data to the NEDs at other regulators) (Action: Louise Byers and Jo Butler).
  - o Add gap analysis to other regulators that will be prepared for Risk and Governance Board (domestic regulators) and Regulatory Delivery Board (other DPAs) are added to the work programme (Action: Corporate Governance)

Culture: 3.2 (out of 4)

- Positives: Good mix of members; risk management; informal NED calls; Directors presenting at Board; values;
- Suggestions for improvements: better management information around risk management; more time should be spent on this area – should be a big focus for the Board; ensure Board focuses on strategic issues; embrace EDI more; clearer overall vision for the Board)
- Actions to improve:
  - o Develop Management Information (KPIs will be presented to May Management Board meeting, so no new action required here at this stage);
  - o Identify an ET member to serve as "EDI champion" during Board meetings, to ensure EDI is specifically flagged up as an issue for discussion where appropriate (Action: Louise Byers and Corporate Governance) [note: suggestion is an ET member as they can play that role in ET as well, where similar issues were identified].

Capability: 3.1 (out of 4)

- Positives: detailed reviews of specific Depts; identifying our weaknesses; challenging questions; Audit Committee; NED involvement in project boards; horizon scanning; creation of Nominations Committee; informal sessions.
- Suggestions for improvements: spread the demand across NEDs more evenly; more NEDs with regulatory background; ensure policies have kept pace with our growth (especially around finance); sharper focus; Board succession plan; managing staff workload; clearer sign off of projects)
- Actions:
  o Check NED workloads (this work is already ongoing through the Nominations Committee);
  o Ensure that robustness of Finance policies is reviewed (Action: Andrew Hubert) [note: this will also be picked up through an internal audit during 2021/22];
  o Ensure that there is regular reporting from Nominations Committee to Management Board, to ensure that the Board is kept up to date on the work the Nominations Committee will do in this area. To be confirmed whether this is a report after every meeting, or an annual/six-monthly report (Action: Corporate Governance to facilitate with Nicky Wood).

Perception: 3.2 (out of 4)
- Positives: mix of perspectives, including NED experience; self-reflection; good questions; good challenge from media coverage; good information provided solution focused;
- Suggestions for improvements: need to improve in Comms; NEDs need to be more aware of stakeholder commentary; more MI from Comms; supporting the new IC; wider selection of material; addressing the politics; independent/ external challenge; deep dives into stakeholder views, probably twice per year (other deep dives might also be useful).
- Actions to improve:
  o Add the NEDs to the daily curated media monitoring summary that Comms produce, and circulate any other targeted briefings that are produced on specific issues to the NEDs (Action: Tim Bowden);
  o The comments around external challenge were picked up under Position.
  o As described under Culture, the work around Management Information will be presented to the May Board meeting.
  o Add Stakeholder perception research to the Management Board work programme, twice yearly (Action: Chris Braithwaite and Tim Bowden)

Performance: 3 (out of 4)

- Positives: challenge culture; level of preparation and detailed questions; quality of papers; good level of scrutiny; input from Directors and Dept Heads.
- Suggestions for improvements: weak on MI/BI – better, more concise info needed, more mature measurement and evidence; balanced scorecard; spend more time looking at complaints; provide more challenge if falling short of objectives); more focus on regulatory work, particularly approach to prioritisation and lessons learned from significant cases.
- Actions to improve:
  - As described under Culture, work around Management Information will be presented to the Board in May.
  - Add regulatory prioritisation approach to Management Board work programme (Action: Chris Braithwaite and James Dipple-Johnstone).
  - Make arrangements for lessons learned from key cases to be provided to Management Board (Action: James Dipple-Johnstone and Claudia Berg)

Overall effectiveness: 3.2 (out of 4)
Conclusion: Ratings are broadly consistent across all areas. Improved Management Information should have significant benefits, assuming that this delivers the information that the Board requires.

Other statistical scores
Risk Management: 3.5 (out of 4)
Quality of reports: 3.2 (out of 4)
Timeliness of reports: 3.5 (out of 4)
Quality of minutes: 3.5 (out of 4)
Timeliness of minutes: 3.6 (out of 4)

Diversity: 3
- Suggestions to improve: More ICO junior staff attending meetings to present reports)
- Action to improve:
  - Identify staff below ET level to attend Management Board meetings to present reports or hear discussion as standard (Action: Corporate Governance to prompt ET members to suggest appropriate attendees).
  - Identify some external speakers representing more diverse points of view. This also helps with challenge culture and risk of "group think". (Action: Louise Byers and Corporate Governance to discuss how to achieve this)

Are processes in place for appointment of new Board members, including amount of time available and induction: 5 yes, 5 partially.

- Comments: lack of visibility is the main issue, rather than any specific holes being identified.

<u>Are processes in place for identifying and developing leadership potential:</u> 4 yes, 1 no, 5 partially.
- Comments: As above, lack of visibility is the main issue.
- <u>Action to improve</u>: As mentioned under Capability, the Nominations Committee is working on both of these areas. Regular reporting out of Nominations Committee will fill this gap.

<u>Do agendas contain the right areas for discussion and right amount of time:</u> 5 yes, 5 partially
- Comments: papers don't give Board enough scope to challenge delivery; papers should be shorter and highlight key points; more HR discussions; should finance and risk be considered as primarily the responsibility of Audit Committee, rather than the Board, which would allow more Board time for other discussions.
- Actions to improve:
  o Ensure that reports to Management Board identify areas for challenge from the Board (Action: Corporate Governance to ensure this is reflected in templates).

<u>Does the Board foster a culture of debate and constructive challenge:</u> 10 yes.
Conclusion: this is a major strength.

<u>Are you satisfied that there are mechanisms in place to ensure the Board is aware of issues:</u> 9 yes, 1 no.
- Comment: "Board needs to be informed of actions taken by the ICO - for example, Board members should be sent copies of all NR so that they are confident that they are aware of what the executive and organisations are doing."
- Action to improve:
  o Provide either a regular report to the Board setting out actions taken since the last meeting, or add Board members to a distribution list notifying them of actions. (Action: Corporate Governance to discuss with James Dipple-Johnstone and Steve Eckersley)

Overall conclusions: Scores overall were very high and consistent. Some strengths identified (quality of discussions and reports, level of challenge and debate in meetings), some key areas of weakness either have actions in train to address (e.g. developing MI, Nominations Committee work), or can be fairly easy addressed by better communication with the Board (e.g. giving the Board info on regulatory action taken and existing media scans).

<u>Annex 2 - Audit Committee effectiveness analysis</u>

Overall effectiveness: 3.67 (out of 4)
Conclusion: very high score.

Does the Audit Committee receive satisfactory information on each of the following?
- Strategic risks – yes: 3
- Risk management strategy – yes: 3
- Major incidents – yes: 3
- Draft accounts – yes: 3
- Accounting policies – yes: 3; (comment: we should have been leading on trust statements, like the CMA. Auditors have not been helpful on this debate)
- Draft governance statement – yes: 3
- Tender of Audit function – yes: 2; no: 1
    o Comment: the attempted tender for IA in late 2020 was fraught with difficulties of the ICO's own making and the "solution" found is a compromise and not ideal.)
- Internal Audit Strategy – yes: 3
- Head of Internal Audit report – yes: 3
- Internal Audit assurance reports – yes: 2
    o Comment: I'm not aware that we have actively evaluated the performance of internal audit
- Annual internal audit opinion – yes: 3
- External audit – yes: 3
- External audit management letter – yes: 2; no: 1
    o Comment: Separate letter is not produced. Sometimes NAO's year-end report highlights weaknesses in internal control.
- Reports on cooperation between internal and external audit – yes: 2; no: 1
    o Comment: No, but there is no need for cooperation as there is no overlap.
- Other areas of internal control – yes: 3

Actions to improve areas identified about:
- Ensure there is continuous dialogue with DCMS finance and auditors to ensure that the ICO is meeting best practice regarding emerging finance and accounting policies and practices (Action: Andrew Hubert)
- Ensure that internal audit comments are picked up as part of our review of internal audit provision (Action: Jo Butler)

Other statistical scores
Quality of reports: 3.67 (out of 4)
Timeliness of reports: 3.67 (out of 4)
Quality of minutes: 3.67 (out of 4)
Timeliness of minutes: 4 (out of 4)

Diversity: 3 (out of 4)
- Comment: We could include input from more managers whose work is covered by IA reports
- Action to improve: We have previously invited managers who have been subject to recent internal audits to attend meetings, but this didn't add much value to the meetings, as the managers had already had extensive discussions with internal auditors during the audit. We can implement the actions from Management Board regarding inviting more junior staff to present reports, where possible. (Action: Corporate Governance)

Is there other information that you want to receive: No

Is there an effective free and confidential access between the Head of Internal Audit and Chair?
Yes: 2; no: 1
- Comment: I believe this direct line exists but I'm not aware that it's been used. There is always a pre meeting of members of AC with both Internal and External Auditors without Management being present.
How effective is this relationship: 3.33 (out of 4)

Are procedures in place for appointment and induction of new members, and enough time for the committee to discharge its duties?
Yes: 3

Audit Committee Annual report – does it cover everything it needs to?
Yes: 3

How effective is Audit Committee at having an independent voice? 3.67 (out of 4)
How effective is Audit at reporting to Management Board? 3.33 (out of 4)

Do agendas contain the right information? Yes: 3

Does Audit Committee foster a culture of debate and constructive challenge? Yes: 3

Do mechanisms exist to ensure that Audit Committee are informed of things at the right time and in the right detail? Yes: 2; No 1
- Comment: Generally yes but there have been a couple of instances where communication could have been improved - one whistleblowing incident on veracity of the Accounts and the FOI, and reporting in the press, of purchases of chocolate using a corporate credit card.)
- Action to improve:
  - Consider establishing regular meetings between either Paul Arnold or Louise Byers and the Chair of the Audit Committee to increase

the amount of transparency on issues such as this (Action: Paul Arnold, Louise Byers and Ailsa Beaton to consider)

<u>Additional feedback</u>: Committee is well-chaired and effective; committee is a collaborative team

Conclusion: performance is extremely high and there are only very minimal actions to take to improve performance.

Annex 3 - Remuneration Advisory Panel effectiveness analysis

Overall effectiveness: 3.67 (out of 4)

Providing scrutiny on the remuneration strategy for Executive Directors: 4 (out of 4)

Considering specific proposals on remuneration of Exec Directors: 4 (out of 4)

Consider Exec performance and Development: 3.67 (out of 4)

Has the panel ensured that no person is involved in their own evaluation? yes: 3

Has the panel had regard to IRSP, Pay Policy, budget, EDI etc? Yes: 3

What does the Panel do well: clear advice; quality feedback; support to the commissioner; understanding the challenges

How could the Panel improve: reports often give more context rather than focus on key issues; better planning of meeting; commissioner needs to provide objectives to ET members in a more timely way.
Actions to improve:
- Ensure a panel meeting is scheduled in May/June each year, at which the Commissioner will provide the ET to the Panel (Action: Corporate Governance to liaise with Liz Denham);
- HR to update report format to ensure they focus on key issues (Action: Mike Collins).

Does the agenda contain the right info? Yes: 2; No: 1 (Comments: Some of the papers provided were dragging the committee 'into the weeds' but the new ToR should stop this.) No action needed

Statistical measures
Quality of reports: 3.33 (out of 4)
Timeliness of reports: 2.67 (out of 4)
Quality of minutes: 3.33 (out of 4)
Timeliness of minutes: 3.33 (out of 4)

Conclusions: Panel is performing very well. Only very minimal actions required, and they can be sorted very quickly.

Annex 4 - Executive Team effectiveness analysis

Overall ET effectiveness: 3 (MB overall: 3.2; ET members rating MB: 3)

Areas of focus average scores
Position: 3 (out of 4) (MB overall: 3.1; ET members rating MB: 2.8)
- Positives: good discussion and culture; swift decision making;
- Suggestions for improvement: external environment this year has been inevitably challenging; need better MI and other regular reports; better process for feeding things up from SLT Boards; common understanding of when ET needs to engagement; too ad hoc; focus more on the future; better commissioning
- Actions to improve:
  - As noted with Management Board, MI is being developed.
  - Define the limits of the powers of the SLT Boards to ensure there is clarity about where a decision needs to be referred to ET. (Action: Corporate Governance) [Note: this work will also look at clarifying thresholds for when decisions need to be referred to the SLT Boards)
  - Add "long-term considerations" to the ET report template, to ensure that there is always consideration of long-term issues (and if there are none, authors can consider whether ET is the appropriate place for a decision) (Action: Corporate Governance).
  - Ensure common use of commissioning briefs by ET to request work (Action: collective by Executive Team)

Culture: 3 (out of 4) (MB overall: 3.2; ET members rating MB: 3.2)
- Positives: risk management; process for bringing things to ET is clear and simple; good at clear messaging, tone and culture; quality of papers has improved; good challenge;
- Suggestions for improvement: need to translate ET discussions into outcomes for staff – should agree communications messages in each item; better MI; should schedule an ET away day to work together as a new team; subgroups of ET members to task and finish; improve links to SLT/leadership)
- Actions to improve:
  - Communications considerations has been added to report templates, but we should also consider whether to identify an ET "staff champion" to be asking "what do we tell staff" for all substantive items (similar to EDI champion) (Action: Louise Byers and Corporate Governance);
  - As noted with Management Board, MI is being developed;
  - Hold an ET away day at the appropriate point (Action: Paul Arnold to determine when this would be most effective, summer 2021 or winter 2021, when the new Commissioner has joined)

Capability: 2.8 (out of 4) (MB overall: 3.1; ET members rating MB: 3)

- <u>Positives</u>: Good conversations about issues; aware of capacity challenges; scrutiny of budges and resources; setting priorities etc; clearer structure; good range of inputs.
- <u>Suggestions for improvement</u>: more medium/long term discussions; succession planning; being more open to say no to manage resources; need to get back to BAU; more external perspectives)
- <u>Actions to improve</u>:
  o Long term issues is covered under Position;
  o succession planning can be covered through reporting into/out of Nominations Committee, which is mentioned in the Management Board actions;
  o The comments around "saying no" may be a useful subject for discussion at the ET away day (an action under Culture) (Action: Paul Arnold)
  o The external perspectives issue can potentially be picked up through the same methods as in the Management Board questionnaire – linking up with UKRN.

Perception: 2.6 (out of 4) (MB overall: 3.2; ET members rating MB: 3)
- <u>Positives</u>: openness to ideas and challenge; issues are well considered before coming to ET; stakeholder survey; corporate narrative; fluid approach to adjust as needed;
- <u>Suggestions for improvement</u>: more structure needed to discussions; need to understand and address the external perception; weighting of key stakeholders; too event-led; get out ahead of issues; recognise what is outside of our control; socialise the narrative; sometimes need Directors to operate more autonomously to free up ET from operational matters; evolve the narrative; more review of trends and analysis, by stakeholder or area)
- <u>Actions to improve</u>:
  o Add links to the Corporate narrative to the report templates (Action: Corporate Governance).
  o The work emerging from the stakeholder perception surveys should provide more information on stakeholders (Action: Tim Bowden to provide information back to ET as appropriate from that work)
  o The comments regarding Directors may be a useful subject for discussion at the ET away day (an action under Culture) (Action: Paul Arnold)

Performance: 2.8 (out of 4) (MB overall: 3; ET members rating MB: 3.2)
- <u>Positives</u>: challenge culture; good engagement on IRSP reviews; good papers; good report structure;
- <u>Suggestions for improvement</u>: better MI; more focus on progress towards achieving goals; consider projects more in the round than in isolation; not enough discussion in this area)
- <u>Actions to improve</u>:

- o Management Information has been mentioned elsewhere, which covers most of the suggested improvements.

Other statistical scores
Quality of reports: 2.8 (out of 4) (MB overall: 3.2; ET members rating MB: 3)
Timeliness of reports: 3 (out of 4) (MB overall: 3.5; ET members rating MB: 3.4)
Quality of minutes: 3.4 (out of 4) (MB overall: 3.5; ET members rating MB: 3.2)
Timeliness of minutes: 3.4 (out of 4) (MB overall: 3.6; ET members rating MB: 3.4)

Diversity: 2.8 (out of 4) (MB overall: 3 (out of 4); ET members rating MB: 3)
- Suggestions to improve: bringing other colleagues in to discussion or presentation, especially on planning days; need to improve diversity overall; ensure that we consider diversity on every substantive item; bring in external views); recorded audio/video introductions might be helpful, as that provides information in different ways – could be used for informal meetings as well as formal.
- Actions to improve:
  - o Facilitate junior staff coming to present every report at ET (Action: Corporate Governance).
  - o Add an item to ET work programme about our diversity action plan (Action: Jen Green to provide details for this)

Does ET fulfil its role of dealing with the most strategic issues?
Yes: 2; Partially 3.
- Comments: good at starting the discussion, but don't bring back subsequent discussions to ET before they are agreed; too many operational decisions that Directors should be taking - need to challenge Directors to improve their performance and to free up ET focus; more focus on developing the work programme to make sure the meetings are representative of the key areas of assurance/decision where ET is needed; slightly out of scope, but it would be useful to add timings to the ET informal agenda.
- Action to improve:
  - o Ensure that actions from ET meetings are tracked more actively, to ensure that issues come back to ET as expected (Action: Corporate Governance to establish more consistent tracking of ET actions);
  - o Ensure that the ET work programme is considered at an ET planning session on a quarterly basis (Action: Paul Arnold)

Do agendas contain the right areas for discussion?
Yes: 4; Partially 1

<u>Do ET meetings have a culture of challenge and debate?</u>
Yes: 5.

<u>Are mechanisms in place to make sure ET is informed at the right time, in the right detail?</u>
Yes: 5
- Comments: have had to have some urgent ad-hoc meetings (mainly due to COVID, which is understandable); some issues have come to ET quite late; more enforcement/regulatory action should come to ET – need more clarity on ET's role on these.
- <u>Action to improve</u>:
  - James Dipple-Johnstone has already committed to providing updates to ET (at informal meetings) on key cases. No additional action needed beyond that at this point.

<u>Does referral from SLT and Boards work well?</u>
Yes: 3; partially: 2
- <u>Comments</u>: need better ways of working place for the Boards; need decisions to be brought to ET at the right time – currently too early or too late; need more clarity about responsibilities of referral from SLT to ET and required content in those.
- Action to improve:
  - The action mentioned under Position regarding clarity of when an ET decision is needed will resolve this. It will be important to ensure that the manage potential conflict between ET's desire to be able to focus on the long-term/strategic issues and being dragged into operational matters through referrals.

<u>Does ET consider Engagement triage requests effectively?</u>
Yes: 3; No: 1; Partially: 1
- Comments: greater need for proactive opportunities, rather than reactive; need to review feedback about whether engagement was successful.
- Action to improve:
  - Review the speaking engagements triage process during summer 2021 (Action: Corporate Governance)

Overall conclusions: Scores were lower than for Management Board, but still pretty high and consistent. Some of the actions are similar to MB (e.g. MI), but some are a bit more difficult, particularly RE clarity on roles of SLT/ET (which will come more maturity of those Boards) and performance of Directors.