

Appendix 2: People Committee Self-Effectiveness Review

Part One: Membership, objectivity and understanding

The chair and Committee members should have a solid understanding of the objectives and priorities of the organisation.

This section examined the following two areas:

- 1.1 Membership and objectivity:** The questions examined the Committee's need to be sufficiently resourced in terms of individuals and experience, and the pivotal role of the Committee chair in leading the Committee to successful outcomes, whilst recognising the wider membership needs to bring a breadth of skills and experience.

- 1.2 Making the most of your time:** This section reviewed the regularity, timing and duration of meetings which are critical to the Committee being able to exercise its responsibilities effectively throughout the year. Strong agenda planning and management by the chair is vital to ensuring the Committee devotes the right amount of time to issues competing for priority.

Overall, membership and objectivity received positive ratings. With the exception of a minority of 10% of members who expressed concerns about the Committee's membership numbers to discharge its responsibilities, all other aspects were evaluated as meeting or exceeding expectations.

Although making the most of your time received some positive feedback, several areas were highlighted for improvement. Specifically, 60% of Committee members expressed the need for improvement in ensuring sufficient time between People Committee and Board meetings to allow for any work to be undertaken and report back to the Board. This corresponds with the observation that Committee meeting dates could be optimised. The Committee was divided on the issue of undertaking deep dives in core and emerging risk areas, with 50% rating it as either neutral or requiring improvement.

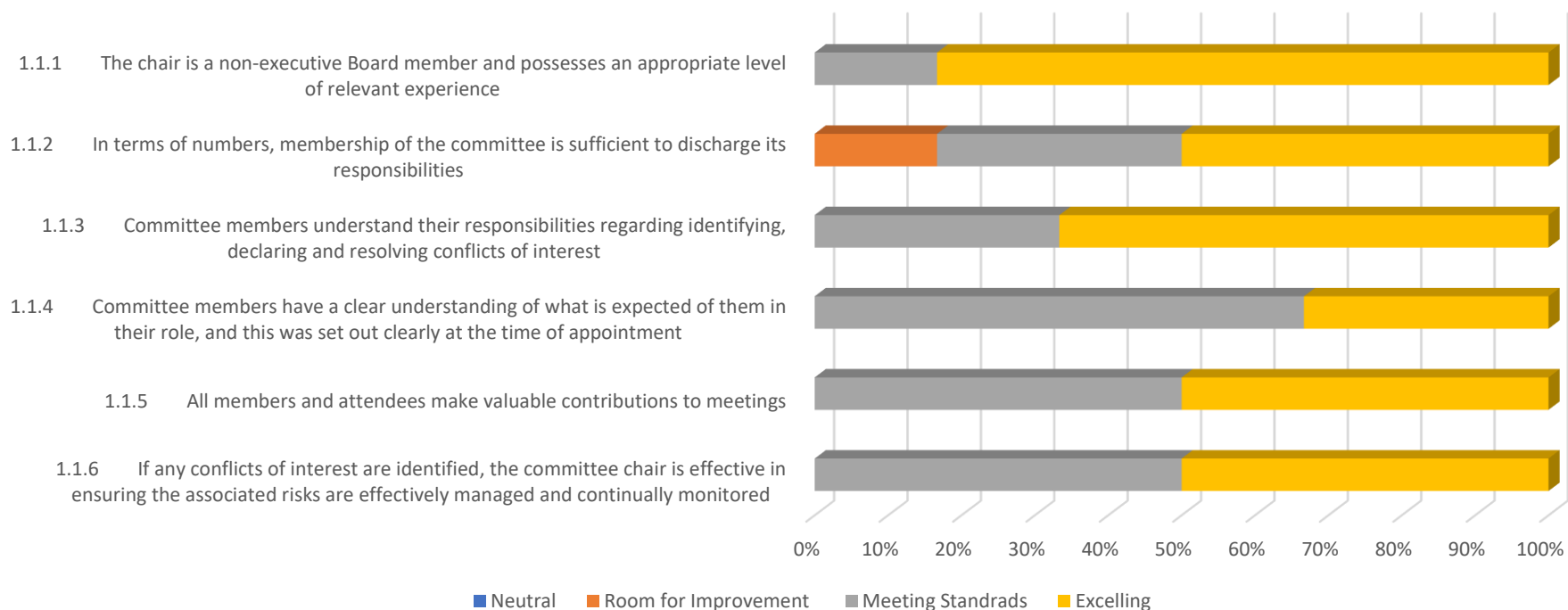
The Committee unanimously agreed that the following aspects either met the standard or exceeded expectations:

- Committee members receiving papers that are of good quality and in a timely manner.
- Meetings of the committee are long enough to ensure all agenda items are covered in sufficient detail.
- The committee is provided with sufficient administrative and secretarial support to undertake its duties.
- The committee acts in an inclusive and respectful manner.

One area of concern raised pertained to the lack of non-executive directors (NEDs), a problem that is expected to be addressed with the appointment of new NEDs.

A summary of the results for these sections and the comments provided are shown below.

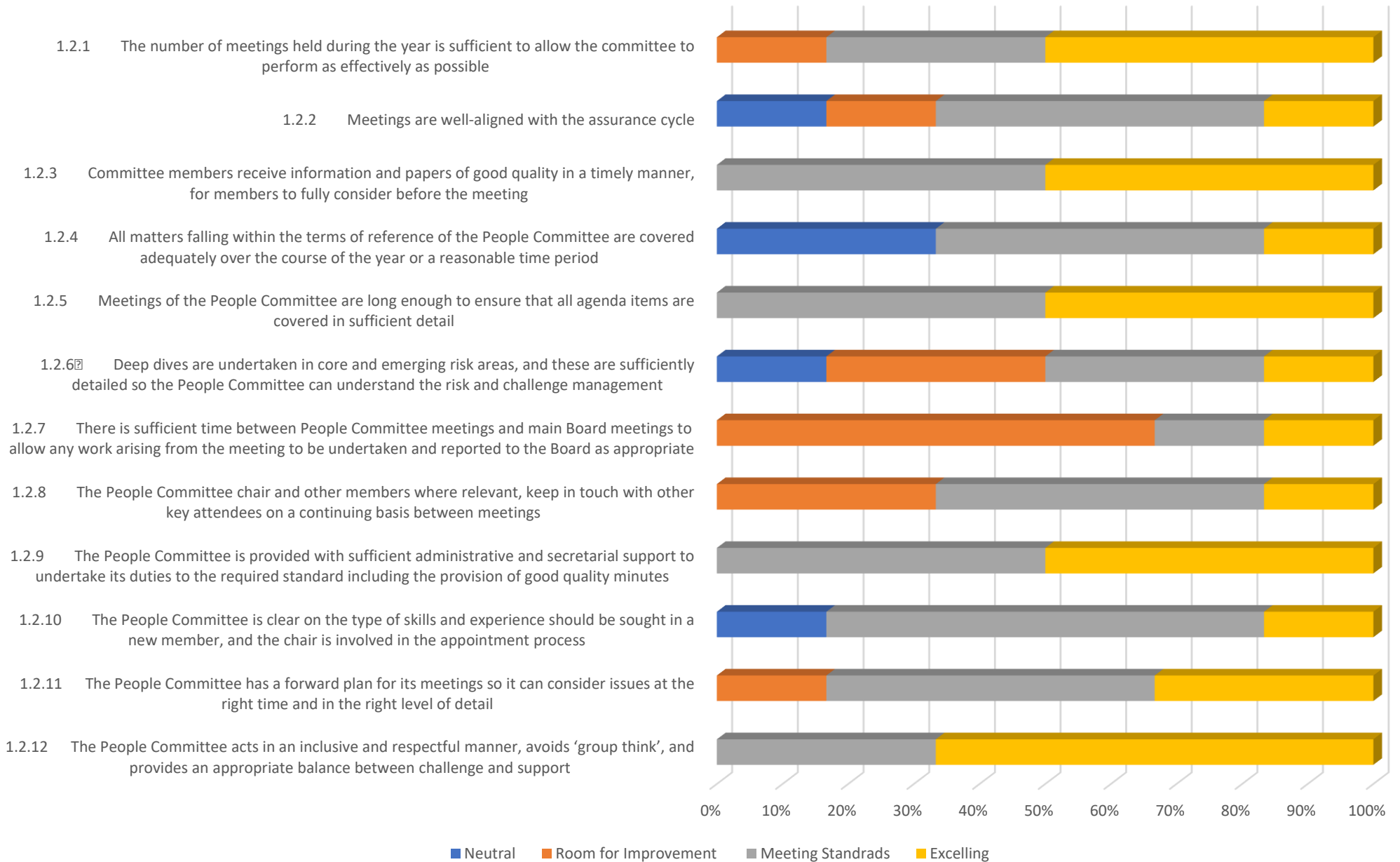
1.1 Membership, independence and objectivity



The comments provided under section 1.1 are noted below.

- One of the NEDs is leaving, so we need to recruit a new NED to the People Committee as soon as possible
- The Committee has been rebuilt and now meets all the above measures
- We have problems being quorate because we don't have enough NEDs and are relying on Associate NEDs

1.2 Making the most of your time



The comments provided under section 1.2 are noted below.

- The dates for the People Committee meetings could be optimised.
- There is room for improvement in the PC “forward plan”.
- More work required to make sure everyone understands the risk that we are responsible for assuring.

Part Two: Skills and experience

It is important that the Committee has a strategy to know where to upskill and build expertise. This will allow the Committee to effectively deal with risks and challenges as they emerge.

This section examined the following two areas:

- 2.1 Range of skills:** This section examined the committee's range of skills that enables it to provide assurance to the Board and where there are gaps.
- 2.2 Training and development:** In addition, how effective is the committee members' induction programme, programme of engagement and addressing training and development needs.

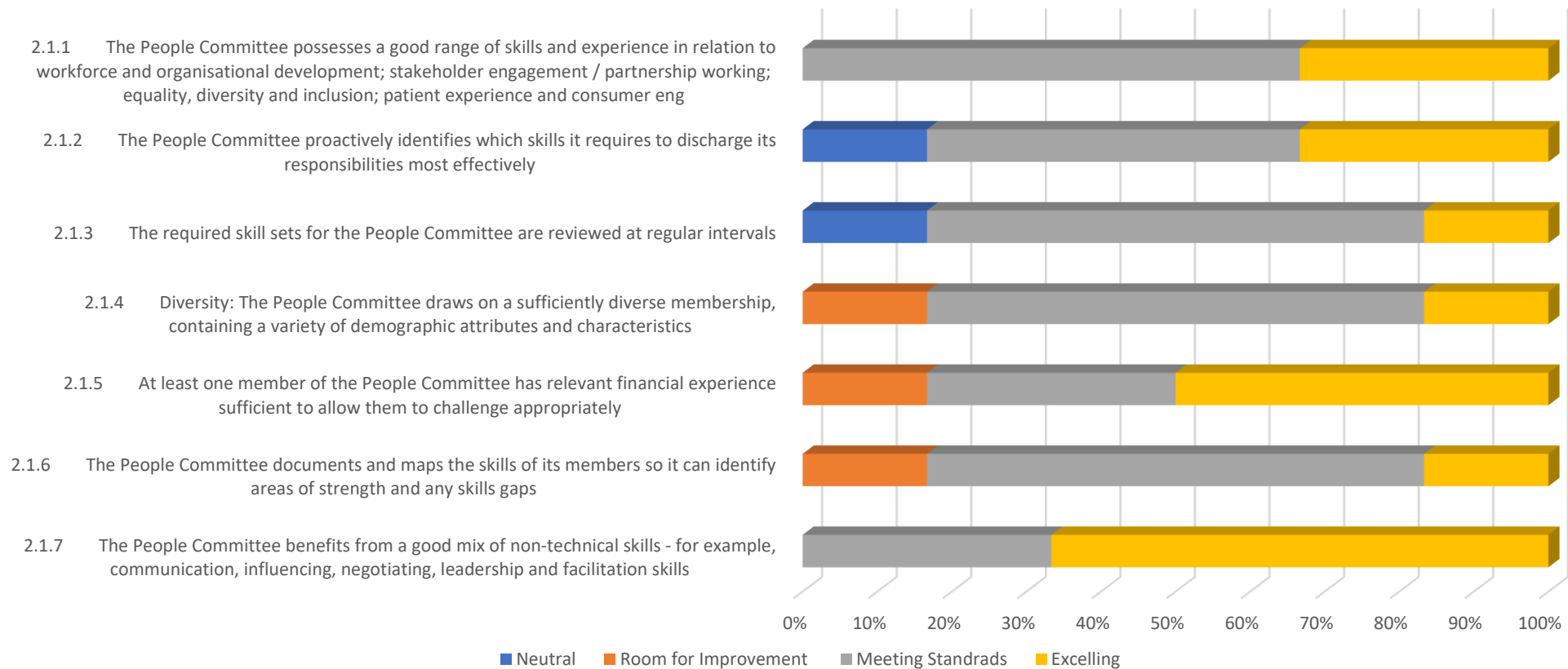
The Committee was broadly in agreement that it possesses a diverse set of skills and expertise that are pertinent to its purpose. Additionally, it was acknowledged that the Committee benefits from a well-balanced combination of non-technical skills. With the exception of 10% of Committee members who registered neutral or requires improvement scores, all other areas were evaluated as meeting the standards or surpassing them.

Referring to the comment about defining the skills and experience required for the People Committee, as part of the Board Skills and Capability Framework, the skills and experience necessary for the People Committee have been defined and the skills and experience of its members have been mapped. This allows for the identification of strengths and any areas where additional skills may be needed. The Board approved this framework in July 2023 and subsequently conducted a skills matrix exercise. This exercise will be repeated in the 2024/25 financial year, with separate exercises for the committees.

With regards to training and development, apart from 2.2.4: fostering a positive culture of learning and personal development, which received unanimous agreement from all committee members for meeting or surpassing the standard, the remaining feedback was somewhat varied.

A summary of the results for these sections and comments provided are shown below.

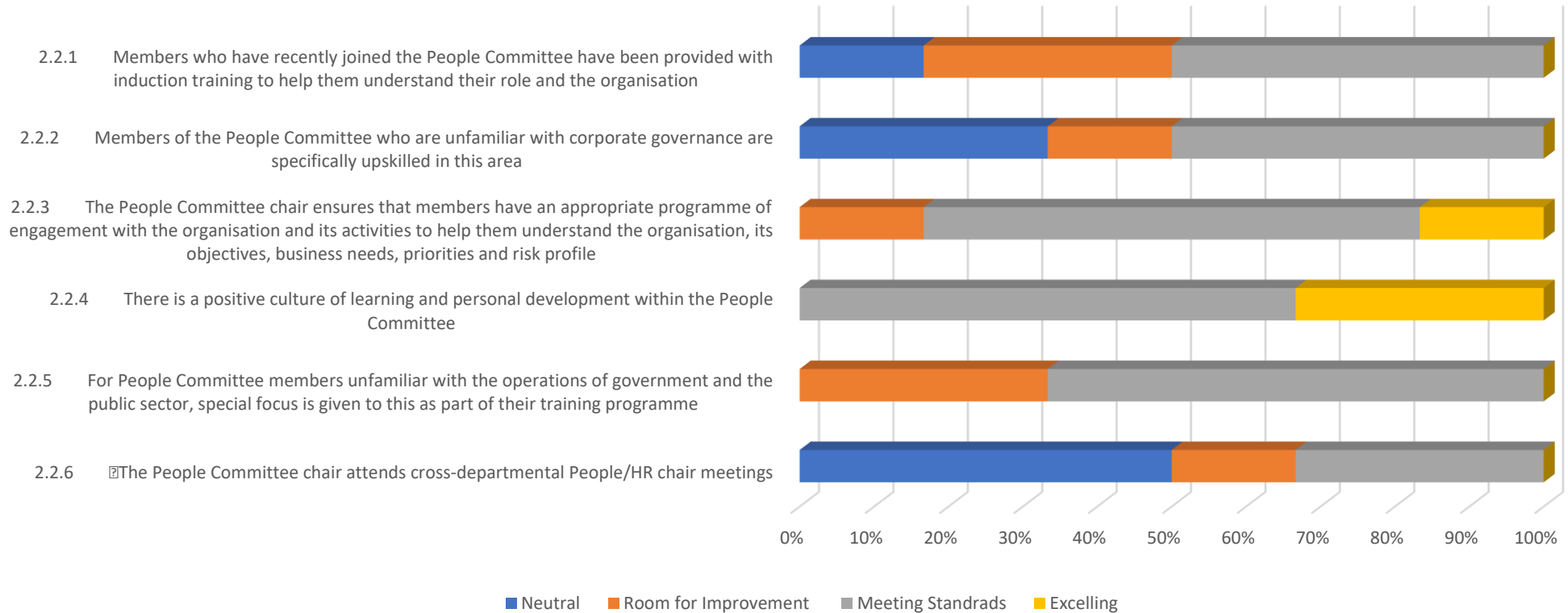
2.1 Range of Skills



The comments provided under section 2.1 are noted below.

- It would be useful to define the skills and experience required for the People Committee and map the skills and experience of its members in order to identify areas of strength and any skill gaps.
- We need another full member that is an HR professional. This will be resolved with new NED appointment.

2.2 Training and development



The comments provided under section 2.2 are noted below.

- I'm not aware of having been invited to any cross departmental People meetings.
- I didn't know the answer to 2.2.6 but there wasn't an option to say that.

Part Three: Roles and responsibilities

Good governance is vital to the success of the organisation.

This section examined the following two areas:

- 3.1 Governance:** This section examined the committee's understanding of how governance arrangements support achievement of the organisation's strategic objectives is vital.
- 3.2 Risk Management:** This section reviewed the committee's understanding of the organisation's business strategy, operating environment and the associated people risks to executing the strategy.
- 3.3 Remuneration Committee:** This section examined the committee's function in fulfilling its role as a remuneration committee.

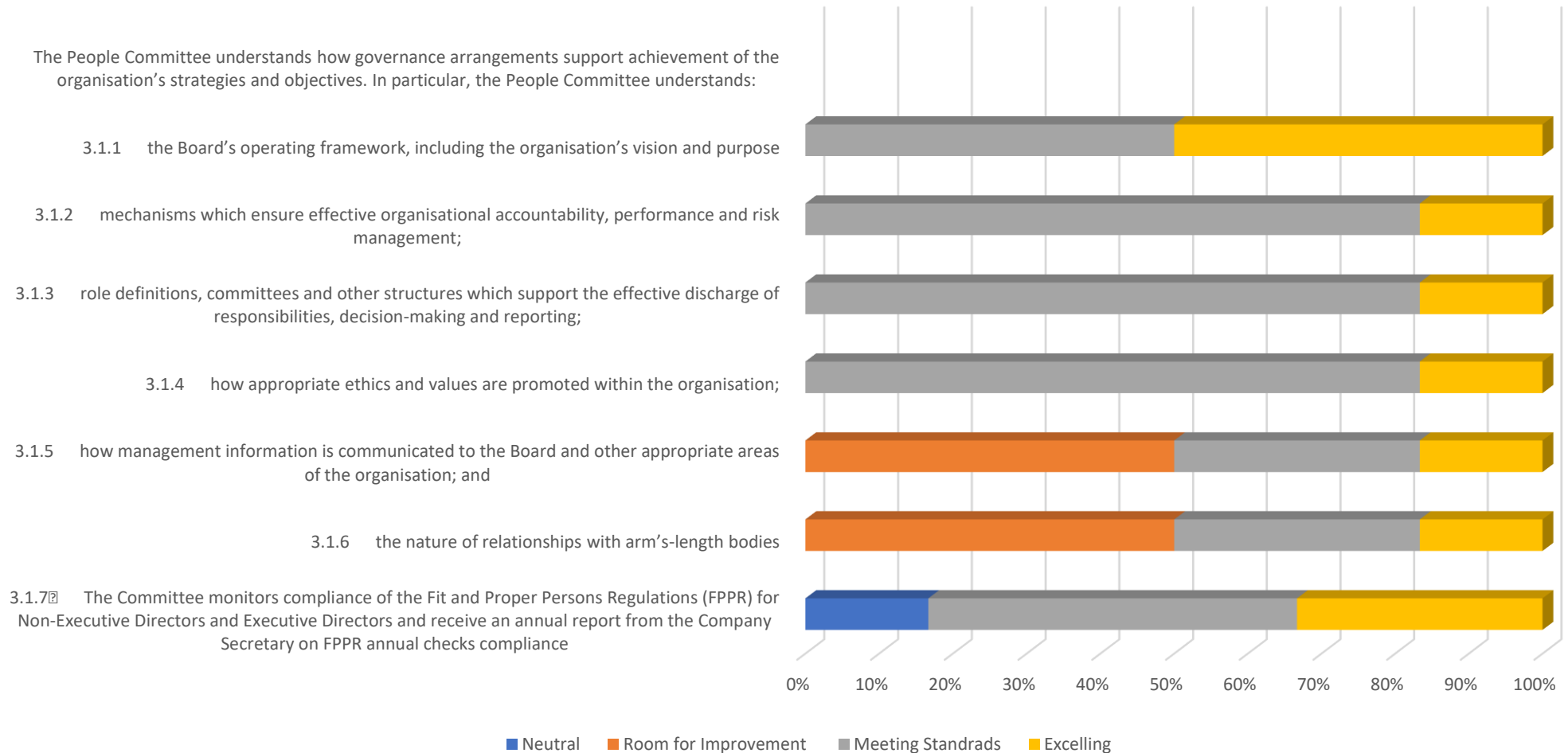
Governance - With the exception of half of the Committee members who believed that there is room for improvement in the nature of relationships with arm's length bodies and how management information is conveyed to the board, all other Committee members unanimously agreed that the committee understands how governance arrangements contribute to the organisation's strategies and objectives. However, it is worth noting that 10% of the members remained neutral regarding the Committee's compliance with fit and proper persons regulations. Despite this, a suggestion was put forth by the Committee to include more data in future presentations, which will necessitate adjustments to the documents moving forward.

Risk management - Only a small fraction of Committee members believed that improvement was required for risk tolerance. All members of the Committee were in consensus that there is a positive risk culture within the Committee, as well as the Committee's grasp of the organisation's business strategy, operational environment, and the people risks associated with executing the strategy.

In fulfilling its role as a Remuneration Committee, the majority of Committee members (90%) acknowledged that the Committee receives annual assurance on the senior level capability. However, only half of Committee members (50%) believe that the Committee is meeting or surpassing the standard when it comes to receiving assurance on talent management and succession planning strategies for the executive leadership.

A summary of the results for these sections and comments provided are shown below.

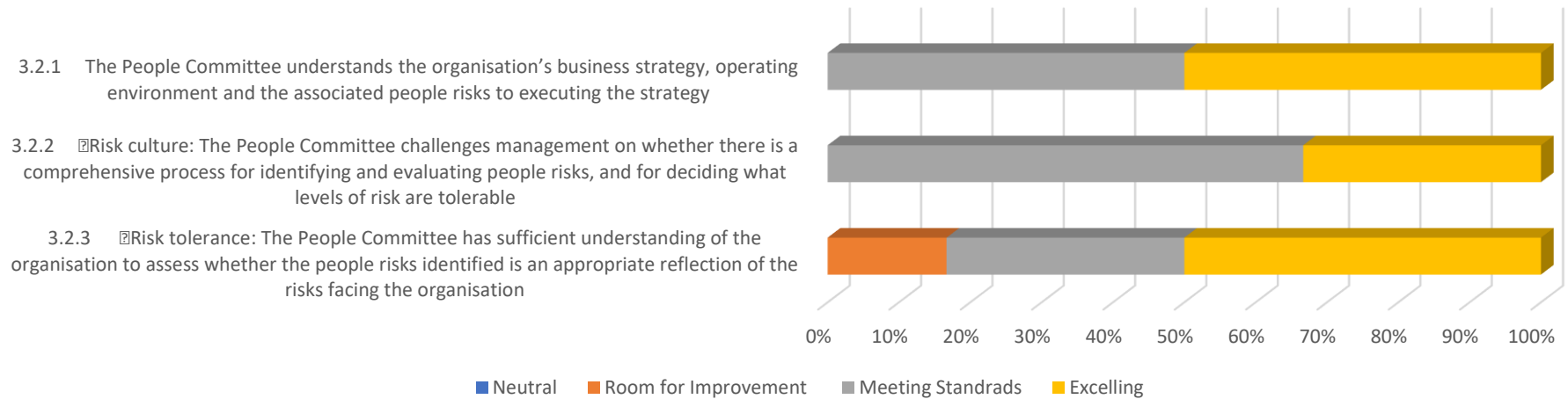
3.1 Governance



The following comment was made under 3.1.

The Committee would like to see more data than has previously been presented so that will require an adjustment to papers going forwards.

3.2 Risk management



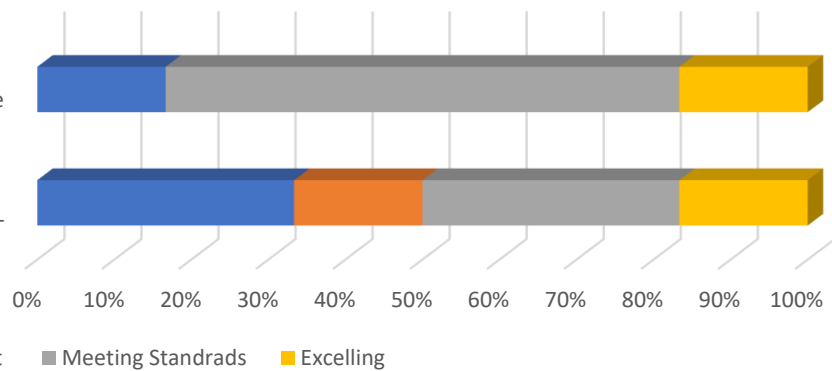
The following comment was made under 3.2.

People Committee members are new, so more work is required to build understanding of the organisation.

3.3 Remuneration Committee

3.3.1 The People Committee receives assurance annually on senior level capability including requirements of skills and expertise of the Board and executive leadership of the organisation

3.3.2 The People Committee receives assurance on NHSBT's talent management and succession planning strategies for the executive leadership of NHSBT



No comments were made under 3.3.

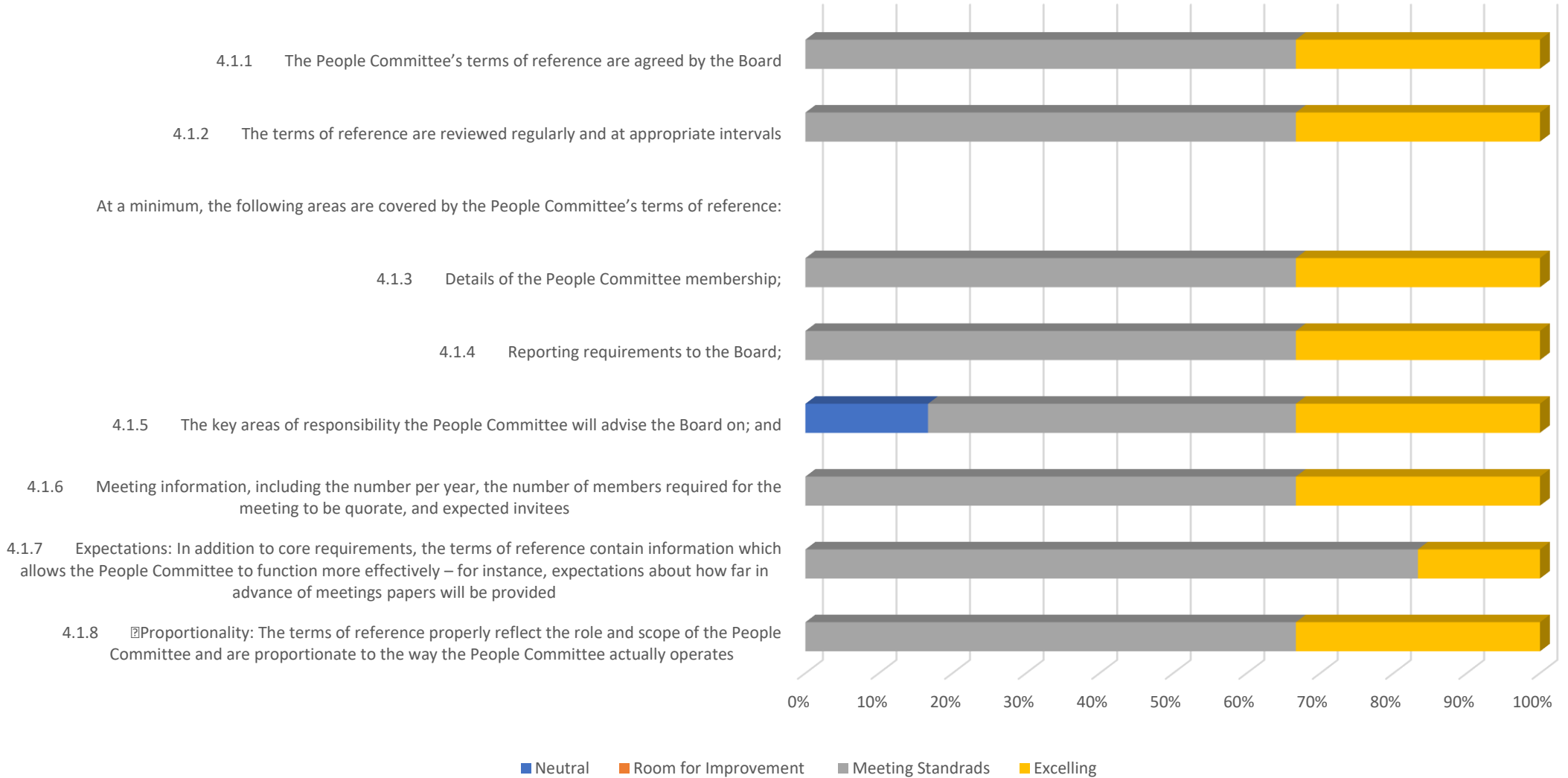
Part Four: Scope

It is important that the Committee fully understands the scope of its work, and that this is set out clearly in its terms of reference. Being clear on expectations and accountabilities will ensure that the Committee focuses its time and resources on its core requirements.

With the exception of 10% of members who remained neutral on the key areas the Committee will advise the Board on, all Committee members agreed that the Committee met or surpassed the standards for all other areas outlined in its terms of reference.

A summary of the results for this section is shown below.

4.1 Terms of Reference



No comments were made under 4.1.

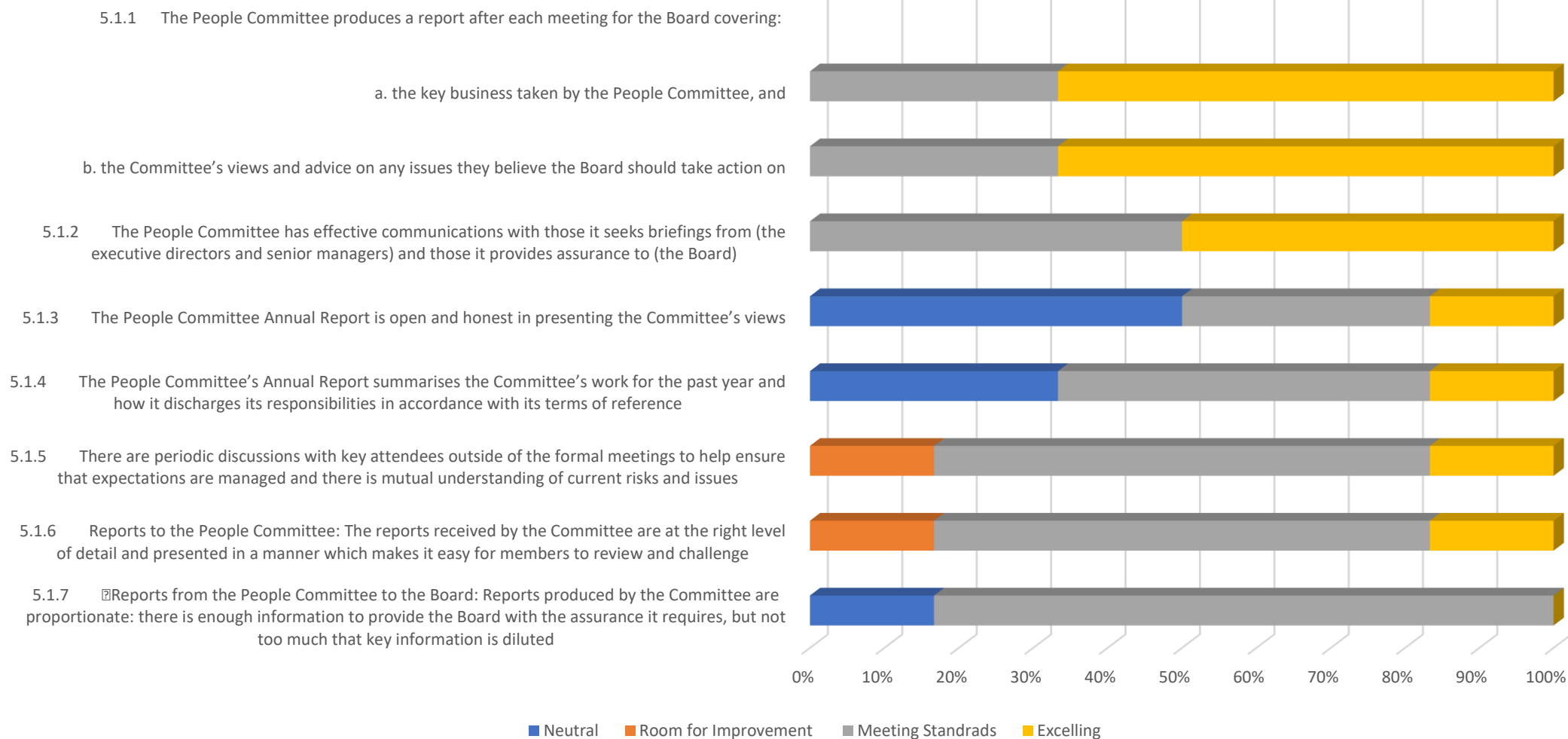
Part Five: Communication and reporting

It is important that the Committee has clear lines of communication with the Board and other key stakeholders. This section examined the committee's reporting expectations and requirements.

The Committee received a favourable assessment for this section, as Committee members concurred on the effectiveness of communication between the Committee and those it receives briefings from, as well as those it provides assurance to. Nevertheless, there was a split concerning its annual report (5.1.3 and 5.1.4).

A summary of the results for this section and comment provided are shown below.

5.1 Communication and reporting



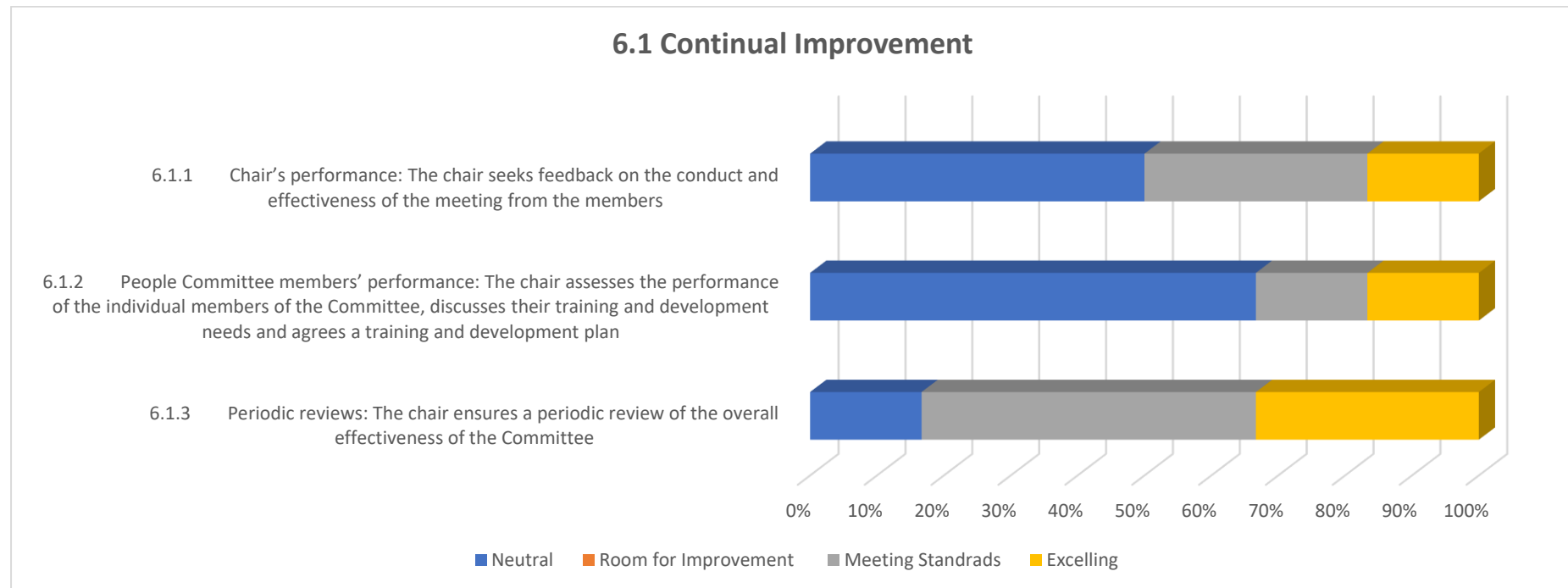
The following comment was made under section 5.1.

Papers to the Committee have been of variable quality over the past year.

Part Six: Continual improvement

It is important that the Committee adopts a positive attitude to learning and development, regularly appraises its performance and is open to feedback from others.

Apart from the periodic reviews stated in 6.1.3, which received the approval of 90% of Committee members for meeting or surpassing the standard, at least half of Committee members were unable to respond to 6.1.1 and 6.1.2. This was primarily due to the Committee undergoing a change in membership, including in new chairperson who had not yet acquired sufficient knowledge on the work of the Committee and the Committee conducting its first internal effectiveness review.



The following comments were made under section 6.1.

- The Committee has a new Chair who has not yet had the opportunity to deal with 2 & 3 above.
- The Chair is new but I fully expect they will do all these things as previous Chairs have done.