

NHS Blood and Transplant Board Effectiveness Key Themes

6 June 2024

1. Background

Best practice recommends that a thorough assessment of the board and its committees' effectiveness is conducted either annually or periodically. The evaluation should aim to carefully examine whether the composition, dynamics, operations, and structure of the board and its committees are suitable and effective for the organisation and its business environment, in both the short and long run. Furthermore, feedback should be given to enhance the board's strengths and identify key areas for performance enhancement and growth.

The Board undertook an internally facilitated effectiveness review by way of the completion of questionnaires during December 2023 and January 2024. The findings from the review were presented to the Board on 26 March 2024, and it was agreed that the Company Secretary identify the key themes from these reviews together with recommendations in relation to them.

Board Committees have also undertaken their own reviews of their effectiveness, the respective findings of each were included in the papers for the Board meeting on 26 March 2024. Committees are determining their action plans arising from these reviews, the completion of which will be tracked and progress reported to the Audit, Risk and Governance Committee.

2. Themes arising from Board Effectiveness Review

2.1 The Role of the Board, its objectives and remit

The key themes in relation to the Board, its objectives and remit related to:

- A desire for greater clarity in relation to Board roles and accountabilities, acknowledging the introduction of Associate Directors, and more generally a need to clearly distinguish between strategic and operational matters.

Recommendation 1: A clear summary of the roles of the DHSC appointed Chair, DHSC appointed Non-Executive Directors, NHSBT appointed Associate Non-Executive Directors, NHSBT appointed Independent Committee members, NHSBT appointed Officer Members of the Board, other NHSBT Executive Directors and Board members be produced to pull together and build on existing available information and form part of Director induction information. Such information to include clarity on voting rights, legal duties and accountabilities. *Proposed Owner and delivery date: Company Secretary - 31 August 2024.*

- Clarity on the objectives of the Board, as opposed to those of the organisation.

High performing boards often develop a small number of performance objectives that are aligned with organisational goals where it is identified that the board can add significant value to the organisation's direction, decision making and performance. This helps ensure strategic focus is maintained alongside performance oversight, and clarifies what the Board wants to achieve over an agreed period. Agendas can include such objectives and it also forms a reference point against which the Board's effectiveness can be measured in the future. Examples of objectives include increasing the diversity of the board, increasing the board's advocacy of the organisation, stakeholder engagement, increasing skills, experience and relevant knowledge, improving board cohesiveness. It may be that, informally, the Board already has such objectives but that they are not clearly stated as such.

Recommendation 2: That the Board consider whether they wish to clearly state and measure progress against a set of Board objectives. *Proposed Owner and delivery date: Board - 31 July 2024.*

- Ensuring that the strategic focus of the Board is maintained alongside its role of monitoring performance.

Recommendation 3: A review of the Board and Committee Agenda Forward Plans would be beneficial to ensure that the time available is used to best effect. This would be a collaborative review engaging with stakeholders to ensure that a workable approach is developed, and that the forward plans set out clearly the purpose of agenda items and decisions required, minimising the use of Board time for administrative purposes. *Proposed Owner and delivery date: Company Secretary – 31 August 2024.*

2.2 Risk Management

The scoring of this section indicated that Directors perceived that there had been a step forward in this area during the last year. The key themes in relation to risk management related to:

- Ensuring that induction activity for new Directors includes awareness/training of significant risk areas and the organisation's approach to risk management.

Recommendation 4: The induction plan for Directors be reviewed to ensure that this is the case. *Proposed Owner and delivery date: Company Secretary/ Director of Quality/Assistant Director Governance & Resilience – 31 August 2024.*

- The Board have delegated oversight of the systems that are in place for the identification and management of risks to the Audit, Risk and Governance Committee. It is however, important that the Board as a whole have sufficient knowledge of the risk environment of NHSBT, determine their risk appetite and consider risk when making decisions. The review indicated that there could be improvement in this area.

Recommendation 5: Whilst there has undoubtedly been improvement in this area, consideration be given as to how the Board's risk approach can be enhanced to demonstrate that risk is considered within its decision making and to continually improve the Board's awareness and understanding of significant risks, potentially through a risk management Board workshop. *Company Secretary/ Director of Quality/Assistant Director Governance & Resilience – 30 June 2025.*

2.3 Performance Management

- At the time of the effectiveness review it was considered that the Board receive adequate assurance in relation to statutory compliance, but that clearer early warning of adverse performance trends would be beneficial and greater Board understanding of any issues and the measures being taken to address them would enhance the effectiveness of the Board. A comprehensive performance and risk report is now produced providing trend analysis and metrics across all strategic areas which is presented to the Board at each meeting. Building on this there would be a benefit to establishing how action to address declining trends can be best monitored by the Board.

Recommendation 6: Establishing a clear approach to how the Board reviews areas of performance which require the greatest improvement would help to ensure collective responsibility and focus on measures in place to address them. This can be included in the review of Board and Committee Agenda Forward Plans (see Recommendation 3). *Proposed Owner and delivery date: Company Secretary – 31 August 2024.*

2.4 Board Effectiveness

The scoring of this section indicated that Directors perceived that there had been a step forward in this area during the last year. The key themes in relation to Board effectiveness related to:

- Improvement to inductions for new Directors, and ongoing development of knowledge and skills, could be further improved.

Recommendation 7: A review of the Director induction process has already been stated to be beneficial and is recommended above. Consideration of how knowledge and skills are developed throughout Directors terms of office would also be beneficial and is recommended to be considered through the usual process of review of the Skills Capability Framework and Skills

Assessment which would identify gaps in knowledge that could be filled through internal and external training. *Proposed Owner and delivery date: Company Secretary Committee – 24 September 2024.*

- Whilst the Board have undertaken effectiveness reviews, considering how the Board review the effectiveness of their key decisions, including in relation to difficult issues, could play a larger part in future effectiveness reviews.

Recommendation 8: A process of review of key decisions and the approach to difficult issues be developed with an aim of identifying if alternate approaches could improve decision making effectiveness in the future. *Proposed Owner and delivery date: Chair/Company Secretary – 31 December 2024.*

- The timing of the effectiveness review was prior to the 2024 appointment of additional NEDs and therefore does not reflect the current position in terms of skills, experience and diversity.

Recommendation 9: The skills analysis process planned ahead of the July 2024 Board should be used to review the position post the new appointments and to identify any core skills and experience requirements, current gaps, and actions required, if any, to address these. The assessment should look not only at the skills and knowledge held individually and collectively, but at the skills mix that should ideally be held both at the point of the review and in the future. Consideration of any changes to Board appointments should be factored into the forward view. *Proposed Owner and delivery date: Company Secretary Committee – 24 September 2024.*

2.5 Board Meetings

Directors generally concurred that the frequency, location and duration of Board meetings was appropriate, that the Chair facilitated a positive environment and that appropriate minutes were produced. There were two key themes arising:

- The quality and length of papers was considered to be an area that would benefit from improvement. Since the effectiveness review it has been acknowledged by the Board that there has been an improvement in this area, and additional guidance has been issued to management in relation to the form of Board papers. Where newer Directors are not aware of the background to prior decisions separate sessions are being set up to update knowledge gaps, negating the need to cover such content in the Board meeting. There is a continued focus on the quality of Board papers, therefore no specific recommendation is being made.
- Whilst there was general agreement that the agenda covers the right topics, not all Directors were clear on the separation of decision-making between the Executive Team and the Board/Board Committees.

Recommendation 10: A diagrammatic summary of decision-making responsibilities of the Board/Board Committees and the Chief Executive and Executive Team and their Committee structures be included within Board induction material. *Note: Induction material is available to all Directors. Proposed Owner and delivery date: Company Secretary - 31 August 2024.*

2.6 Board Composition

It should be noted that the effectiveness review was undertaken prior to the appointment of 3 NEDs. There were two strong themes arising from the review:

- The diversity of the Board was noted to have improved, however it was generally felt that this could be further improved, and should remain a focus for the Board.

Recommendation 11: Diversity information is sought from Directors through the annual skills assessment process, however a full view does not at present exist. The 2024 process should seek to rectify this and report on the current diversity of the Board, and how this may change over time as the Board is refreshed. *Proposed Owner and delivery date: Company Secretary Committee – 24 September 2024.*

- The board size was considered by a significant number of Directors to be too large to allow for full discussion of topics by all members. The size of the Board takes into account the need for a diverse range of skills and experience.

Recommendation 12: The annual review of the Board Skills Capability Framework and skills assessment be utilised to affirm the core skills required on the Board and the current achievement of these from within non-executive appointments to ensure independent challenge. The assessment would identify actions that can be take to address skills gaps, e.g. training, development, use of external assurance. (See Recommendation 9).

It is the responsibility of the People Committee to determine which Executive Directors are members of the Board and the Committee has identified a need for a review of the effectiveness of the current position in conjunction with the Chief Executive. *Proposed Owner and delivery date: People Committee in consultation with Chief Executive – 20 September 2024 in relation to review of Executive Director membership of Board and attendance at Board.*

2.7 General

The majority of Directors considered that the Board was operating more effectively compared to the prior year. Directors new to the origination did not answer the question.

- There were mixed views of how well Board members work outside of Board meetings, although the value of NEDs supporting and constructively challenging Executive Directors was clearly recognised as being positive. The summary of Board roles recommended in point 2.1 (recommendation 1) will help to provide clarity in relation to the expectations for Directors outside of meetings.

3. Conclusions

Throughout the various sections of the effectiveness review there was generally a view that improvements had been made on the prior year. The Board effectiveness review, by its nature, is based on an ethos of continual improvement and therefore it is not surprising that a number of themes have arisen, and that recommendations can be made to enhance Board effectiveness.

The recommendations set out in this paper can be grouped into 6 areas, as summarised below:

Area	Recommendation Number	Actions	Target Date
Board Objectives (as opposed to organisation objectives)	2	Determine if these are to be clearly set out	31/07/2024
Skills, Capability and Diversity *	7 9/12 11 12	Assessment of development needs through skills assessment Review of core skills and skills gaps through skills assessment Collate Board diversity information and analyse current position and future potential People Committee/CE review of Executive Director membership of Board and attendance at meetings	24/07/2024 20/09/2024
Induction and Knowledge Development *	1 4 10	Addition of clear summary of Board roles Inclusion of key risk areas and risk management Addition of summary of decision-making responsibilities	31/08/2024
Agenda Forward Plans *	3 6	Aligning plans to strategic focus areas Inclusion in plans of deep dives into areas of performance that require greatest improvement/monitoring of actions	31/08/2024
Board Effectiveness	8	Review of effectiveness of key decisions and approach to difficult issues to be developed separate to wider Board effectiveness review	31/12/2024
Risk Management	5	Enhance Board's risk approach and awareness and monitoring of risks	30/06/2025

* It should be noted that similar matters as raised by Directors through the Board effectiveness review have been raised in the GIAA Corporate Governance Internal Audit the report of which was issued on 18

March 2024. Delivery of the above actions will therefore also aid in closing out internal audit agreed actions.

The Corporate Governance Improvement Programme which is being established will ensure progression actions to address findings in this Board Effective review, Committee effectiveness reviews, the GIAA Internal Audit of Corporate Governance, alongside workstreams in relation to internal audit, risk management and compliance assurance. Details of this programme will be presented to ARGC and the Board in July 2024. A Project Manager is currently being recruited to assist in the delivery of the programme, with cross-directorate workstreams driving activity.

If approved, the delivery of these Board Effectiveness actions will be tracked via the Corporate Governance Improvement programme with progress being reported to the Board through the Audit, Risk and Governance Committee.

4. Recommendation and Next Steps

The Board is asked to review the themes from the Board effectiveness review, and collectively agree whether they wish the recommended actions to be advanced.

As agreed by the Board, the next Board/Board Committee effectiveness review will be undertaken by an external organisation. Options in relation to the external facilitator to be appointed are currently being considered and a further report will be brought to the Board at its July meeting.