

# BOARD EFFECTIVENESS REVIEW

Food Standards Agency

April 2022

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## 1. Introduction

The Food Standards Agency (FSA) was established in 2000 as the independent regulator of food standards in England, Wales and Northern Ireland. The role of the FSA is to protect public health and consumers' wider interests in relation to food. They act independently of ministers and are governed by an independent board. The 'sponsor' department is the Department for Health and Social Care (DHSC), although as a non-Ministerial department, the FSA have a significant degree of independence from DHSC. The FSA also has accountabilities to Northern Ireland and Welsh Ministers.

### 1.1. Review Process

This review commenced late 2021 and has encompassed the following:

- Observation of two Board meetings
- Observation of two Business Committee meetings
- Observation of one ARAC meeting
- Observation of two strategy retreat sessions
- A review of papers for the Board and its committees
- A one-to-one interview with all Board and Executive Management Team (EMT) members
- A questionnaire to Board and EMT members (based on the NAO Board Effectiveness questionnaire)
- A questionnaire to a selection of external stakeholders
- Discussions with Secretariat members from three other regulators (ORR, CQC and HSE) to hear lessons learnt from their governance and Board management
- Regular meetings with the FSA's Chair, CEO and Secretariat

These meetings were carried out online.

## 2. Executive summary

This review has found the Board to be skilled and confident. However, a number of changes within the Board membership during the pandemic have created some challenges around team building. There is also more that the Board could do to assist the Executive with prioritisation.

Following the EU Exit and pandemic pressures, the FSA appears to be entering a period of increased stability and the Board is in a good position to guide the organisation through the next set of challenges and opportunities. The new FSA strategy, which has enlarged the focus of the Agency onto 'Healthy and Sustainable Food', provides both an opportunity and a challenge for the Board. On the positive side, there is a clear strategic direction for the Agency over the next five years. There is also the challenge of how to measure and manage that change (and absorb new responsibilities), whilst ensuring that the day-to-day business of the Agency does not suffer.

A key finding of this review is that the Board should take this opportunity to review the performance management and monitoring of the FSA, so that they can judge the success or failure of the strategy rollout – alongside the operational management of the organisation – through clear measures and key performance indicators. This should also assist with prioritisation.

The need to work remotely during the pandemic has meant that it has taken longer to establish strong working relationships within the Board and between the Board and the Executive, particularly as new Board and EMT members have joined. Whilst this is now improving, the Board should invest time in team building, sharing their respective skills sets and getting to know the Executive Management Team (EMT) on a face-to-face basis. This will enable the Board to increase its performance.

### 3. Background

#### 3.1. Context for the FSA and Board

As a non-Ministerial government department, the FSA is governed by a Board, rather than directly by Ministers, and the Board arrangements are set out in statute. The Board ensures that the FSA fulfils its legal obligations so that all decisions or actions consider scientific advice and the interests of consumers. The Board is the senior decision-making body for the FSA. It provides strategic leadership to the FSA and takes collective responsibility for the long-term success of the organisation. The Board is comprised of the Chair, the Deputy Chair and currently seven other Non-Executive Directors.

The Board is mainly appointed by the Secretary of State for Health and Social Care. One member is appointed by the Welsh Health Minister, and one by the Northern Ireland Health Minister. The Chair is appointed by the Health Ministers from England, Wales and Northern Ireland. The Board operates directly with the following two committees: the Audit and Risk Committee (ARAC) and the Business Committee. The Board also interacts with the Wales and Northern Ireland Food Advisory Committees, the Science Council and the Scientific Committees.

The FSA Board and Business Committee meetings are held in public and are available to livestream via the FSA Website. The Wales and Northern Ireland Food Advisory Committees are also held in public.

The terms of reference for the Board include the following key responsibilities <sup>1</sup>:

- setting strategy, strategic priorities, and strategic outcomes
- identifying and monitoring strategic, reputational and corporate risk; determining the FSA's risk appetite
- taking major decisions on the regulatory and controls framework
- taking major decisions on policy and key issues of principle

The FSA as an organisation has had to show resolve and flexibility over the last few years. The role of the organisation has increased significantly since the UK left the EU; it has taken on new responsibilities, including the regulation of novel foods, advising the UK Government on new trade deals, and advising on and assuring standards for imported and exported food. The pandemic has created additional challenges for both front line and office-based staff. Between March 2020 and

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<sup>1</sup> [2021-09 - TORS - Board.docx \(food.gov.uk\)](#)

June 2021, the Board meetings took place fully online. The FSA has recently launched a new five year strategy<sup>2</sup>.

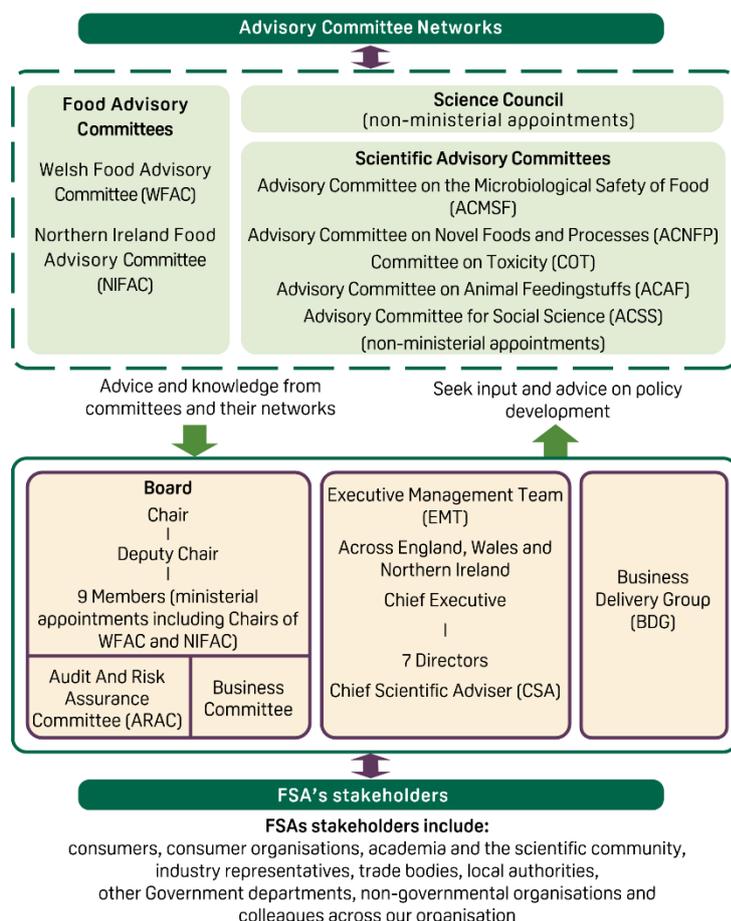
### 3.2. Membership

The Board consists of the Chair (Professor Susan Jebb, appointed 2021) and Deputy Chair, plus no less than six and no more than ten other Board members. There are currently seven members (excluding the Chair and Deputy) and a recruitment has been launched for three additional Board members. The Deputy Chair will finish her tenure in 2023 and this post will be advertised. There is also a recruitment campaign underway to recruit the new Northern Ireland Board member (& Chair of NIFAC).

The two most recently appointed Non-Executive Directors, Lord Blencathra and Fiona Gately, joined the Board in 2021.

### 3.3. Governance Structure

Governance structure



<sup>2</sup> <https://www.food.gov.uk/about-us/our-strategy>

## 4. Findings and Recommendations

### 4.1. Main Board

Overall, this review found that the main Board meetings are working well. More detailed comments on the Board skillset, relationship building, papers, culture and timings appear later in this report.

### 4.2. Audit and Risk Committee<sup>3</sup> (ARAC)

Board respondents have confidence in ARAC and the ARAC meeting observed by this review was focused and chaired effectively. ARAC has been led successfully by the outgoing Chair and a successful transfer to the new Chair will be important in maintaining this standard.

There is a balance to be struck between how much the main Board should delegate responsibility to ARAC, and how much the Board should also satisfy itself on issues of assurance and risk. Some respondents felt that there was too much delegation to ARAC and not enough Board oversight of e.g., risk. The Board should remember that ARAC is an advisory committee and that the main Board retains responsibility for identifying and monitoring strategic, reputational and corporate risk; and determining the FSA's risk appetite.

**The corporate risk register should continue to be shared on an annual basis with the Board, and also issued in advance of the annual risk workshop.**

### 4.3. Business Committee

The Business Committee is the current home for the Performance and resources report; it also takes papers on the budget; people issues and operational matters. The membership of the Business Committee mirrors that of the Board. The remit of this committee includes (from the terms of reference)<sup>4</sup>:

- providing appropriate high-level oversight of financial and operational matters at Board level
- scrutinising financial and other performance information
- identifying and monitoring operational and delivery risks

It is not always clear which papers fall naturally to the Business Committee as opposed to ARAC or the main Board. The current thinking is that as major programmes or issues become operational, or part of the wider change programme, they will often fall under the remit of the Business Committee for reporting. The Business Committee takes, for example, updates on the National Food Crime Unit and looks at Local Authorities' delivery of their food safety responsibilities.

There is room for confusion around which risk responsibilities set with ARAC and which (if any) sit with the Business Committee. Another potential issue is that, because the Business Committee is

<sup>3</sup> <https://www.food.gov.uk/sites/default/files/media/document/2021-09-tors-arac.pdf>

<sup>4</sup> <https://www.food.gov.uk/sites/default/files/media/document/2021-09-tors-business-committee.pdf>

tasked with looking at people, capability and Equality, Diversity and Inclusion issues, this could be deemed a way of 'demoting' those issues from the scrutiny of the main Board meeting.

The current performance report is detailed and presented in three sections: hygiene and standards, delivery and resources. The Executive are revising performance management in the light of the new strategy.

**A revised performance report should be structured around a set of measures/key performance indicators as approved by the main Board. These should reflect the key success criteria for the strategy, whilst also recognising the need for performance metrics (KPIs) for the operational aspects of the business.**

**There is no clear reason to have a separate Business Committee. The Business Committee items could be dealt with at the main Board under a 'finance, delivery and performance' section of the agenda.**

**Regarding the 'FSA performance at managing Local Authorities', the Board papers and discussions should focus on monitoring of the FSA's performance in relation to Local Authorities, as opposed to monitoring the performance of the Local Authorities (not within FSA control). Alongside this, thought should be given to the KPIs/metrics which track the Local Authorities' ability to perform their role.**

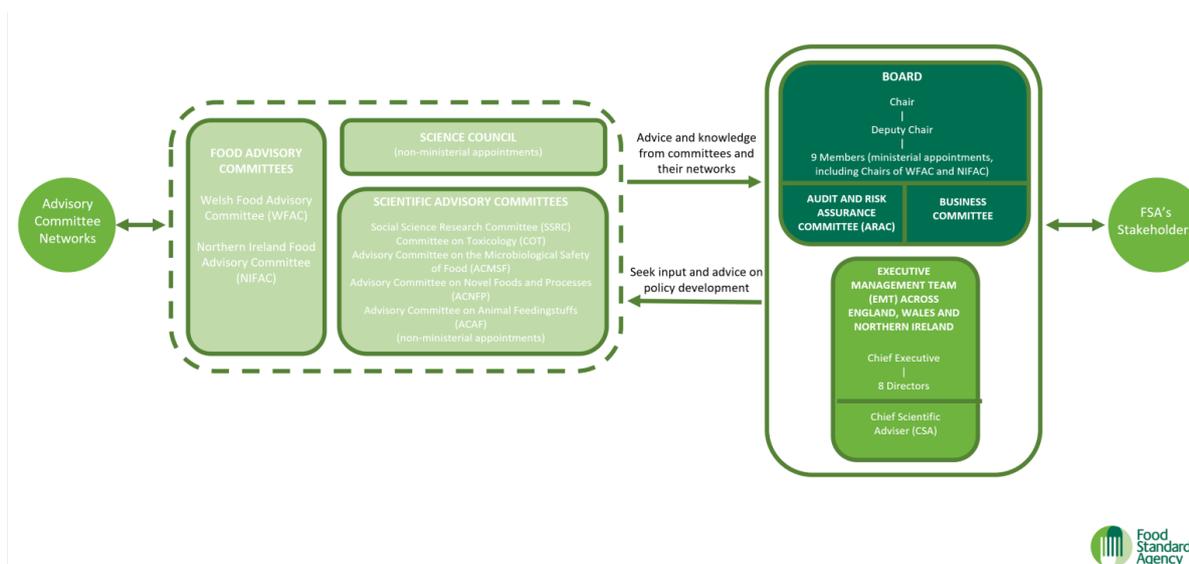
#### 4.4. Food Advisory Committees (Wales and Northern Ireland) and the Science Committees

Currently, the relationship between WFAC/NIFAC and the main Board feels like one of formal reporting rather than joint exploration. There could be a more proactive relationship between the FSA Board and WFAC/NIFAC. There may be issues which WFAC/NIFAC wish the FSA Board to consider, and similarly there may be strategic issues which the FSA main Board would like to get soundings on from WFAC and NIFAC.

This review concludes that WFAC, NIFAC and the main Board are not accustomed to taking a proactive stance and asking questions/making demands of each other. This may be partly due to a reluctance to 'step on toes'.

The FSA convenes a number of Scientific Committees. The current structure consists of:

- the Science Council,
- the Advisory Council on Novel Foodstuffs and Processes,
- the Advisory Council on the Microbiological Safety of Food,
- the Committee on Toxicity,
- the Advisory Council on Animal Feeding Stuffs
- the Advisory Committee on Social Science.



The Science Council is an independent expert committee which provides: ‘high level, expert strategic insight, challenge and advice to the Chief Scientific Adviser, Board and Executive on the use of science to deliver FSA objectives.’ The Science Council could also provide an early warning function to the Board when it comes to strategic risks and horizon scanning. Perhaps a good model would be for the Science Council to be a ‘critical friend’ of the FSA Board.

There has been discussion about the focus of the Annual reports which come from the Science Committees to the Board. (see 4.7).

**Material from the Science Council and the relevant Science Committees to be fed into the annual risk and horizon scanning workshops**

**The CSA, FSA Chair, Science Council Chair, ACSS Chair and NI/WIFAC Chairs to meet e.g., three times a year to explore shared opportunities and challenges**

#### 4.5. Horizon Scanning

The Board is fully aware of the importance of horizon scanning for FSA; however it is less clear how this is worked into Board agendas, apart from the annual horizon scanning update. There should be ongoing collaboration and interaction with the Science Council on horizon scanning. It is important for the Board to retain its ownership of horizon scanning, rather than see it as delegated to other committees.

**The Board should hold an annual horizon scanning workshop. This could be linked to the annual risk workshop.**

#### 4.6. Risk

The identification and management of risk is a primary role of any board. The FSA works within a complex environment and there are significant dependencies on other actors (e.g., Local Authorities) for the successful implementation of policy and legislation.

ARAC advise the FSA Board and Chief Executive on ‘the strategic processes for risk management, the high-level control and governance framework and the effectiveness of its operation in practice’. However, as ARAC is an advisory Board, main Board members still need to satisfy themselves that they have understood the risk environment and taken the necessary steps to mitigate risk.

The FSA have adopted the appropriate processes in regard to risk, e.g., a corporate risk register, a risk appetite exercise, a strategic risk management process, a risk analysis process and assurance mapping. However, these documents generally appear as stand-alone items at committees, and could benefit from being viewed collectively rather than in isolation, with the read-across from the documents made more explicit.

There is now an opportunity for the Board to map the risk profile of the organisation against the revised strategy (with the addition of any corporate/operational risks which may not map directly).

**Board members should satisfy themselves that they know how the risk analysis process, the risk appetite exercise, the corporate risk register, the strategic risk management process and the risk analysis process relate to each other. The corporate risk register, which is currently seen by ARAC, should continue to be presented to the Board on an annual basis, specifically in advance of an annual risk workshop.**

**The annual risk workshop should continue and should include pre-reading of the relevant documents and an opportunity for Board members to workshop what they perceive as key risks, rather than being ‘informed’ of key risks by the Executive.**

**Ideally the annual risk workshop will be linked to an annual horizon scanning workshop, which should explore medium- and long-term risks to the FSA.**

#### 4.7. Annual reports and updates

The Board receives a series of annual reports which provide updates on particular scientific or policy/business areas, for example, the Annual Science Delivery Report and the Annual Animal Welfare Update. A recent review of these twenty-five annual reports resulted in the overall number being reduced, and some reports being absorbed into others. Fifteen are currently retained as annual reports to the Board, and another set are still being considered.

**Where annual reports are retained, the focus should be on prospective as opposed to retrospective thinking, and should therefore focus on future work, horizon scanning, and how the future work programme of the group/body/discipline relates to and supports the FSA’s new strategy. Retrospective comments should try to emphasise lessons learnt.**

**Where possible, annual reports should also reference the FSA’s risk environment and how their areas of expertise relate to the current or future risks of the organisation.**

#### 4.8. Board papers and process

The meetings observed were effectively chaired, with the caveat that sometimes the agendas were ambitious, and some items felt rushed. This was noted by respondents, one commenting that,

‘fewer items with more opportunity to share views should be considered’. There is a risk that not enough time is allowed to reflect on complex issues, which could benefit from a longer discussion. Where possible, the Board agendas should aim to limit the number of complex papers at each Board. If Board agendas are often stretched, it could be an indication that there needs to be a new sub-committee to consider certain topics.

The Board & Business meetings are held in public, with registration for attendance in advance. The meetings are live-streamed online and the recordings of both meetings are kept online for those who want access in the future.

The Board papers are detailed and largely comprehensive. Some papers would benefit from more context setting, so that new members of the Board are clear about the genesis of the work/issue. One respondent commented: ‘The best papers include a reminder of the *purpose* of the exercise’. It is not always clear to Board members whether items were for discussion, decision or information (or a mixture of all three). Sometimes it feels difficult to determine why a paper has arrived at a particular Board meeting, for example whether it is an annual submission, dealing with a one-off issue, or an update paper relating to an existing programme of work.

Some respondents felt that they were getting Board papers: ‘for the sake of it’, and this was mentioned a few times in relation to the pattern of Annual reports (see 3.9).

To make the agenda more focused, it could be divided into sections e.g.,

- progress against Strategy and Board updates on contextual matters
- papers focused on a particular issue or policy (either new or ongoing)
- annual updates and Advisory Committee papers e.g., Science Council working group reports
  - reports from ARAC – reports from WFAC/NIFAC
- people
- performance management and monitoring

A few comments were made by respondents about openness and having ‘external’ views at the Board. One stakeholder who had attended meetings said they would value: ‘More explanation of what different terminology, internal jargon etc - the civil service has its own language at times and that makes it much harder for others to understand what is going on’.

One Board member and two stakeholder respondents felt that the Board did not hear enough from external voices and would benefit from this. The food industry, food manufacturing and food retail were cited as examples. This could be addressed by ensuring that the Board visits & dinner guests represent a good spread across the FSA business.

**The Board pack should make it easier for Board members to understand why they are seeing a particular paper at this time, the genesis/rationale for the work and where it fits into the strategy/delivery work of the FSA.**

#### 4.9. Board Secretariat

Board members speak highly of the support provided to them by the Secretariat. The team are highly experienced and have the advantage of a long corporate memory. Deadlines are clear and significant efforts are made to ensure smooth running of the operation. The induction process and the minutes were described as ‘superb’ by one respondent.

The team have successfully navigated the difficult transfer to running hybrid meetings.

**Given that the Secretariat often has complex and strategic decisions to take and to communicate, this review would have expected the team to be supported more actively at SCS level. It is understood that there is a new private office structure led by a Deputy Director, who can provide this support.**

#### 4.10. Hybrid Board meetings and interactions

All organisations with offices have had to adapt to some form of hybrid working during the pandemic. This is an extension of an existing trend within organisations to work more flexibly. It is also clear that the majority of employees do not expect a return to full time office working<sup>5</sup>.

There have been some differences in approach between the EMT and Chair regarding the relevance and importance of being involved in the face-to-face Board meetings. The ‘in person’ Board meetings obviously require travel for many delegates, and there have been the added aspects of isolating and social distancing to avoid the virus.

The benchmarking organisations consulted by this review noted similar challenges around the necessity and desire for hybrid working, alongside the need to build relationships face to face.

Overall, the technical aspects of the hybrid FSA meetings now work well. Aspects which generally assist the success of hybrid meetings include:

- Relationships have already been established between those presenting remotely and those attending in person
- An expectation that online delegates keep cameras on
- A decision as to whether contributions can be made via a chat box, and if so, who will monitor those comments and respond to them

**There should be ‘rights and responsibilities’ in both directions when it comes to hybrid Board working. There should be ‘mandated’ events when Board and Executive members must meet face to face (e.g., Board dinners and team building events), but also times when hybrid meetings are the norm.**

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<sup>5</sup> The Nowhere Office by Julia Hobsbawm

#### 4.11. Online accessibility

**The FSA website could be improved in terms of accessing information on the committees, their papers and recordings, and in terms of navigating between these items.**

Stakeholders expressed the following thoughts about the accessibility of the online Board meetings. They

- would prefer not to need to register for the meetings
- would welcome a transcript of all the questions asked and answers provide via the chat and at the meeting itself
- would like a live running indication of the Agenda item under discussion, for those joining parts of the meeting - would be helpful when meetings do not run exactly to the advertised times.

#### 4.12. Board engagement

The Board meets four times a year for formal Board meetings. In addition to this there are:

- Meetings the day before Board meetings (with Executive) to discuss key issues
- Strategy retreat sessions a couple of times a year between the Board and Executive
- Keep in Touch 'KIT' calls during the months where there is no Board meeting (for Board members, with individual Executive members invited on an ad hoc basis).
- A Friday 'circulation' email telling Board members about developments within the Agency
- Virtual coffees for Board members to meet teams of staff closer to the front line
- One to one policy/topic relationships between individual Board members and teams

Overall, the level of engagement from Board members appears to be high, based on observations and feedback.

There was enthusiasm for the one-to-one relationship between Board members and policy groups. This was felt to be a valuable exercise for both sides.

Regarding the meetings prior to the Board meetings, there is a concern that the meeting the day before the Board meeting may sometimes take the energy out of the Board meeting process.

**Rather than use these sessions to look at policies in depth, they could be used to explore new issues which the Executive are facing, which the Executive would like to make the Board aware of. Any issues which become significant should also be shared in the public forum, for transparency reasons.**

The strategy 'retreat' sessions observed by this review seemed to be a good use of Board members' and Executive time. Sometimes it felt as though the Board were being told things by the Executive, rather than adopting a consultative approach. It would be useful for Executive members to emphasise what has already been agreed and what aspects of the work are still being discussed, so that assumptions are not made on either side about the purpose /focus of the discussions.

This review noted that sessions during the second day of the retreat felt more relaxed and more productive. This contributes to the finding that more time spent together (both for Board members, and *between* Board members and the Executive) would be valuable.

Board members spoke highly of the 'KIT' calls but felt that they were most useful when not hidebound by an agenda. There was a feeling that it would be useful to hear from the CEO on these calls when there were Whitehall/business developments that it would be useful to share.

There have also been calls between Board members and groups of FSA staff on specific subjects which the Board members speak highly of. Similarly, virtual coffees with 'front line' teams without EMT members present were highly valued by Board members.

#### 4.13. Relationship building within the Board

Membership of the Board has been in a state of flux recently. In 2021, three new appointments were made including the current Chair, and more NED appointments are due to be made in 2022.

A high performing board requires ongoing investment in sharing the experience and knowledge of individual board members. Given that time is short, this needs to take the form of face-to-face meetings, with some non-work time allocated, so that relationships can be formed and built. This helps to build trust and mutual respect and leads to a more productive working environment.

This requirement for team building becomes more urgent when there has been a lack of face-to-face contact between Board members. One NED responded that they had not had the opportunity to 'get to know Board members and their individual skills.'

Currently the Board do have the chance to meet over dinner, but generally speaking both the EMT and external stakeholders are present at the dinners. Newer Board members have not had an opportunity to circulate in a NED-only environment.

Whilst there has been considerable progress in terms of team building since Autumn 2021, this should remain a priority for the Board as new members join.

**Time should be allocated for face to face relationship and team building between all NEDs (without the Executive or stakeholders present), with an awareness that this is particularly relevant to those who are new to the organisation.**

#### 4.14. Induction for Board members

The induction was highly praised by respondents: 'The best induction I have ever had.' One respondent pointed out, however, that there was not much training for new NEDs on the wider government picture.

Respondents appreciated the visits to stakeholder venues as part of the induction process, although some of these had been curtailed due to the pandemic.

**Particular thought should be given to how to help those who are new to Whitehall or the Public Sector to understand the context, rules and culture of a government organisation**

**The buddying scheme for established NEDs to mentor new NEDs should be continued**

**A reverse mentoring scheme could be established for Board members, to hear and learn from a junior member of FSA**

#### 4.15. NED Appraisals

The appraisal process for NEDs should be carried out on an annual basis. It is unclear whether this has been happening regularly. The Cabinet Office has recently updated its guidance for appraisals and Induction of Board members<sup>6</sup>. The appraisal process should acknowledge the contribution made by the Board member over the previous twelve months but should also be alert to any current issues or challenges and provide constructive feedback. To build this picture, there should be an opportunity for the Chair to receive feedback from a selection of Board and EMT members on each NED prior to their appraisal, and the NED should complete a self-assessment in advance of the meeting and share this with the Chair.

There should be a discussion about areas in which a Board member could develop and how that development would take place – for example, are further meetings required to fill that knowledge or skills gap?

**Ensure that all NED appraisals take place annually and are informed by peer feedback.**

#### 4.16. NED Training

Each Board member should have a sense of any knowledge gaps that are preventing them having a good understanding of the FSA and its context. Given that NED time is valuable, these training opportunities will need to be focused, and could be as simple as a phone call with the relevant official.

Development needs should be discussed during the annual Appraisal process (see 3.15)

**NED Training needs should be discussed with the Chair during the NED induction process, and regularly reviewed, e.g., as part of the Appraisal process.**

#### 4.17. The Board and the Executive

A key challenge faced by all Boards, particularly non-unitary<sup>7</sup> ones is how to build and retain excellent and productive relationships between the board and the Executive. One common issue is

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<sup>6</sup> <https://www.gov.uk/government/publications/arms-length-body-boards-guidance-on-reviews-and-appraisals>

<sup>7</sup> One-tier board of directors (also known as unitary board of directors) is a single body of directors that makes strategic decisions of a company. It includes both Executive directors and non-Executive directors

that Board members and the Executive have limited time together, particularly in person, and this has been exacerbated by the pandemic.

The optimum relationship between a board and the Executive team is one of trust and respect and would be characterised as an 'adult to adult' relationship.

For any Board and Executive team to work together successfully, there needs to be an understanding of respective roles, an appreciation of the skillset that each Board or Executive member brings to the table, and an acknowledgement of the differing constraints and challenges faced by board members and the Executives in their distinct roles.

The current culture within the FSA between Board and Executive members is largely good. Overall, Board members spoke highly of their interactions with the Executive and had trust in them. Both Executive and Board members value the specific one to one relationship around subject matter areas which has been instigated over the last two years. This is seen as a valuable tool for deepening understanding on both sides and utilising the expertise of Board members. It also means that Board members have additional knowledge when it comes to related Board discussions.

There was some questioning from Board members regarding whether they felt they were getting the full picture from the Executive e.g., 'we are getting reassurance but not getting our questions answered.' Some NEDs felt that the EMT had not responded quickly or substantively enough to questions raised at the Board.

Some EMT members felt that preparation for Boards was onerous and would be better served if their team members could present on specific policy issues, rather than relying on the EMT member to talk to all issues within their directorate.

There was a feeling from both Board and Executive members that the Board dinners are useful for building relationships and understanding. EMT members also felt that the strategy retreats were important, and one asked the question, 'How can we make these (retreats) more informal and tougher?'

It is easy to forget how important team building is in this context. Board members may not have worked with Whitehall organisations before and may not understand the specific pressures and realities of the EMT roles. This cannot necessarily be 'taught' but having a chance to get to know each other in an unpressured environment can be a very useful way of developing understanding and can improve Board discussions.

**Time should be allocated for Board and Executive members to get to know the background, experience and skill sets of each other**

**At Board events, there should be time allocated for Board members to meet privately face to face, and also for Board/Executive members to have time to interact away from the work agenda, without external stakeholders present**

#### 4.18. Board Focus – strategic vs tactical

A common challenge for boards is how to maintain the balance between their responsibilities for strategic leadership, and their need to understand and assure themselves about the business of the organisation. Of course, board members need to know if there are issues in the organisation, however there should be a trust which allows the board to delegate the day to day running of the organisation to the Executive.

Overall, there is trust from Board members that they are provided with a thorough analysis of performance, and that they receive early warning on issues which may affect the FSA substantively. Respondents felt that the right amount of time is spent on strategic considerations that might affect the Board in future. However, there was less agreement as to whether the Board keep the strategic objectives under review. There was some ambivalence from the EMT about whether the Board were sufficiently focused on strategic issues rather than being distracted by operational issues.

A key wish from the FSA Executive is for the Board to recognise that resources are finite. Some Executive members expressed the view that it was difficult to understand the key strategic priorities for the Board, and also that the Board was sometimes too reactive to issues (e.g., news stories) that the Executive could be trusted to resolve. There is some anxiety within the Executive that more 'new' things will be prioritised, without any reduction in focus on 'Business as Usual' activity.

A key view from EMT was that they needed clarity from the Board in relation to prioritisation of work. The question, 'What are we stopping?' came up a couple of times. It is also true that the EMT has a responsibility to help the Board understand priorities and emerging issues. It is a role of the Board to make these trade-offs between focusing in different areas, however the EMT should also feel empowered to ask the board about issues of prioritisation.

Sometimes during Board meetings there is a tendency for Board members to get involved in drafting suggestions. A more productive process might be to let the Executive know what outcome is required, and then let the officials deal with the detailed drafting outside the meeting.

**There should be an annual workshop on 'ways of working' to review lessons learnt and how the Board/Executive relationships can be optimised**

#### 4.19. Chair

The current Chair is a natural leader who is able to successfully navigate the meetings and is seen as good at getting the Board members to the point of decision. Board members expressed that they feel 'confident to air views' and find it 'easy to disagree' during discussions.

It is important that the Board members feel able to challenge each other, and for them to know that the Chair is a neutral player in relation to the accountability responsibilities of the Board. This includes the fact that the Chair should avoid being personally identified with specific policy decisions, in case Board members feel less able to challenge these decisions.

During Board observations, there were a few occasions when the Chair answered questions from NEDs on behalf of the FSA. It is generally more appropriate to ask the Executive to speak to policy

and operational issues. This is to ensure that the Board retain their role of holding the Executive to account.

#### 4.20. CEO

Board respondents were very impressed with the CEO, and said they trust her judgement, knowledge and experience. One said, ‘She has the full confidence of the Board’.

#### 4.21. Chair and CEO

The relationship between the Chair and CEO appears to work well. Both parties should keep a watching brief on their respective roles – i.e., strategic direction of the FSA from the Chair, and the executive and day to day operation of the work from the CEO. Both parties seem happy to discuss this openly and keep it under review.

#### 4.22. Culture and people

The role of a modern board is to set the direction and strategy for the organisation, provide constructive challenge, and hold the Executive to account. It is also to set the tone and culture of the organisation. There is always a danger that boards focus on the *What* and the *Why*, but as part of the *How* and the *Who* they should also be looking at culture.

In their report ‘Corporate Culture and the role of Boards’, the Financial Reporting Council noted that boards are dedicating increasing amounts of time to discussing culture, behaviours and values. Within the private sector, The UK Corporate Governance Code (the Code) ascribes to boards a responsibility for setting the (organisation’s) values and standards. ‘One of the key roles for the board includes establishing the culture, values and ethics of the (organisation). It is important that the board sets the correct ‘tone from the top’. The NEDs should lead by example and ensure that good standards of behaviour permeate throughout all levels of the organisation’<sup>8</sup>.

At a strategic level, a board’s focus will be on setting and monitoring the organisational culture, in terms of values and behaviours, and the incentives which support this. At an operational level, the board’s focus would be to assure that the business is aligned with the culture.

Questions for boards around values and behaviours may include:

- How are we demonstrating that the board’s behaviour reflects the behaviour we expect throughout the (organisation)?
- Are we leading by example?
- Are we clear about the values and behaviours we expect when recruiting new Executives?
- Do we hold the Chief Executive to account where we see misalignment?
- Are we discussing culture in sufficient depth at board meetings?
- How can we ensure we consider the impact on culture in all the decisions we take?

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<sup>8</sup> Financial Reporting Council: ‘Corporate Culture and the role of Boards’

- What behaviours are being driven when setting strategy and financial targets?
- What percentage of board time is spent on financial performance management against targets? And on behavioural performance management? Is the balance right?
- How are we challenging 'group think' and testing key decisions for cultural alignment?
- Are we seeing evidence of sub-cultures or pockets of autonomy in the business that could undermine the overall culture?

Several NEDs spoke highly of the culture at FSA, but the role of the Board in setting this culture was not mentioned. Currently the Business Committee get annual updates on the engagement survey, but this review did not find any other culture or people issues discussed at Board level.

Examples of Board involvement in culture could include:

- asking for updates regarding the people engagement plan
- asking for updates regarding the diversity and inclusion plan
- acknowledging the role of the Board in setting an example to the organisation in terms of positive culture
- checking (including as part of NED appraisal feedback) that values and behaviours of the Board are consistent with the stated values/behaviours of the organisation
- being aware of organisational cultures and challenging them where necessary

Whilst a focus on culture is not as essential for a Non-Executive Board (because the Executive should be taking responsibility for the organisational culture), Board **members should consider their role as cultural leaders within the FSA. They should pay attention to People and Culture issues on a regular basis.**

#### 4.23. Succession planning and Board skills

The Board currently has a broad range of skill sets including members with knowledge of Farming, Local Government, the Private Sector, Public Health, EU legislation, Academia, Science, Parliament, and Whitehall.

A key aspect of board success is the ability to carry out horizon scanning and anticipate issues and challenges which the organisation is likely to be facing within the next few years. It is therefore judicious to recruit to the Board with these challenges in mind. The current NED recruitment is an opportunity to look at what skill base would be optimum for the Board.

**Some areas of knowledge that should be considered when recruiting future FSA NEDs:**

- **Veterinary**
- **The Food Industry ('farm to fork') and Food Retail**
- **Digital and data, possibly with particular reference to online delivery of takeaway food**
- **Finance and risk (ARAC)**
- **Voice of the consumer**

#### 4.24. Diversity and Inclusion

The boardroom should be a place for robust debate where challenge, support, diversity of thought and teamwork thrive. Diversity of skills, background and personal strengths is an important driver of a board's effectiveness, creating different perspectives amongst directors, and breaking down a tendency towards 'group think'.<sup>9</sup>

FSA as an organisation is very conscious of trying to widen the scope of the voices it hears from, to inform its policy and operational work. Whilst this Board have succeeded in creating an environment where issues can be discussed openly, it does not yet have a good representation from minority ethnic groups. The Chair should also consider the advantage of having diverse voices around the table. Trying to attract NED applications from a wide variety of backgrounds and perspectives is an important goal.

**The current recruitment exercise should aim to widen both the skill base of the Board, and the diversity of voices around the table.**

#### 4.25. Recruitment and remuneration of NEDs

The last few years have seen a number of changes in the processes around Public Appointments in Government. Terms are now generally no longer than three years, with a reappointment process for those entering their second term. Although three years is currently the norm for Public Appointments, regulators are particularly complex organisations. As there appears to be a move towards single terms within Public Appointments, and a high-performing Board requires continuity, consideration should be given by FSA to increasing NED terms to four years.

Similar challenges had been experienced regarding the turnover of Board members within the benchmarking organisations; particularly as fewer second terms are being agreed by parent departments.

Board members are paid £8,000 and are expected to work twenty days per year. Whilst pay rates vary across public sector boards, £8,000 is low and should be reviewed. Some Government Agencies are paying between £11,000-£15,000 for similar roles. Whilst it is recognised that board members in the public sector are not generally motivated by financial reward, there may be occasions when salary does become a barrier to getting the best candidates. The diversity and inclusion issue around assuming that NEDs will not 'need' the money should be avoided.

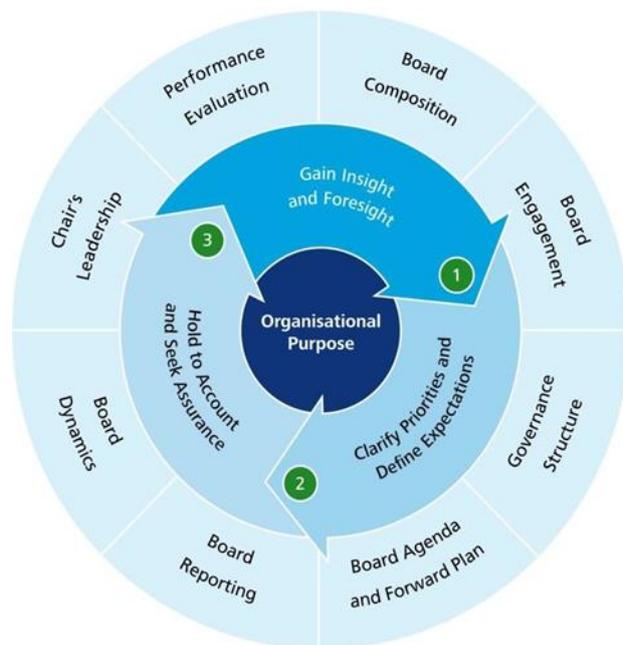
**The FSA/DHSC should look to raise the salary of NED members and increase the NED term to four years.**

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<sup>9</sup> Financial Reporting Council, Guidance on Board Effectiveness, 2018

## Annex A - What makes a Board Effective?

A framework to consider the outcomes and supporting enablers of Board effectiveness.<sup>10</sup>



The central focus here is organisational purpose, supported by insight and foresight, holding to account/seeking assurance, and clarifying priorities and defining expectations.

In turn, these areas are influenced and enabled by the Chair's leadership, Performance Evaluation, Board composition, board engagement, the Governance structure, board dynamics, board reporting and the board agenda and forward plan.

ICSA, the Chartered Governance Institute of Ireland and UK, have also proposed that high impact boards demonstrate a number of qualities, g

- Outcomes focused
- Diverse skills and experience
- Highly engaged
- Forward-looking agenda
- Insightful information
- Healthy dynamic
- Strong chair

<sup>10</sup> ICSA (Chartered Governance Institute of Ireland and UK)

## Annex B Narrative responses from stakeholder questionnaire

What was your motivation for engaging with the FSA Board meeting?

- To follow a particular item and to hear the response to a question that I had submitted
- To gain insight into future policy, emerging issues and the attitude of Board members towards Executive proposals
- To stay close to the FSA and to ascertain the future direction of the Agency

How could the meetings be improved?

- More explanation of different terminology, internal jargon etc. - the civil service has its own language at times and that makes it much harder for others to understand what is going on
- More input from the retail and manufacturing sector.
- Access used to be much easier and more widely notified, without need for registration etc.
- More in depth discussion would be interesting but I appreciate this is not possibly within the meeting timings.
- Providing a transcript of all the questions asked and answers provide via the chat and at the meeting itself.
- Having a live running indication of the Agenda item under discussion, for those joining parts of the meeting, would be helpful when meetings do not run exactly to the advertised times.

How would you describe the culture/atmosphere are the Board meeting/s which you observed?

- Respectful and polite to the extent it seems the real discussion takes place behind closed doors
- Good and professional
- Some people need to visit food factories as they seem to be quite out of touch with food processing
- Business-like, respectful and productive
- Open and inclusive
- Deliberative and constructive questioning to reach an informed position

How could the papers be improved?

- Where they reference other papers/documents/assessments these should be linked and available to all
- More concise and sent out quicker
- It would be helpful if a synopsis of topics for upcoming meetings are included in FSA alerts
- If there are presentations/slides associated with an item these should also be made available

Annex C

Survey questions to the Board and EMT – based on the NAO Board Effectiveness Questionnaire

The Board spends the right amount of time on strategic considerations that might impact the organisation in the future.

● Strongly disagree	1
● Partly disagree	1
● Partly Agree	3
● Strongly Agree	10



The Board understands the strategy for the FSA and keeps the strategic objectives under review.

● Strongly disagree	1
● Partly disagree	0
● Partly agree	6
● Strongly Agree	8



The Board does not overly stray into operational issues to the detriment of strategic considerations.

● Strongly disagree	0
● Partly Disagree	3
● Partly Agree	6
● Strongly Agree	6



Significant programmes and projects are clearly aligned to the strategy.

● Strongly disagree	1
● Partly disagree	2
● Partly agree	6
● Strongly agree	6



The Board understands the FSA business and can guide and advise appropriately.

● Strongly disagree	1
● Partly disagree	2
● Partly agree	3
● Strongly agree	9



Management provides a thorough analysis of performance against budget, targets and key outcomes, and discusses any necessary remedial action.

● Strongly disagree	1
● Partly disagree	2
● Partly agree	5
● Strongly agree	7



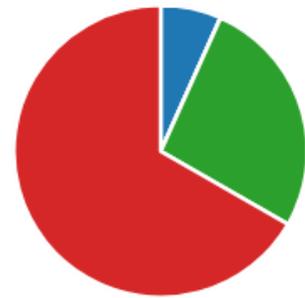
The Board gets early-warning signals of problems ahead that will adversely affect key outcomes, targets or financial performance.

● Strongly disagree	0
● Partly disagree	1
● Partly agree	8
● Strongly Agree	6



Board Members are kept appropriately up-to-date on issues as necessary between meetings.

<span style="color: blue;">●</span> Strongly disagree	0
<span style="color: orange;">●</span> Partly disagree	0
<span style="color: green;">●</span> Partly agree	4
<span style="color: red;">●</span> Strongly agree	10



Relations between the Board and relevant Government organisations/ significant external stakeholders are productive and supported by regular and open communication.

<span style="color: blue;">●</span> Strongly disagree	1
<span style="color: orange;">●</span> Partly disagree	2
<span style="color: green;">●</span> Partly agree	6
<span style="color: red;">●</span> Strongly agree	6



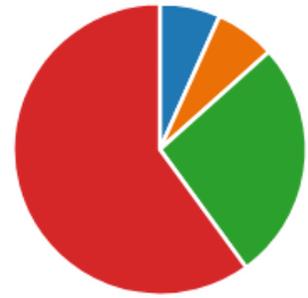
The Board receives clear reports whenever the Chair or Chief Executive meet with key customers and stakeholders.

<span style="color: blue;">●</span> Strongly disagree	1
<span style="color: orange;">●</span> Partly disagree	2
<span style="color: green;">●</span> Partly agree	4
<span style="color: red;">●</span> Strongly agree	7



The Board is clear on its risk appetite

● Strongly disagree	1
● Partly disagree	1
● Partly agree	4
● Strongly agree	9



The Board receives regular, insightful reports on the organisation’s risk management and internal control systems that provide assurance over their operational effectiveness.

● Strongly disagree	1
● Partly Disagree	1
● Partly Agree	5
● Strongly Agree	8



The Board takes full account of risk in its decisions.

● Strongly disagree	1
● Partly Disagree	0
● Partly Agree	4
● Strongly Agree	10



The Board is aware of changing demand patterns and is confident that these can be met from the resources available and within the organisation’s remit.

<span style="color: blue;">●</span> Strongly disagree	0
<span style="color: orange;">●</span> Partly Disagree	3
<span style="color: green;">●</span> Partly Agree	7
<span style="color: red;">●</span> Strongly Agree	4



The Board monitors the political environment for potential changes to its remit and assesses the impact these will have on the organisation.

<span style="color: blue;">●</span> Strongly disagree	0
<span style="color: orange;">●</span> Partly Disagree	1
<span style="color: green;">●</span> Partly Agree	5
<span style="color: red;">●</span> Strongly Agree	7



The Board has a sound process for identifying and regularly reviewing its principal risks, and makes the necessary arrangements in the light of internal/external environment.

<span style="color: blue;">●</span> Strongly disagree	1
<span style="color: orange;">●</span> Partly Disagree	0
<span style="color: green;">●</span> Partly Agree	2
<span style="color: red;">●</span> Strongly Agree	11



No substantial, unexpected problems have emerged which the Board should have been aware of earlier.

● Strongly disagree	1
● Partly Disagree	3
● Partly Agree	5
● Strongly Agree	5



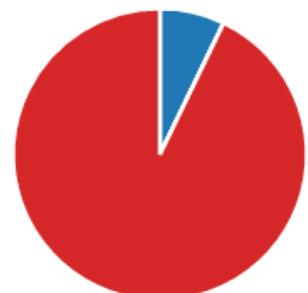
There is a proper discussion by the Board of reports from the Audit and Risk Assurance Committee (ARAC), ensuring all members are aware of the issues discussed and their resolution.

● Strongly disagree	2
● Partly Disagree	0
● Partly Agree	4
● Strongly Agree	8



The Board is satisfied that the ARAC is effectively discharging its responsibilities.

● Strongly disagree	1
● Partly Disagree	0
● Partly Agree	0
● Strongly Agree	13



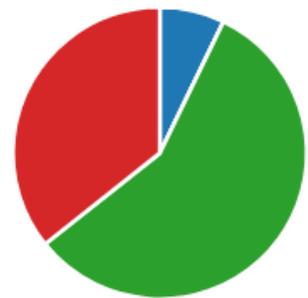
The Board has a productive relationship with NIFAC and WFAC

<span style="color: blue;">●</span> Strongly disagree	2
<span style="color: orange;">●</span> Partly Disagree	0
<span style="color: green;">●</span> Partly Agree	4
<span style="color: red;">●</span> Strongly Agree	8



The Board has a productive relationship with scientific advisory committees

<span style="color: blue;">●</span> Strongly disagree	1
<span style="color: orange;">●</span> Partly Disagree	0
<span style="color: green;">●</span> Partly Agree	8
<span style="color: red;">●</span> Strongly Agree	5



The Board are clear on the role of the Business Committee, and how it differs from the main Board.

<span style="color: blue;">●</span> Strongly disagree	0
<span style="color: orange;">●</span> Partly Disagree	5
<span style="color: green;">●</span> Partly Agree	4
<span style="color: red;">●</span> Strongly Agree	5



The Board is cohesive and combines being supportive of management with providing appropriate challenge.

<span style="color: blue;">●</span> Strongly disagree	1
<span style="color: orange;">●</span> Partly Disagree	0
<span style="color: green;">●</span> Partly Agree	4
<span style="color: red;">●</span> Strongly Agree	9



The Chair leads the meetings with a clear focus on the big issues facing the organisation and allows full, open discussion before major decisions are taken.

<span style="color: blue;">●</span> Strongly disagree	1
<span style="color: orange;">●</span> Partly Disagree	0
<span style="color: green;">●</span> Partly Agree	3
<span style="color: red;">●</span> Strongly Agree	10



Induction and development programmes ensure Board members remain up-to-date throughout their time on the Board.

<span style="color: blue;">●</span> Strongly disagree	0
<span style="color: orange;">●</span> Partly Disagree	0
<span style="color: green;">●</span> Partly Agree	8
<span style="color: red;">●</span> Strongly Agree	6



Working as a team, the Board has the right blend of skills, expertise and personalities, and appropriate degree of diversity, to enable it to face current and future challenges successfully.

● Strongly disagree	3
● Partly Disagree	2
● Partly Agree	5
● Strongly Agree	4



The Board constantly strives to improve its effectiveness by ensuring its own performance appraisal replicates good practice.

● Strongly disagree	1
● Partly Disagree	3
● Partly Agree	6
● Strongly Agree	4



The Board draws up action plans following its performance evaluations and regularly review progress on agreed actions.

● Strongly disagree	0
● Partly Disagree	6
● Partly Agree	3
● Strongly Agree	3

