

## **EXTERNAL BOARD EFFECTIVENESS REVIEW**

### **Background and process**

The FSCS Board carries out formal and rigorous evaluations of its own performance, and that of its committees, usually once a year. These evaluations are externally facilitated every three years. Although one was due, this was not conducted in 2020 in the light of the difficulties with holding face-to-face meetings caused by the coronavirus pandemic. The Board felt that it would be more beneficial to hold key discussions and observations in person rather than by video-conference.

The Board delayed the external board evaluation until spring/summer 2021. Dr Tracy Long CBE of Boardroom Review Ltd was engaged as external evaluator, with a remit to carry out a board effectiveness review focusing solely on boardroom dynamics and board interactions, although other related areas were also considered. The process involved one-to-one interviews with individual directors, observations of Board discussions and debates (including interactions with the Executive Team and senior managers) and a facilitated workshop to consider Dr Long's findings, supplemented by a review of key corporate documents. There were also one-to-one feedback sessions with individual directors following the workshop.

### **Summary of findings**

Dr Long made some strong and positive observations about the culture and dynamics of the Board, which were seen as a particular strength, demonstrating appropriate and constructive challenge and benefitting from diversity of thought and approach at the board table. The Board was considered to be open and supportive, professional and candid, with a shared sense of purpose, strong alignment on direction and a clearly articulated strategy.

Some general principles and behaviours had been identified in the review that the Board agreed would benefit from being considered on an ongoing basis. These centred on ensuring that there was appropriate challenge at the Board, recognising the executive/non-executive dimension, ongoing openness and transparency of issues, and continuous dialogue to maintain momentum on strategy. The Board will also consider its mix of formal and informal time, including continuing with private sessions, deep-dives and discussions with both internal and external stakeholders. Some specific actions had also been suggested, including reviewing Board documents to ensure that they were kept up-to-date and looking at the Board-related content on the FSCS website.

The Board agreed to take forward the report's findings and recommendations.

**November 2021**