



BOARD, COMMITTEE AND SUBSIDIARY MEMBER APPRAISAL FRAMEWORK

SEPTEMBER 2020

A. Introduction

The appraisal process allows the opportunity to describe the business challenges through objective setting, reflection on performance and to provide feedback in support of improvements in performance and future working. It is important that individual Board, Committee/Commission and Subsidiary Members are supported in their roles to ensure their contribution is maximised.

Individual appraisals will review the skills and contribution of individual members, and include the assessment of the Chair, Deputy Chair, Committee/Commission and Subsidiary Members who are not members of the Board.

B. Governance Requirements

RSH Governance and Viability Standard

Section two of the standard, “Comply with your governing documents and all regulatory requirements” requires the following:

- Assess the effectiveness of your governance arrangements at least once a year; and
- Ensure that they manage their affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight.

The RSH Governance and Viability Standards Code of Practice states that:

- It is the Board’s responsibility to act lawfully and responsibly. Compliance will include both behavioural aspects, such as ensuring that the Board and Executive foster a culture of constructive challenge and debate, and good governance practices;
- Have an appropriate skills strategy to address the needs of the business;
- Regularly assess whether your Board and management have the right competencies, experience and technical knowledge appropriate to the size, scale and risk profile of the organisation; and
- Have plans to address any skills gaps identified and monitor them to ensure that they are followed through.

NHF 2020 Code of Governance

Principle 3 – Board effectiveness: The organisation is led by a skilled and diverse board which regularly reviews and capably manages its own performance and effectiveness, and ensures that it complies with this code.

3.10 A full, rigorous, and documented appraisal process for the individual members of the Board and its committees including the Chairs, is carried out at least every two years.

- (1) The appraisal of the Board’s Chair is led by a senior board member, informed by the views of all Board Members
- (2) There is an appropriate process for responding to under-performance by individual board members, and to any conduct which may breach policies or codes.

Meeting the Requirements

Annually the Board will decide on an approach for the review of their own performance using the key principles set out in this framework. This will enable the Board to use different approaches, so avoiding repetition and should help to prevent a tick box approach.

All elements of appraisal process should result in specific appraisal records which are to be confidentially held by the Governance Team.

In determining the approach of each element of the appraisal, due regard shall be had for the RSH and NHF requirements listed at paragraph B. The matrix at Appendix 1 is to be used to ensure each element of the framework fully satisfies the relevant requirements.

C. Objectives

The objectives of individual appraisals are:

- To enable the appraisee to reflect on their contribution as a Non-Executive Director, Committee/Commission or Subsidiary Member;
- To review the appraisee's contribution since their last appraisal meeting (if applicable) and to identify ways in which their performance and effectiveness could be enhanced;
- Give the appraisee the opportunity to identify priority learning and development needs and give their view on how they think the Board, Committees/Commission and Subsidiaries they serve on could become more effective;
- Provide an opportunity for the appraiser and the appraisee to raise any other issues or matters or concern

Non-Executive Director, Committee/Commission and Subsidiary Member appraisals will be held on an annual basis during February / March of each year. In addition, progress review meetings with Non-Executive Directors will be undertaken by the Chair each September.

Appraisals will consist of:

- A self-assessment against the technical skills, competencies and RBH risk profile;
- A peer assessment by Non-Executive, Executive Directors and the Executive Management Team;
- A one to one meeting with the Chair relating to performance and professional and personal development;
- Agreed objectives for the coming year;

The Appraisal will cover the following assessments:

- The current term of office of individual Non-Executive Directors and the renewal of that term of office (where appropriate);
- Individual contribution towards improving performance and corporate strategy delivery;
- Performance against objectives that have been set for the Board as a whole and individual Non-Executive Directors;
- Effective Chairing of any Committees or Subsidiaries and contribution of other Members;
- Attendance at Board, Committee meetings and training and development events;
- Fulfilment of any specialist, designated roles (eg Board Champions);
- The training and development needs of individual Non-Executive Directors and Committee Members as well as the Board as a whole;
- Representing the organisation internally and externally as appropriate;
- The performance of the Chair and Deputy Chair;
- Review the composition and size of the Board, the skills and experience that need to be represented among its membership and its position in relation to Equality and Diversity; and
- Establish what's gone well, what's not gone well and what could be done better.

Individual appraisals will be conducted by the Chair. Appraisals will take into account additional responsibilities such as Chairing or membership of Committees and Subsidiaries and Corporate Strategy Champion roles.

Appraisals for Committee Members who are not members of the Board, will be conducted by the Committee Chair and feedback will be provided to the Board Chair as part of their individual appraisal meeting.

The Chair will produce a confidential written summary of the appraisal meeting, covering any commitments made during the meeting and any identified learning and development needs. The appraisee will be given the opportunity to comment on the summary and will be asked to confirm that it is an accurate record of the meeting. Confidential records of appraisals will be provided to the Governance Manager to be kept on record and used as evidence for audit purposes and used to develop personal development plans.

D. Preparatory work for Non-Executive Director Appraisals

The self-assessment questionnaires will be reviewed and agreed by the Board Chair to ensure it focuses on skills, competencies, areas for development and strategic priorities.

360-degree questions will be reviewed and agreed and will include questions relating to colleague relationships, skills and experience and whether the improvements/ development identified in the previous year have been successful.

E. Appraisal Process

All members will complete an agreed self-assessment against the Technical Skills, Competencies and Risk Profile (Appendix C). This review will assess the skills that are required or linked to the delivery of RBH's strategic priorities as well as what might be expected by the Regulator.

Members will be asked to self-assess themselves using the following scoring mechanisms:

Part 1 - Technical skills and Knowledge

1. Have limited skills and experience
2. Have some skills and experience
3. Have a good level of skills and experience in the area
4. Have a high level of skills and experience in the area *(this would be where you can talk confidently about the subject matter and provide a professional opinion to the discussion)*
5. Would consider this to be an area of specialism *(this would be deemed as an area of activity through work or study that someone concentrates on or is an expert in for example having a legal or finance qualification)*

Part 2 – Competencies

1. Strongly Disagree
2. Disagree
3. Agree
4. Strongly Agree

Part 3 – Risk Management

1. Would not be able to contribute
2. Know a little
3. Would be able to make a meaningful contribution
4. Could lead a discussion

It is not expected that members will score 3, 4 or 5's across each element, but when assessed collectively, the scores should broadly cover the wide range of skills and knowledge elements. It is for the Board to review whether there are any specific or technical skills areas which are needed to deliver the Corporate Strategy and how many of its members should have a particular skill which are deemed as an 'essential skill'. For example, finance expertise will always be an 'essential skill' but it is whether this is adequately fulfilled by having 1 'expert/score 5' in this particular area.

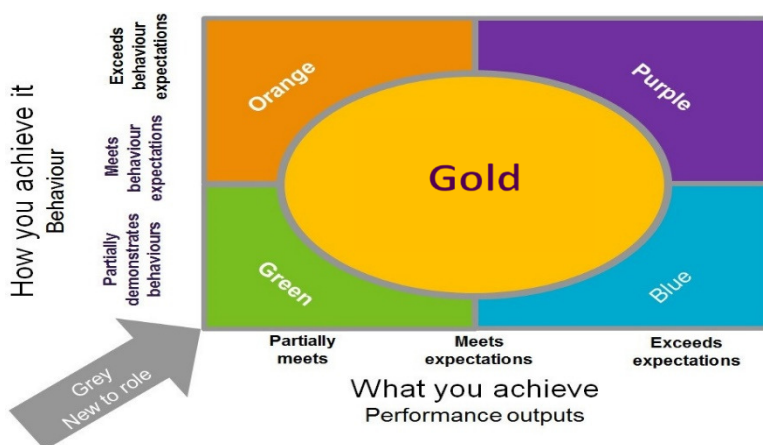
The results will be mapped against the Framework across the Board and its standing Committees to help identify any skills and knowledge gaps for the purposes of ongoing Board development and any relevant recruitment or re-appointment processes. This will also inform part of the Effectiveness Review.

Each member will complete a 360-degree assessment for each Board or Committee Member as well as all members of the Executive Team. The Secretary and Chair will identify whether it is appropriate to reduce this to only a certain number (for example to complete for a minimum of two or three other members) and will be linked to Committee and Subsidiary Membership where appropriate.

Committee Chairs will discuss with any Committee Members who are not Non-Executive Directors their performance and identify any training and development needs related to involvement in the Committee. Committee Chairs will feed back to the Board Chair prior to evaluation of individual members regarding the performance of the Committee.

One to one meetings will take place between the Chair and each Non-Executive Director. The questions during this meeting will be tailored to the completed self-assessment and 360-degree feedback to allow self-reflection and progress review against the previous year's objectives and proposed objectives for the coming year.

Those Non-Executive Directors who hold additional positions, such as the Chair of a Committee, Subsidiary Board or Champion roles, will also be performance assessed on the basis of the full breadth of their responsibilities. The following assessment matrix will be used and overall scores will be agreed between the Non-Executive Director and the Chair:



Following completion of the appraisal process, individual appraisal records will be produced and personal development plans developed and will form part of the re-appointment process.

F. Chair Appraisal Process

The Board Chair is also subject to appraisal which will be conducted by the Chair Appraisal Group. This consists of the Deputy Chair of the Board and the Chief Executive. An independent advisor may be brought in if required.

The appraisal process for the Chair will mirror that of Non-Executive Directors, Committee/Commission and Subsidiary Members above with some changes detailed below:

1. The Chair will complete the self-assessment questionnaire which includes additional questions specifically tailored to the Board Chair role;
2. Input will be sought from each Non-Executive Director, Executive Directors, Committee Members and Members of the Representative Body; and
3. Input will also be sought from the Executive Management Team.

The appraisal will cover the Chair's performance over the past year and seek to establish objectives for the forthcoming year. The following broad areas should be discussed:

- Chair Performance and objectives;
- RBH performance and corporate strategy delivery;
- Board Development;
- Personal Development: and
- Establish what's gone well, what's not gone well and what could be done better.

The overall assessment scoring provided for Non-Executive Directors, Committee/Commission and Subsidiary Members above will be used to measure performance agreed between the Appraisal Panel Members.

G. Development Programme

Learning and development activity will be based on an analysis of the needs of individuals and the Board, Committee/Commission and Subsidiaries as a whole, to ensure that individuals remain up to date and continue to add value.

The Development Programme will take into account collective learning and development needs based on the Technical Skills and Competency Framework analysis. Personal Development Plans will be developed to address individual development needs from the Appraisal meetings.

A monitoring report will be provided quarterly to the Mutual Governance Commission on the delivery of the Development Programme.

H. Responsibilities

The appraisal process will be administered and supported by the Secretary and Governance Team.

All Non-Executive Directors, Committee/Commission and Subsidiary Members will be appraised on an annual basis and have a responsibility to proactively engage in the processes set out in their agreement for services. The responsibility for carrying out appraisals sits with the Chair of the Board.

I. Appendices

A – Matrix showing how appraisal elements satisfy RSH and NHF requirements

B – Example process for Board Appraisal

C – Board Technical Skills and Competency Framework

D – Example 360-degree questionnaire

E – Example Chairs 360-degree questionnaire

F – Appraisal Template

G – Chair Appraisal Template

H – Skills Self-Assessment Questionnaire

I – Example Technical Skills Matrix