

Individual board member evaluation – things to consider

Guidance note

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If you have any feedback on the content of these resources, or additional questions that you'd like to discuss, please contact The Chartered Governance Institute information centre: 020 7612 7035 | informationcentre@cgi.org.uk

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Introduction

This guidance note should be read in conjunction with the SGA's Board evaluation – things to consider, which reinforces the rationale for board reviews and the benefits these can bring to board performance. There is a need to ensure the board is being run effectively, meeting stakeholder, funder and/or investor expectations, and to identify optimum board composition.

What the Codes say

Principle 4: Standards and Conduct of the Code for Sports Governance states that sports organisations should engage in regular and effective evaluation to drive continuous improvement. Its Tier 3 requirements stipulate that

'The Board, led by the Chair, shall:

- a. undertake and maintain in writing a record of an annual evaluation of its own skills, performance, and effectiveness;
- b. undertake and maintain in writing a record of **annual appraisal of each individual Director**, and CEO;
- c. undertake and maintain in writing a record of evaluations of its Committees (Committee evaluation need not be undertaken annually); and
- d. agree and implement a plan to take forward any actions resulting from the evaluations.'

Principle 6 of the Scottish Governing Bodies Governance Framework states that 'Board appraisals and evaluations will be carried out on a regular basis (at least once every 12 months). This can be through peer assessment.'

Under Principle 2 of the NI Code of Good Governance for the Voluntary Sector, one of the ways that the board will lead on working as an effective team is by 'periodically reviewing their individual contribution and performance as a team'.

Principle 2 of the Governance and Leadership Framework for Wales recommends under 'Building on Success' that organisations run a board evaluation annually, and under 'Sustaining Success' that they 'conduct formal annual reviews of all board members', 'make certain all board members complete a self-assessment and [have] an annual review meeting with the chair' and 'make sure the chair receives a formal annual review from a designated board member'.

While many sports bodies are now comfortable with the concept of self-evaluation and independent review of the collective performance of the board, appraisal activities that hone in on individual contributions are not necessarily as common across the sector.

There may be many reasons for this, including lack of time or resources to dedicate to additional review activities beyond whole board evaluation; or even a slight reluctance to scrutinise the performance of those who very often give their time, expertise and energy on a voluntary basis.

It is, however, important to remember that the duties of a director, which are enshrined in law under the Companies Act (2006), are for individual board members to meet. With this in mind, it seems reasonable to carry out a review of an individual's performance in respect of the duties, responsibilities and expectations placed on them in their role as a director.

The SGA's Board evaluation – things to consider resource provides extensive advice on how to conduct a board review and this includes guidance on individual evaluation. This present resource seeks to explore in a little more detail the benefits of individual review and the various methods available.

Why evaluate individual board members?

As with the whole board review, the primary objective when undertaking an individual evaluation of board members is, ultimately, to continuously improve overall performance. This is achieved through reflection on current strengths; assessment of contributions and performance; and identifying potential gaps and development areas, both for each board member and the board collectively.

We in sport are generally very familiar with the concept of continuous improvement through analysis, coaching and feedback; and it is not unreasonable for athletes, coaches, officials and others to expect board members to adopt the same approach. Most of us will be familiar with regular performance evaluation in our working lives.

The list below sets out specific benefits that can be derived from individual evaluation, from leadership to efficiency:

Table 1: Potential benefits of evaluating individual board members

Area of Benefit	Individual Board members
Leadership	<p>Demonstrates commitment to improvement at an individual level</p> <p>Clarifies leadership behaviours expected of board members</p> <p>Sets the performance tone and a demonstrates a positive example to senior executives and the organisation as a whole</p>
Role Clarity	<p>Clarifies duties and responsibilities of individual board members</p> <p>Clarifies expectations in terms of commitment, contributions and behaviours</p>
Teamwork	<p>Encourages individual board member involvement</p> <p>Identifies individual strengths within the team structure</p> <p>Develops sense of ownership</p> <p>Identifies diversity of expertise, skills, background and thought</p>
Accountability	<p>Ensures board members understand their legal duties and responsibilities</p> <p>Sets performance expectations for the individual and collective board</p>
Decision making	<p>Clarifies how each board member contributes to decision making</p> <p>Clarifies strategic focus and priorities</p> <p>Identifies areas where board members' skills need development</p> <p>Identifies where board members' skills can be better utilised</p>
Communication	<p>Helps build effective relationships between individual board members</p> <p>Strengthens stakeholder confidence in organisational leadership and governance</p>
Board Operations	<p>Creates efficiency in terms of board members' time and deployment (e.g. to committees)</p> <p>Increases effectiveness of individual contributions</p> <p>Contributes to long-term strategic thinking, succession planning and recruitment</p>

What should be reviewed?

As with the collective board review, it is important to discuss with board members the rationale for an individual evaluation. Getting support and active buy in is vital to ensuring not just that everyone participates, but that they do so with a clear vision of the undertaking's purpose and the benefits professionally and personally.

During these discussions it will be helpful to explore the range of review methods so every board member understands the approach and what will be expected of them, for example, completing a survey, providing feedback on a colleague or participating in an interview. Where the individual review is a new process, care should be taken to ensure everyone involved understands the why, what and how of the evaluation and is comfortable participating.

The evaluation should be framed against the duties, responsibilities and expectations of board members, and these will be set out in the following documents:

- **Articles of Association** - in particular the decision-making powers and authority of board members as well as the process through which board members are appointed
- **Board terms of reference** – the purpose, role and responsibilities of the board
- **Board member role description** – this may include the responsibilities associated with the role, organisational values and commitments, e.g. equality, diversity and inclusion, leadership competencies and behavioural expectations, and skills
- **Code of conduct** – if there is a board member code of conduct, this too may specify leadership competencies, principles, behaviours and expectations of those appointed to lead. Some sports organisations draw on the Seven Principles of Public Life (often referred to as the Nolan Principles as they were first set out by Lord Nolan in 1995) to guide board members' conduct. Although they were originally developed for those serving in public office, they can equally be applied to board members of voluntary organisations and private companies.

If there is already a board member appraisal or review process in place, previous feedback should be considered as part of the individual review to assess where they have developed skills, undergone training or adapted behaviours since that review.

Options for evaluating individual board members

There are a number of different ways in which a board member's performance, contribution and impact can be measured, some of which generate quantitative information and others, qualitative.

If resources and capacity are limited, evaluation can be carried out via online survey to reduce cost and administrative burden. Analysis of the data, collected, however, is a key stage of the process and time and expense may need to be invested to ensure that this is robustly carried out.

As with evaluation of the board as a whole, there are added advantages to the process being conducted externally, such as expertise, familiarity with various techniques, findings being validated by the objectivity of the appraiser, those being evaluated feeling able to speak openly to someone who is not a colleague. It can be true of course that there may

also be resistance to external appraisal. The chair will play a key role in communicating the rationale effectively in order to achieve commitment to the process.

Self-evaluation

Using the frameworks listed above, such as organisational values, the board member role description and code of conduct, board members can be asked to evaluate their own performance. This might generate a score, for example, '4 out of 6', '67%' or 'Very Good' depending on the rating scale applied. In addition to the scores, a comments section can ask the board member to provide examples of where they have applied their skills and leadership competencies or the organisational values. This helps build a deeper understanding of how each individual contributes and leads, beyond the quantitative results.

Once completed, a summary report can be produced which the board member and chair can discuss, giving due consideration to individual strengths and identifying any development areas.

Peer review

Aligned to the self-evaluation, board members may select a small number of colleagues who can be asked to provide feedback using the same framework and rating scale. This provides data and information that can be compared with the board member's own view and, where there is divergence, this opens up the possibility that a board member has underscored themselves or rated themselves higher than their colleagues. Senior executives who have regular contact with board members might also be invited to provide feedback.

Board members should be able to review and reflect on the feedback which can be presented in a summary report containing the results and comments from their peers. However, it is the discussion with the chair which is most valuable at this stage of the peer review as this allows the board member, through an open and constructive conversation, to reflect on their strengths and explore possible development areas.

Where an external evaluation has been completed, the independent reviewer might join the one-to-one between the chair and board member, helping to facilitate the feedback discussion.

However the feedback meeting is structured, it is vital that clear outcomes are agreed. These might include how the board could further maximise the board member's strengths and what learning and development opportunities could be explored.

Skills audit

A skills audit offers the board a means of identifying the skills, expertise and experience each board member brings.

There are different ways to approach a skills audit, but, if the process is to deliver vital information on board strengths and gaps in skills, it must be tailored to the organisation's priorities and, therefore, the board's optimum composition.

Detailed guidance on conducting a skills audit is contained in the CGIUKI Sports Governance Handbook and references the following key steps:

1. Define the priority skills, expertise and experience the board needs as framed against its strategic priorities. The audit should be designed with both the present and the future in mind.
2. Create a skills list that reflects the priorities and invites individual board members to rate themselves, with evidence, against each of these. The list will separate the core competencies required of all board members, e.g. analytical skills or strategic thinking;

and those that individual board members offer the board, e.g. finance and accounting or communications expertise

3. Collate and analyse the results to establish where individuals can make their greatest impact and where they can further develop skills and knowledge. Any gaps in skills or expertise highlighted in the audit results will help to inform future board appointments and development activities.

You can find extensive detail on assessing board member skills in the SGA guidance note, Specimen skills register for board members.

Attendance

It is now common practice for a record of board members' attendance at board meetings and, where relevant, committee meetings to be maintained and published in the annual report. This provides assurance to stakeholders, including members, investors and the public, that each board member is contributing at a level that enables them to fulfil their duties and responsibilities. This is an example of quantitative data in respect of individual performance.

Whilst these are examples of individual review activities, this list is not exhaustive and it is important that the governance lead, with the chair, designs the most effective and relevant evaluation process for their board's members. Consultation with board members should help finalise the activities, role and responsibilities, level of independence, expectations of those involved, and timelines.

Using the results of the evaluation

As with the collective board review, the results of the individual board evaluation should be treated as dynamic, developmental and central to board performance improvements. The governance lead and chair should build in time to review progress with the whole board and individual board members to ensure the outcomes and agreed actions have been completed. It is suggested that findings be incorporated into an action tracker indicating the changes to be made, a timeline for implementation, progress against that timeline and a person responsible for each action.

Boards increasingly include details of board evaluations undertaken in their annual report or governance statement. While the details of individual evaluations are primarily for internal use, it can demonstrate openness and transparency to provide an overview of the process followed and a precis of issues raised.

