



## **Item 9 on the AGM Agenda to take place on 5 April 2025**

### **Board Effectiveness Review Report - outcome**

It is recognised that, at the heart of every successful business, there is an effective system of Governance. To ensure that the processes within HF were fit for purpose, the Board asked Coops UK to carry out an independent review. This was intended to be a comprehensive review and so they were provided with Board documents, interviewed individual Directors, and observed a Board meeting, before presenting the report.

The Board reviewed the Report at a special Board workshop, and in conjunction with the CEO, identified priorities and drew up an action plan which has ensured that everyone is clear around the direction of travel. Significant progress has been made in completing a number of actions and in delivering tangible improvements across the remainder.

The areas for specific focus have been identified as;

#### **A) The Board**

- i) The Board has implemented changes in Board reporting, improved processes across committees, enhanced the effectiveness of Board meetings and made significant strides in boosting business performance. The Board also focused on providing the necessary leadership and strategic oversight, as well as providing constructive challenge where appropriate.
- ii) The report recommended that formal training continues to be provided on the Role and Responsibilities of Directors. The Society Secretary organises training which is provided by Coops UK every year and it is part of the Induction Process provided after the AGM so new directors can be included. In addition, further training is provided to Directors throughout the year for ongoing development. In September 2024, all Directors and Executive Leadership Team attended Risk Management Training.
- iii) The Board worked with the Executive Leadership Team to develop a multi-annual plan for reviewing and developing the Business Strategy. The process was led by the Board and facilitated by ELT, with clearly defined roles. A first Strategy meeting took place in March 2024, where a shared understanding and consistent approach was developed. Clear metrics and KPIs have been agreed upon to monitor the completion of the strategy and have been included in the Board Reports.
- iv) The Society Secretary conducted a Board skills gap analysis to ensure the Board is appropriate for the future needs of the business. The results have been reflected in the Board recruitment and election process.
- v) All Directors had a 1:1 meeting with the Board chair, supported by a pre-meeting questionnaire, during which they provided feedback on their view of the performance of the Board, including a general overview of what went well, what needs improvement, and areas for focus in 2025.

## **B) The Committees**

- i) The Performance and Audit & Risk Committees have ensured that the internal controls are sufficiently robust. This has helped to identify areas where there is risk and potential divergence from the Strategy.
- ii) The reports presented to the committees and Board have been improved to enable Directors to identify key issues quickly.
- iii) The Terms of Reference for all committees have been reviewed to ensure clarity of debate and discussion on strategic issues at meetings.
- iv) Directors have been rotated around committees to encourage them to broaden their knowledge. Each Director is a member of at least two committees.
- v) The committee report format was agreed upon and presented by the relevant ELT at each Board meeting, with additional comments added by the Committee Chair where needed. Items requiring approval were included in the report.
- vi) Each Committee carried out its own Committee effectiveness review. Each committee member was asked to answer five questions regarding: the top three committee priorities for 2025, what went well, what needs improvement, what the chair can do to make meetings more effective and what training should be provided in 2025. The agreed priorities will be reflected in the committees' agendas for the coming year.

## **C) Risk**

During the year, the Board continued to implement new risk controls as recommended by the Audit & Risk Committee. The Strategic Risk Register continued to be a focus for all committees and the Board. A workshop/training was provided to all Board and executive leaders, and a Risk Monitoring and Control Schedule and Risk Appetite statement were adopted.

## **D) General**

- i) The meeting schedule was reviewed at the beginning of 2024, and it was agreed that the current schedule was suitable for the current business's needs. The intention for 2025 is to ensure that meetings work better with the annual business cycle. Pre-Board workshops or training continued to be provided with topics relevant to future business needs as a means of facilitating fresher thinking and innovation, with directors or executive leaders proposing subject matters.
- ii) The Board monitored the culture and behaviours across the Society and ensured that all decisions supported the values.
- iii) Throughout the year, surveys were conducted among staff, leaders, and guests and results reviewed.
- iv) The Board continued its work on the Equity, Diversity, and Inclusion Strategy to ensure it reached all parts of the business.
- v) The Director vacancies were promoted to groups that are underrepresented on the Board, and communications to potential candidates have included details to encourage members from all backgrounds to apply to become Directors.
- vi) The Co-operative Corporate Governance Code encourages cooperative Boards to have regular externally facilitated evaluations at least every three years to ensure objectivity and independence. The Board will therefore repeat this exercise at the appropriate time to ensure that the systems and processes continue to be fit for purpose.