The one-hundred-and-sixth meeting of the Joint Nature Conservation Committee to be held at 0900 hours on 17 March 2016, at JNCC, Monkstone House, City Road, Peterborough, PE1 1JY

This paper is provided to the Joint Committee for decision/discussion or information. Please refer to the minutes of the meeting for Committee's position on the paper.

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March 2016

Joint Nature Conservation Committee

Joint Committee self-assessment of effectiveness

Cover Note by Marcus Yeo

Executive Summary

1.   Action required

1.1   The Joint Committee is asked to:

i.   **discuss** the report on the findings from the recent self-assessment of Joint Committee effectiveness (Annex 2); and

ii.   **agree** the actions to be taken forward (section 2.4 of the paper) and provide a steer on how they should be implemented.

2. Key issues

2.1   This paper provides a report on the findings of the self-assessment of the Joint Committee undertaken in October 2015. Initial findings were presented at a workshop session at the Joint Committee meeting in November.

2.2   The National Audit Office (NAO) provided management with assistance with the survey. This service was provided free of charge. The questions from the survey are contained in Annex 1 for reference purposes. The full report of the self-assessment and a synthesis of comments are contained in Annex 2.

Joint Nature Conservation Committee

Joint Committee self-assessment of effectiveness

Paper by Tracey Quince

1.   Introduction

1.1   In October 2015, a short on-line questionnaire was issued to Joint Committee members and members of the Executive Management Board (EMB) to assess the performance and effectiveness of the Joint Committee. The questionnaire was developed from an NAO model, adapted for JNCC. The full list of questions is appended at Annex 1.

1.2   In November, the results of the survey were presented in a workshop session to Committee members. The overall conclusion of the survey was that the Committee was **effective**. The presentation highlighted the areas in the survey where the Committee was strong and then focussed on the areas where attention was needed to improve effectiveness.

1.3   It was agreed that a full report of the findings would be presented to the March Committee meeting alongside the agreed actions from the November workshop session.

2.   Results of the self-assessment

2.1   Thirteen out of a possible 19 responses to the questionnaire were received 11 out of a possible 14 from Committee members and 2 out of a possible 5 from EMB). The survey assessed performance against the following components:

    i.   objectives, strategy and remit;

    ii. performance reporting;

    iii. relationships with key stakeholders;

    iv. risk management;

    v. the Audit and Risk Assurance Committee, internal audit, propriety and corporate reporting; and

    vi. Committee effectiveness and secretariat.

2.2   Each of the 36 questions included in the questionnaire were scored using the ratings: Yes, No, Unsure. Fifteen questions received up to two 'no/not sure' responses (Green areas). Ten questions received three 'no/not sure' responses (Amber areas). Eleven questions received four or more 'no/not sure' responses (Red areas). The Committee workshop in November focussed on discussing 'Red' questions.

2.3   The 2015 survey revealed six key areas of strength. It found that the Joint Committee:

    i.   sets and reviews strategic direction effectively;

ii. has a sound process for identifying and reviewing its principal risks;

iii. has procedures in place to ensure fully transparent accounting in financial statements;

iv. is cohesive and combines being supportive of management while providing appropriate challenge;

v.   receives timely, relevant and well-presented information on which to base decisions and advice; and

vi. engages in full and open discussion before decisions are made.

2.4 In November, Committee members discussed the areas where attention was needed to improve effectiveness and the action required to address them. These included:

i.   develop working objectives for the Committee, alongside the five strategic objectives in the draft strategy, to allow realistic assessment of the Committee's performance against the organisation's objectives;

ii. introduce a dashboard approach for performance information, with a mix of outcome and process performance measures;

iii. increase interaction between staff and Committee members.

iv. improve the management of relationships between JNCC and its stakeholders;

v.   greater consideration of risk at Committee meetings;

vi. consider ARAC reports earlier in Committee meeting agendas and examine the feasibility of changing the timing of ARAC meetings to allow for written reports to be presented with the Committee papers; and

vii. review the induction procedures and subsequent communication to ensure members remain up to date during their time on Committee.

3.   Next steps

3.1 The next step in the process is to seek Committee members' views on how the actions are to be implemented. It might be helpful to make some of the actions more specific (e.g. actions iii and iv), so that it is clear when the action has been achieved.

Annex 1. Survey questions

Section A: Objectives, Strategy and remit

Q3: The Committee understands what is expected of it (e.g. developing the organisation's strategic aims)
Q4: The Committee realistically assesses its performance against its objectives at regular intervals.
Q5: The Committee has developed a strategy for the organisation that is central to the way it is directed.
Q6: The strategy is well aligned to the organisation's remit and its capabilities, i.e. its people, assets, intellectual property, and financial and other resources.
Q7: The Committee devotes adequate time to reviewing the implementation of the strategy

Section B: Performance reporting

Q9: Management regularly reports to the Committee on performance and priority performance measures that flow directly from the strategy.
Q10: Performance information is integrated with financial reporting
Q11: Management provides a thorough analysis of performance against budget and key outcomes and discusses any remedial action.
Q12: The Committee receives timely warnings of problems that will adversely affect key outcomes or financial performance
Q13: The Committee takes collective responsibility for the performance of the organisation.

Section C: Relationships with key stakeholders

Q15: Relations with sponsors are productive and supported by regular and open communication.
Q16: Sponsors consider the organisation is performing well, has a strong Committee and a good reputation.
Q17: The Committee receives full reports whenever the Chair or Chief Executive meets with Ministers, other key stakeholders and major funders.

Section D: Risk management

Q19: The Committee has clear understanding of the organisation's risk appetite.
Q20: The Committee has a sound process for identifying and regularly reviewing its principal risks, determining its risk appetite and making the necessary amendments in the light of changes in the internal and external environment.
Q21: The Committee receives regular, insightful reports from the Audit and Risk Assurance Committee on the organisation's risk management and internal control systems that provide assurance over their operational effectiveness.
Q22: The Committee receives reliable financial projections for the medium as well as the short term, and is confident that the available funding will enable the organisation to develop and operate as planned.
Q23: The Committee is satisfied there have been no problems with regulatory and similar requirements, and that sound health and safety, employment and other practices are implemented to protect the organisation against unnecessary litigation and reputation risk.
Q24: The Committee monitors the political environment for potential changes to its remit and assesses the impact these will have on the strategy.
Q25: The Committee is aware of the organisation's information needs. Any exceptions to best practice over data acquisition, usage, storage and destruction are reported.
Q26: No substantial, unexpected problems have emerged which the Committee should have been aware of earlier.

Section E: ARAC, internal audit, propriety and corporate reporting

Q28: The Audit and Risk Assurance Committee has sufficient expertise, support, time, and access to key staff and information to enable it to discharge its monitoring and oversight role effectively.

Q29: Communication between the Joint Committee and the Audit and Risk Assurance Committee is sufficient to ensure all members are aware of the issues discussed and their resolution.

Q30: The Committee is satisfied that there is no evidence of inappropriate or less than fully transparent accounting in the financial statements.

Q31: The Committee has an understanding of how they and the Chief Executive discharge their responsibilities directly and through delegation.

Q32: There is a proper discussion (not just nodding through) by the Committee of reports from the ARAC, ensuring all members are aware of the issues discussed and their resolution.

Q33: The internal audit function is independent of management, appropriately skilled, competent and complies with Government Internal Audit Standards.

Section F: Committee effectiveness and the secretariat

Q35: The Committee is cohesive and combines being supportive of management with providing appropriate challenge

Q36: The Chair leads meetings well with a clear focus on the key issues facing the organisation and allows full and open discussion before major decisions are taken.

Q37: The Committee has sufficient time to address agenda items and receives appropriate briefings/papers.

Q38: Induction and development programmes ensure Committee members remain up-to-date throughout their time on the Committee.

Q39: Working as a team, the Committee has the appropriate mix of skills, expertise and personalities, and the appropriate degree of diversity, to enable it to face current and future challenges successfully.

Q40: The scheduling of Committee meetings across the year is appropriate.

Q41: The Committee constantly strives to improve its effectiveness by ensuring its own performance appraisal replicates good practice elsewhere.

Q42: The Committee secretariat function provides adequate support.

Q43: The Committee information is timely, relevant and well presented.

Annex 2. Joint Committee effectiveness review November 2015: report on findings

Summary

The Joint Committee held a facilitated effectiveness review workshop on 26 November 2015, drawing on best practice from HM Treasury's Corporate Governance Code principles, adapted as appropriate for JNCC's particular arrangements in conjunction with JNCC management.

In advance of the workshop all Committee members and regular attendees from the Executive Management Board (EMB) were invited to complete an online questionnaire covering six key principles:

- A. Objectives, strategy and remit
- B. Performance measurement
- C. Relationship with key stakeholders
- D. Risk management
- E. ARAC, internal audit, propriety and corporate reporting
- F. Committee effectiveness and the secretariat

The questionnaire was multiple choice, with respondents being asked to select 'yes', 'no', or 'not sure' for each question. At the end of each section respondents were given the opportunity to provide further comments in a free text box.

Questionnaire responses were analysed, and questions rated as Red/Amber/Green, depending on the number of 'no'/'not sure' responses (with Red = 4+ n/ns, Amber = 3 n/ns, Green = 0-2 n/ns responses). The workshop focussed on discussing 'Red' questions, i.e. those areas where there were more than 4 'no'/'not sure' responses.

During the workshop, members and attendees discussed the points flagged by participants as either needing discussion or where the Committee considered it was not currently demonstrating best practice. Key areas discussed included:

- integration of financial and performance information;
- the need for greater collective responsibility for organisational performance;
- relationships with key stakeholders;
- understanding of risk appetite;
- confidence in funding availability and financial projections;
- time given to discussion of ARAC reports, and the role of internal audit; and
- induction/development programme for Committee members, and performance appraisal arrangements.

Generally the Committee was an **effective Committee**, with the majority of questions generating a positive answer from a majority of respondents. Seven actions were identified to further enhance performance.

This report summarises the discussion and actions agreed, arranged around the key principles of HM Treasury's Corporate Governance Code.

Principle A – Objectives, strategy and remit

The most positive responses were given to the following questions:

> *Question 1: The Committee understands what is expected of it (1 n/ns).*
>
> *Question 5: The Committee has developed a strategy for the organisation that is central to the way it is directed (2 n/ns).*
>
> *Question 7: The Committee devotes adequate time to reviewing the implementation of the strategy (2 n/ns).*

Discussion focussed on:

> *Question 4: The Committee realistically assesses its performance against its objectives at regular intervals (6 n/ns responses).*

Discussion considered both the Committee's assessment of JNCC's performance and also reflected on the Committee's performance as a committee. Points and questions raised in discussion included:

- Whether JNCC's priority performance measures (PPMs) were too process focussed, rather than outcome focussed.
- How achievable outcome-based PPMs are for an advisory body like JNCC.
- Whether working groups should be established with Committee members leading discussion in different areas (this would increase members' workloads, but would provide greater interaction between the Committee and staff).

> **Action 1: Develop working objectives for the Committee, alongside the five strategic objectives in the draft strategy, to allow realistic assessment of the Committee's performance against the organisation's objectives.**

Principle B – Performance measurement

The most positive responses were given to the following question:

> *Question 12: The Committee receives timely warnings of problems that will adversely affect key outcomes or financial performance (2 n/ns).*

Discussion focussed on:

> *Question 10: Performance information (organisational performance) is integrated with financial reporting (4 n/ns)*
>
> *Question 13: The Committee takes collective responsibility for the performance of the organisation (4 n/ns)*

Points and questions raised in discussion included:

- The use of a balanced scorecard/dashboard approach, mixing outcomes and processes.
- Reporting focussed on income streams.
- Costing of individual projects for greater clarity in reporting to funding bodies.
- Differing levels of detail required by Joint Committee and Executive Management Board.
- The extent to which the Joint Committee was visible to staff.
- The need to build greater engagement with staff.

Action 2: Introduce a dashboard approach for performance information, with a mix of outcome and process performance measures.

Action 3: Increase interaction between staff and Committee members. Ways in which this might be achieved include pairing of staff and Committee members based on knowledge and skills; members delivering talks to staff; and members chairing working groups. Roles and rules of engagement would need to be defined.

Principle C – Relationships with key stakeholders

This section was the area of greatest uncertainty (answers were predominantly 'unsure') with two of the four questions posed being classified as 'Red'.

- *Question 15: Relations with sponsors are productive and supported by regular and open communication (9 n/ns).*
- *Question 16: Sponsors consider the organisation is performing well, has a strong Committee and a good reputation (11 n/ns).*

Points and questions raised in discussion included:

- Complexity of relationships between the Joint Committee, sponsors, ministers, and staff.
- Whether JNCC needed to develop metrics to measure stakeholder relationships.
- Obtaining customer feedback in a more structured way.
- The positive impact of communicating investment in projects rather than cost.

Action 4: Improve the management of relationships between JNCC and its stakeholders. This will involve improved communication about what JNCC does, how much it costs, the benefits it provides, and the future direction of the work, as well as collating customer feedback.

Principle D – Risk management

The most positive responses were given to the following questions:

> *Question 20: The Committee has a sound process for identifying and regularly reviewing its principal risks, determining risk appetite and making necessary amendments (2 n/ns).*

> *Question 21: The Committee receives regular, insightful reports from ARAC on the organisation's risk management and internal control systems that provide assurance over operational effectiveness (2 n/ns).*

> *Question 24: The Committee monitors the political environment for potential changes to remit and assesses the impact these will have on the strategy (1 n/ns).*

> *Question 26: No substantial, unexpected problems have emerged which the Committee should have been aware of earlier (1 n/ns).*

Discussion focussed on:

> *Question 19: The Committee has a clear understanding of the organisation's risk appetite (5 n/ns).*

Question 22: The Committee receives reliable financial projections for the medium as well as the short term, and is confident that the available funding will enable the organisation to develop and operate as planned (7 n/ns).

Points and questions raised in discussion included:

- The difficulty in planning strategically when funding is allocated on a year-by-year basis.
- Whether the balance of consideration of risk between the Audit and Risk Assurance Committee and Joint Committee is right.

Action 5: Greater consideration of risk at Committee meetings.

Principle E - ARAC, internal audit, propriety and corporate reporting

The most positive responses were given to the following questions:

Question 28: ARAC has sufficient expertise, support, time and access to key staff and information to enable it to discharge its monitoring and oversight role effectively (2 n/ns).

Question 30: The Committee is satisfied that there is no evidence of inappropriate or less than fully transparent accounting in the financial statements (0 n/ns).

Discussion focussed on:

Question 32: There is a proper discussion (not just nodding through) by the Committee of reports from the ARAC, ensuring all members are aware of the issues discussed and their resolution (4 n/ns).

Question 33: The Internal Audit function is independent of management, appropriately skilled, competent and complies with Government Internal Audit Standards (4 n/ns).

Points and questions raised in discussion included:

- Committee's appreciation for the work undertaken by ARAC.
- The need to allow sufficient time for discussion of risk at Joint Committee's annual review.
- Lack of clarity on Government Internal Audit Standards and whether the Joint Committee needed that level of detail as internal sudit reports go to ARAC.

Action 6:　Consider ARAC reports earlier in Committee meeting agendas, and examine the feasibility of changing the timing of ARAC meetings to allow for written reports to be presented with the Committee papers.

Principle F – Committee effectiveness and the secretariat

The most positive responses were given to the following questions:

Question 35: The Committee is cohesive and combines being supportive of management with providing appropriate challenge (1 n/ns).

Question 36: The Chair leads meetings well with a clear focus on the key issues facing the organisation and allows full and open discussion before major decisions are taken (0 n/ns)

Question 40: The scheduling of Committee meetings across the year is appropriate (2 n/ns)

Question 42: The Committee secretariat function provides adequate support (0 n/ns)

Question 43: The Committee information is timely, relevant and well presented (2 n/ns)

Discussion focussed on:

Question 38: Induction and development programmes ensure Committee members remain up to date throughout their time on Committee (9 n/ns).

Question 41: The Committee constantly strives to improve its effectiveness by ensuring its own performance appraisal replicates good practice elsewhere (9 n/ns).

Points and questions raised in discussion included:

- Induction arrangements are already being put in place.
- Whether the Committee has the correct skill set.

Action 7: Review the induction procedures and subsequent communication to ensure members remain up to date during their time on Committee.