

UK Accounting Standards Endorsement Board

Annual Board Effectiveness Review 2024 (Summary Findings)

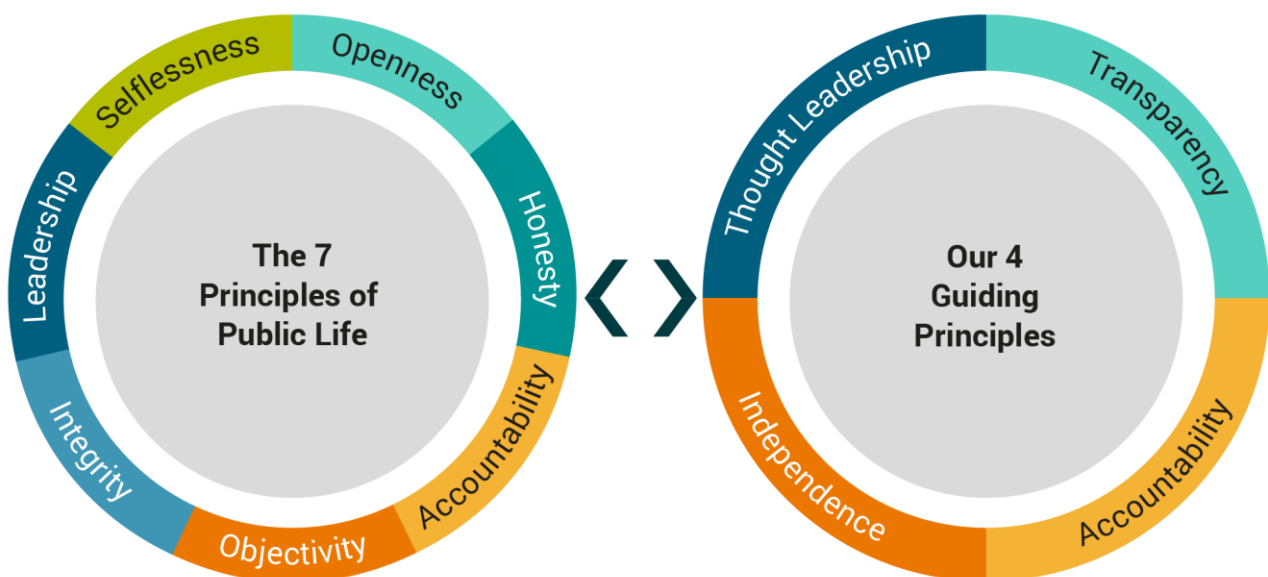
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I Introduction

The UK Accounting Standards Endorsement Board ('UKEB') was established to perform certain functions relating to the adoption of International Financial Reporting Standards as developed by the International Accounting Standards Board, for use in the UK, and to contribute on behalf of the UK to the development of a single set of international accounting standards.

The UKEB's mission is to serve the UK long-term public good by leading the development and synthesis of UK views on financial reporting and representing them in the international arena, ensuring that the UK's voice is influential in the development of high-quality international accounting standards that are suitable for adoption in the UK. The UKEB is committed to performing its functions, and acting at all times, in accordance with its four guiding principles and the seven principles of public life. These core values are intrinsic to all of UKEB's activities.



The UKEB Board completed its first Board Effectiveness Review in 2022, at the end of its first year of operation, and committed to completing a review annually thereafter. The 2023 Board Effectiveness Review highlighted four key areas of focus for further action: Board succession planning; strategy development; stakeholder engagement; and prioritisation and resource management. Appropriate actions were taken across all four areas to further enhance the Board's effectiveness.

The positive findings coming out of this year's review are consistent with the positive feedback received in 2022 and 2023. It reflects the seriousness with which the Board takes its responsibilities and the effectiveness with which the previous years' action plans

have been delivered. The outcome of this 2024 review sends a strong message that the Board has, in this past year, continued to focus successfully on achieving its strategic objectives, underpinned by its core values and a continuous improvement ethos.

Board succession planning has been identified as an area requiring further focus and action as the Board moves through 2024 and into 2025. Effective Board succession planning is a cornerstone of robust governance and is key to ensuring the smooth transition of leadership and continuity of the Board and UKEB as an organisation.

2 Review Process

The objective of the review was to allow the Board an opportunity to consider, and obtain feedback on, what is working well and which areas require further focus and development. The Board is committed to ensuring that it achieves its strategic objectives with a clear focus on its core values, best practice and continuous improvement.

The review began in February 2024 and the final report was submitted for approval at the June Board meeting. The principal output is an Action Plan, approved by the Board, and an agreed process for tracking and execution to ensure timely completion.

The review focused on the four core areas of: Board governance and accountability; culture and composition; Secretariat support; and leadership. Feedback was received from Board Members, the Secretariat and Official Observers via a questionnaire which incorporated a combination of open and closed questions. Each of the Members also attended two 1-1 meetings: one with the Chair, for a broad discussion across all areas except Board leadership, and another with a Member to whom the Chair had delegated responsibility for leading the review of Board leadership. Both the UKEB Operations Director and Technical Director also attended a 1-1 meeting with that Member.

In addition to the Members, both the Secretariat and Official Observers were key participants in the review. The Secretariat provides the day-to-day technical and operational support required by the Board as it works to achieve its objectives. The Official Observers attend UKEB's public Board meetings where they have speaking rights and may offer technical and policy insight on the implications of new or amended IFRS relevant to their areas of expertise. Official Observers come from five relevant public sector organisations: The Department for Business and Trade; Financial Reporting Council; His Majesty's Revenue and Customs; Bank of England and Financial Conduct Authority.

3 Summary of Findings

The Board's continued focus on robust governance and due process and successful delivery of its statutory remit, aligned to the UKEB's four guiding principles and the seven principles of public life, has culminated in the positive findings that have come out of this 2024 Board Effectiveness Review. This year's findings have built upon the positive findings of the previous reviews whilst also reflecting the effective way in which the 2023 action plan has been delivered to address certain areas highlighted for further action last year.

The detailed analysis of questionnaire feedback is positive across each of the four areas: Board governance and accountability, culture and composition, Secretariat support and leadership. Further detail obtained from the questionnaires' open-ended questions and 1-1 discussions supports this positive position whilst also highlighting Board succession planning as a specific area requiring additional focus in the upcoming year.

3.1 Board Governance and Accountability

The quality of technical debate and the level of focus on ensuring robust governance and due process were highlighted as particular Board strengths which underpin a strong endorsement process. It was also recognised that stakeholder engagement and influencing activity, including the UKEB Advisory Groups, continued to mature and add value to the achievement of the Board's strategic objectives.

The Board has submitted its annual report to the Financial Reporting Council, for the year to 31 March 2024, confirming that it has fulfilled its governance and due process responsibilities in all respects. The feedback from this Board Effectiveness Review supports the positive outcomes articulated in that annual report.

3.2 Board Culture and Composition

The collegiate and collaborative culture fostered by the Board was particularly noted. As was the focus on ensuring that everyone has the opportunity to make their views heard.

The Board welcomed two new members in March 2024 and it will be important to ensure that they are adequately supported as they settle in to their new role. The importance of maintaining an ongoing focus on Board succession planning is also noted, given that the Chair will step down in September 2025, two members' second term will end in March 2025 and two members' first term will end in August 2025. Clearly there is a need to prioritise succession planning to ensure continuity.

3.3 Board Secretariat Support

The Board's feedback in respect of the support it receives from the Secretariat, both during and outside of Board meetings, was overwhelmingly positive.

The Board resolved to continue working with the Secretariat to ensure effective resource management and to identify any iterative enhancements to working practices and Board meetings format as part of UKEB's continuous improvement ethos.

3.4 Board Leadership

Feedback on the performance of the Chair was positive across all areas. It was acknowledged that the Chair does an excellent job of managing detailed technical discussions in a cohesive way and ensuring that all members, as well as Official Observers and Secretariat, are able to engage in the discussion and provide input. Of particular note was the Chair's successful delivery of their key priorities for this past year, including their success in ensuring smooth Board succession beyond March 2024.

In this 2024 review, two key priorities for the Chair were identified as follows:

- a) Ensuring a smooth transition to a new Chair in advance of their term ending in September 2025.
- b) Ensuring effective and timely Board succession in respect of the four members with a term end date of either March or August 2025.

4 Key Areas of Focus and Action

The review findings identified Board succession planning as a key area of focus for further Board consideration as UKEB moves through 2024 and into 2025.

It was noted that a number of activities, across different areas, had been identified and successfully actioned as part of the 2022 and 2023 Board Effectiveness Reviews and those areas would continue to be monitored as part of business-as-usual.

An Action Plan, summarising the deliverables to address specific review findings, has been developed. The Action Plan will incorporate action owners and delivery timelines and will be monitored by the Board through to completion.