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A catalyst for evidence-led board evaluation

Sean O'Hare argues that Provision 29 of the 2024 UK Corporate Governance Code raises the bar for board accountability.

The introduction of Provision 29 in the 2024 UK Corporate Governance Code has been widely described as the most significant governance development in recent years. While the Provision focuses on the board's declaration regarding the effectiveness of material controls, its implications extend far beyond internal controls. Provision 29 signals a shift in expectations around board accountability, transparency, and the evidence underpinning governance disclosures.

For many boards, this shift arrives at a moment when the governance environment is already becoming more demanding. Stakeholders expect clearer reporting, more rigorous oversight, and greater assurance that boards are not simply asserting effectiveness but demonstrating it. Provision 29 crystallises these expectations by requiring boards to make a formal, unambiguous statement – one that must be supported by a defensible process, reliable evidence, and a culture that embraces transparency.

This requirement is prompting boards to look more critically at their own performance. If the board is to attest to the effectiveness of internal controls, it must also be confident in the effectiveness of the governance mechanisms that oversee those controls. This includes the quality of board debate, the robustness of committee work, the clarity of reporting lines, and the board's ability to challenge management. In short, Provision 29 is pushing boards to examine not only what they oversee, but how they oversee it.

The result is a growing recognition that traditional approaches to board and committee evaluation – often qualitative and reliant on director interviews – may no longer be sufficient. Boards are beginning to adopt more structured, evidence-led approaches that provide a clearer picture of performance and support more credible disclosures. This shift is not about bureaucracy; it is about strengthening governance, enhancing trust, and ensuring that the board's assessment of its own effectiveness is grounded in reality.

The approach: From process-driven to evidence-driven evaluation

Provision 29 is accelerating a move toward more rigorous, integrated, and outcome-focused board evaluation. Boards are increasingly recognising that they need a clearer understanding of how well their oversight mechanisms function in practice. This means looking beyond process descriptions and focusing instead on the quality of oversight, the effectiveness of challenge, and the board's ability to anticipate and respond to emerging risks.

A more evidence-led approach is emerging. Boards are examining the information they receive, the timeliness and clarity of reporting, and the extent to which committees are able to probe, test, and challenge management. They are considering how well risk appetite is articulated, how effectively internal audit findings are addressed, and whether the board has sufficient visibility of control weaknesses and remediation plans. This deeper scrutiny is helping boards identify gaps, strengthen oversight, and improve the quality of their disclosures.

Committee evaluations are also becoming more robust. Audit committees, in particular, are under increased scrutiny as they play a central role in the board's ability to make the Provision 29 declaration. But other committees – including risk, remuneration, nomination, and sustainability committees – are also expected to demonstrate effectiveness in a more structured way. Boards are beginning to expect committees to articulate their achievements, challenges, and priorities with greater clarity and to provide evidence of their impact.

External evaluation is playing a growing role in this shift. Independent reviewers bring objectivity, benchmarking insight, and the ability to identify blind spots that internal processes may overlook. Many boards are choosing to use external evaluators more frequently than the Code's recommended three-year cycle, recognising that independence strengthens credibility – particularly when the board must make a formal declaration about effectiveness.

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Provision 29 is also reshaping governance reporting. Stakeholders are already seeing more detailed disclosures about evaluation methodology, key findings, areas for improvement, and progress made since the last review. Boards are moving away from describing the evaluation process and toward articulating outcomes. This shift enhances transparency and signals a commitment to continuous improvement.

Ultimately, Provision 29 is driving a cultural change. Boards are becoming more reflective, more evidence-driven, and more willing to acknowledge areas for development. This cultural shift – toward openness, rigour, and accountability – may prove to be the most important legacy of the new provision.

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Five things for the Chair to focus on

1. Clarify what 'material controls' really mean for the organisation

The Chair should ensure the board has a shared understanding of which controls are material, how they are assessed by management and how they are monitored by the board, and what evidence supports the board's declaration. Clarity at the outset prevents confusion later.

2. Strengthen the evidence base behind board and committee oversight

In line with the Code guidance that the board should exercise professional scepticism in reviewing information and requesting clarification, the Chair can encourage committees to articulate their work more clearly, document their challenge more thoroughly, and ensure that oversight is supported by reliable data rather than informal impressions.

3. Integrate evaluation with risk and control frameworks

Provision 29 requires alignment between board evaluation, risk oversight, and the board's monitoring of internal control processes. The Chair can help ensure these elements are clearly connected rather than treated as separate exercises.

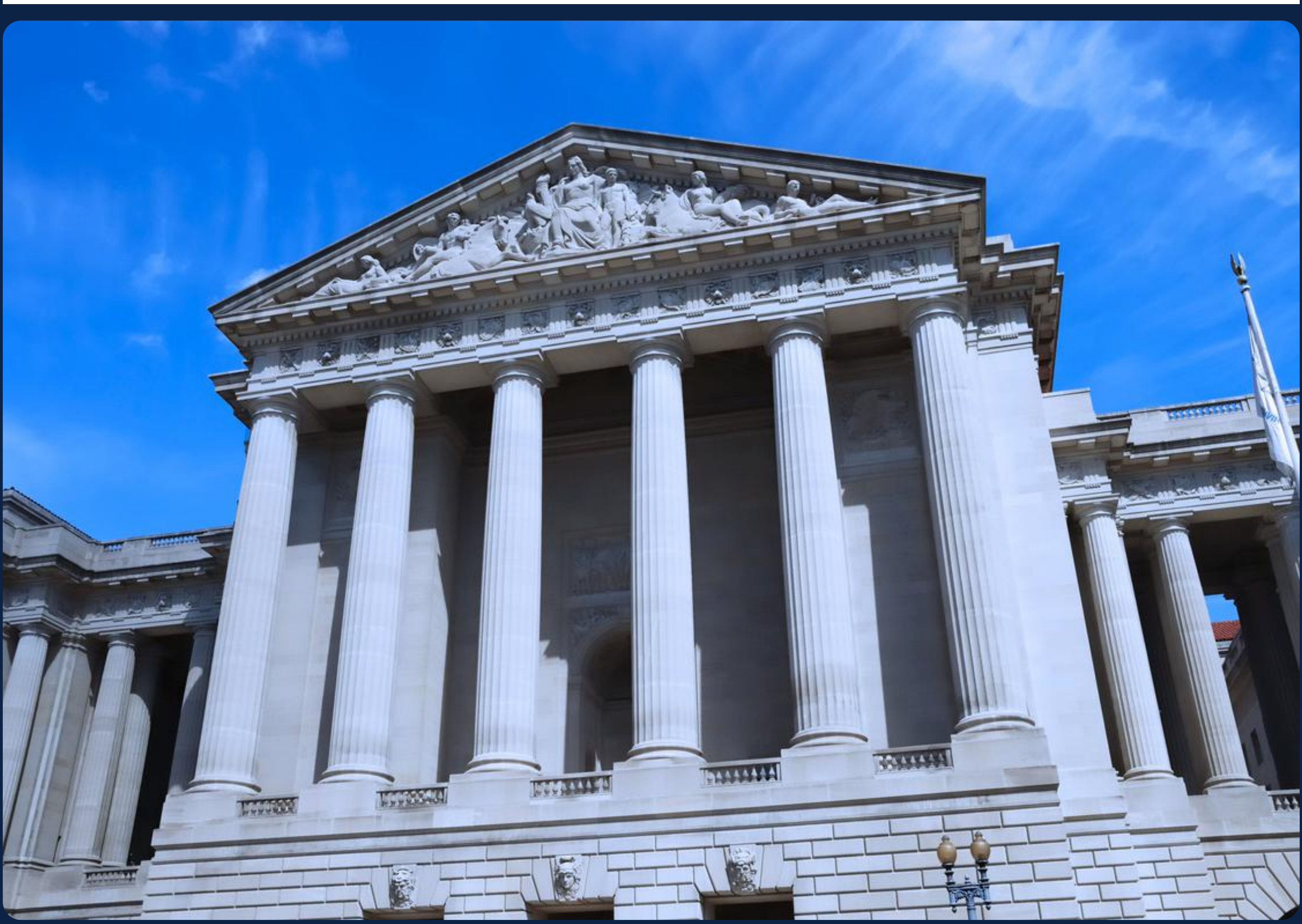
4. Use external evaluation strategically

Independent evaluation enhances credibility and provides valuable insight. The Chair should consider whether the board would benefit from more frequent external reviews, or at least more external input into the internal reviews, particularly during the early years of Provision 29 implementation.

5. Focus on narrative quality in governance reporting

The Chair plays a key role in shaping the tone of the governance narrative. Balanced, evidence-based, forward-looking disclosures build trust and demonstrate that the board takes its responsibilities seriously.

Sean O'Hare is the founder of Boardroom Dialogue, a specialist consultancy transforming governance from a compliance burden into a strategic asset. Through board effectiveness reviews, tailored coaching, and succession advice, he helps boards bridge the gap between 'meeting the Code' and driving performance. A seasoned non-exec and Governance Advisory Board Member, Sean brings a practitioner's perspective to modern board dynamics. He would like to thank his colleague Roz Crawford for her input into this article. https://boardroomdialogue.com/



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