

Council of Governors: Summary Sheet

Title of Paper: Report from Nomination & Remuneration Committee

Presented By: Jayne Brown OBE, Trust chair

Action Required:	For Information	<input checked="" type="checkbox"/>	For Ratification	<input type="checkbox"/>	For a decision	<input checked="" type="checkbox"/>
	For Feedback	<input type="checkbox"/>	Vote required	<input type="checkbox"/>	For Receipt	<input type="checkbox"/>

To which duty does this refer:

Holding non-executive directors individually and collectively to account for the performance of the Board	
Appointment, removal and deciding the terms of office of the Chair and non-executive directors	X
Determining the remuneration of the Chair and non-executive directors	
Appointing or removing the Trust's auditor	
Approving or not the appointment of the Trust's chief executive	
Receiving the annual report and accounts and Auditor's report	
Representing the interests of members and the public	
Approving or not increases to non-NHS income of more than 5% of total income	
Approving or not significant transactions including acquisitions, mergers, separations and dissolutions	
Jointly approving changes to the Trust's constitution with the Board	
Expressing a view on the Trust's operational (forward) plans	
Consideration on the use of income from the provision of goods and services from sources other than the NHS in England	
Monitoring the activities of the Trust to ensure that they are being conducted in a manner consistent with its terms of authorisation and the constitution	
Monitoring the Trust's performance against its targets and strategic aims	

How does this item support the functioning of the Council of Governors?

Responsibility for non-executive appointments lies with the Council of Governors.

Author of Report: Sam Stoddart

Designation: Deputy Board Secretary

Date: November 2018

SUMMARY REPORT

Report to: Council of Governors

Date: 6 December 2018

Subject: Report from the Nomination & Remuneration Committee (NRC)

Author: Sam Stoddart, Deputy Board Secretary

1. Purpose

<i>For approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information/assurance</i>	<i>Other (Please state below)</i>
x				x	

- To receive feedback on the outcome of the Chair's appraisal
- To receive an update on the current position regarding NED appraisals
- To seek the approval of the Council of Governors (CoG) to extend the terms of office of Ann Stanley and Richard Mills for five months until 31 May 2019.
- For CoG to approve the appointment of Richard Mills as the Vice Chair with immediate effect.
- To note the proposed appointment of Professor Brendan Stone as an Associate NED

2.1 Appraisal of the Chair

It is the responsibility of the NRC, in line with paragraph 2.1.5 of its terms of reference to "monitor the performance of the Trust Chair and other Non-executive Directors on a regular and systematic basis and make reports on such monitoring to the Council from time to time when requested by the Council to do so or when, in the opinion of the Committee, it is proper to bring the results of such monitoring to the attention of the Council."

The Chair's appraisal took place on 29 August 2018. Feedback and views on the Chair's performance was sought from members of the Board and the Council of Governors in the form of a questionnaire and in line with the appraisal policy. A good return was received and all comments were collated and used to inform discussion during the appraisal, which was led by the Interim Senior Independent Director (SID) with the Lead Governor and the Chief Executive present. The outcome of the appraisal identified the Chair's performance as strong and objectives for the year ahead were agreed. This was reported in full to NRC by the Interim SID at its meeting of 5 October 2018.

Action: CoG is asked to note the outcome of the Chair's appraisal and receive NRC's assurance that due process was followed.

2.2 NED Appraisal Update

Appraisals scheduled for Ann Stanley, Richard Mills and Cllr Olivia Blake were postponed to allow issues raised by the Lead Governor to be discussed and addressed. The appraisals will now be scheduled to take place by the end of January 2019.

Action: CoG is asked to note this update

2.3 Extension of the Terms of Office of Ann Stanley and Richard Mills

Because of the impact of the postponement of their appraisals, CoG agreed at its meeting of 18 October 2018 to extend the terms of office for Ann Stanley and Richard Mills to 31 December 2018. A further extension was proposed detailed in a paper received by NRC at its meeting of 23 November 2018. It provided a rationale for the extension, identifying the following:

- Sufficient time needs to be provided for appraisals to take place and the outcomes known;
- The Board must continue to be properly constituted in line with the Trust's constitution;
- The integrity and business of the Board must not be compromised because it is not properly constituted;
- Year-end oversight and scrutiny of the Trust's internal systems of control and accounts undertaken by the Audit Committee should not be compromised due to the lack of a suitably qualified Audit Chair (Ann Stanley);
- Oversight and scrutiny of the Trust's project and financial developments should not be compromised through the lack of a Finance, Information & Performance Committee Chair
- The crucial year-end work of the Audit Committee is completed by the end of May each year.

It is therefore unanimously proposed by NRC, for CoG approval, that the terms of office of Ann and Richard are extended for five months until 31 May 2019 to ensure this work is not compromised.

Should the outcome of Ann and Richard's appraisals be positive and NRC recommend their reappointment to CoG, in order to remain within the tenet of the NHS Foundation Trust Code of Governance, paragraph B.7.1 which stipulates that anything beyond two terms "could be relevant to the determination of the non-executive's independence", it would be recommended that the tenure of their second term is reduced by six months to maintain the integrity of two four-year terms. However, this will be a matter for discussion and agreement at a future CoG.

Action: CoG is asked to approve NRC's recommendation to further extend Ann and Richard's terms of office until 31 May 2018.

2.4 Recommendation to Appoint Richard Mills as Vice Chair

In accordance with paragraph 28.1 of the [Trust's Constitution](#), "the Council of Governors (CoG) at a general meeting of the Council of Governors shall appoint one of the Non-Executive Directors (NED) as a Vice Chair."

Following the end of the term of office of the previous Vice Chair on 31 March 2018, the Chair informed Council at its meeting of 26 April 2018 that over the following six

months a review of NED skills would be undertaken with a view to identifying a substantive Senior Independent Director (SID) and Vice Chair.

This has now been completed and the Chair recommended to NRC Richard Mills to be appointed as Vice Chair. Mr Mills has been a NED since 1 December 2015 and during that time has become a skilled Chair of the Finance, Information and Performance Committee (FIPC) and the NED lead for Emergency Planning. As part of his appraisal, the Board and CoG were asked for their views on Mr Mills' skills and performance. Both Executives and Governors valued his knowledge of the Trust and the relationship he has developed with both. These skills, along with the considerable chairing experience of Mr Mills acquired over his career, provides assurance he is suitably qualified to undertake the role of Vice Chair.

NRC accepted the Chair's recommendation and commend it to CoG for approval.

Action: CoG is asked to approve the appointment of Richard Mills as Vice Chair.

2.5 Appointment of an Associate Non-Executive Director (NED)

At the CoG held on 26 July 2018 the Trust detailed its proposal to join the Association of UK University Hospitals subject to the appointment of an Associate NED. The role of the Associate NED is not that of a statutory director and therefore the individual does not hold office at the Trust. The position does not confer voting rights and does not count to the quorum of the Board.

The position is not subject to an open recruitment process as an individual must be nominated by the University of Sheffield. However, the individual is subject to the same requirements as any board member. The University proposed Professor Brendan Stone and an interview took place on 9 November 2018 led by the Chair and including the Executive Medical Director, Lead Governor and Cllr Olivia Blake.

Professor Stone has a long history with the Trust being one of the first service user governors following the Trust's authorisation in 2008. His current commitments and interests include:

- National Teaching Fellow of the Higher Education Academy
- Founder Director, Storying Sheffield (www.storyingsheffield.com)
- Senior Fellow, The Institute for Mental Health
- Co-Chair, NHS England Strategic Oversight Group for programme on Use of Restrictive Interventions in NHS Commissioned Health Care
- Co-Chair, Service-User Engagement Group, Sheffield Health and Social Care NHS Trust
- Academic and Health Science Network Award for Excellence in Patient Experience
- Board Director, Sheffield Flourish

The interview panel were happy that Professor Stone met all the requirements of the role and will be recommending appointment to the Board of Directors at its meeting of 13 December 2018. Once ratified by the Board, all necessary HR processes will be completed and checks necessary to meet the Fit and Proper Persons Requirement. Professor Stone's four-year tenure will commence following successful completion of all checks.

Action: CoG is asked to note the recommendation that will be made to Board on 13/12/18 to appoint Professor Stone as an Associate NED.

3. Next Steps

All necessary actions will be taken and processes completed.

4. Required Actions

On the recommendation of NRC, CoG is asked to:

- (a) note the outcome of the Chair's appraisal and receive NRC's assurance that due process was followed.
- (b) note the update on NED appraisals
- (c) approve NRC's recommendation to further extend Ann and Richard's terms of office until 31 May 2018.
- (d) approve the appointment of Richard Mills as Vice Chair.
- (e) note the recommendation that will be made to Board on 13/12/18 to appoint Professor Stone as an Associate NED.

5. Monitoring Arrangements

It is the responsibility of the Director of Corporate Governance to oversee the governance arrangements relating to the board appointments.

6. Contact Details

For further information, please contact:

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