

## Council of Governors: Summary Sheet

28<sup>th</sup> July 2016  
Item No 11b

**Title of Paper:** To seek approval to amend the terms of appointment and tenure for the Local Authority NED

**Presented By:** Jill Dentith, Interim Board Secretary

**Action Required:**

<b>For Information</b>	<input type="checkbox"/>	<b>For Ratification</b>	<input type="checkbox"/>	<b>For a decision</b>	<input checked="" type="checkbox"/>
<b>For Feedback</b>	<input type="checkbox"/>	<b>Vote required</b>	<input type="checkbox"/>	<b>For Receipt</b>	<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 acquisitions, mergers, separations and dissolutions	
Jointly approving changes to the trust's constitution with the Board	
Expressing a view on the Trust's 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?

The Council of Governors is required to decide on the terms and conditions of service for Non-Executive Directors and any amendments to them.

**Author of Report:**

Jill Dentith

**Designation of Author:**

Interim Board Secretary

**Date:**

July 2016

## SUMMARY REPORT

**Report to:** Council of Governors  
**Date:** 28<sup>th</sup> July 2016  
**Subject:** Implications of termination of Section 75 agreement between SHSC and Sheffield City Council in relation to the terms of appointment and tenure of the Local Authority NED  
**From:** Jill Dentith, Interim Board Secretary

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### 1. Purpose

The purpose of this paper is to explain the implications of the termination of the Section 75 agreement between Sheffield Health and Social Care NHS Foundation Trust (SHSC) and Sheffield City Council both in contractual and governance terms and to seek approval from the Council of Governors to amend the terms and conditions of appointment of the Local Authority Non-Executive Director as a result.

### 2. Summary

#### 2.1 Background

SHSC currently have a Section 75 agreement with Sheffield City Council (SCC) for the provision of social work service for mental health. This agreement is due to end on 31 July 2016.

#### 2.2 Governance issues

The S75 agreement is specifically referenced in a number of Trust governance documents including the constitution, Terms of Reference for the Nomination and Remuneration Committee and standing orders. A separate paper will be shared with CoG regarding these issues.

#### 2.3 The “special relationship” between the Trust and the Local Authority

It is understood that with the establishment of the Care Trust in 2003 a much closer working and organisational relationship was established between the Trust and the Local Authority. This included the hosting of staff employed by SCC who were deployed to work with the Trust to provide social care functions, use of the SCC logo on the Trust’s stationery and the appointment of a member of SCC to act as a non-executive director on the Trust Board.

For information the current SCC nominated non-executive director’s letter of appointment states that should the S75 agreement comes to an end his term of office will also end at that point.

It should be noted that having an SCC nominated non-executive director on the Trust Board has been viewed as extremely valuable and Executive Directors Group (EDG), Board and NRC were particularly keen to look at effective ways of continuing that relationship despite the ending of the S75 agreement.

#### 2.4 Moving forward

With the ending of the S75 agreement and the increasing partnership relationships that the Trust has with both Sheffield City Council and other organisations including Primary Care Sheffield, South Yorkshire Housing Association et al it is opportune to review the governance arrangements, partnership arrangements and agree a way forward.

#### 2.5 Possible NED options to consider

The list below is not exhaustive but considers a number of options relating to the NED position:

- 2.5.1 Note that current LA nominated NED arrangements end with the S75 agreement but recommend to NRC and CoG that the LA NED is re-appointed until 31<sup>st</sup> October 2017.
- 2.5.2 Enact the letter of appointment which states that the LA nominated NED agreement ends with the ending of the S75 agreement and appoint another independent NED.
- 2.5.3 Enact the letter of appointment which states that the LA nominated NED agreement ends with the ending of the S75 agreement and appoint another partner NED.
- 2.5.4 Reduce the number of NEDs on the Trust Board, however, this would require a reduction of the number of Executives on the Trust Board to ensure they non-executive majority

### **3. Next Steps**

The Constitution and Terms of Reference for NRC will be amended to remove any reference to S75 and updated to ensure an appropriate fit around any new governance arrangements agreed.

EDG (5 May 2016), Trust Board (13<sup>th</sup> July 2016) and NRC (20 July 2016) met to discuss this issue. NRC's recommendation to CoG is to seek approval to terminate the current agreement, due to end on 3<sup>rd</sup> January 2019, and issue a new agreement which will end on 31<sup>st</sup> October 2017, in line with the Finance NED appointment. However, NRC have requested that a more detailed piece of work be undertaken to look at NED succession planning to be brought to the November 2016 Council of Governor meeting.

### **4. Required Actions**

On the recommendations of the Trust Board and NRC, the Council of Governors is asked to:

- Approve option 2.5.1 noting that current SCC nominated NED arrangements end with the S75 agreement but recommend to CoG that an appointment is made until 31 October 2017, in line with the Finance NED appointment. However, CoG should note that board succession planning and its overall composition will be subject to a detailed review which will be considered by NRC in October and which may result in approval being sort from CoG for a further change to Cllr Bramall's term.

### **5. Monitoring Arrangements**

Progress will be reported to EDG, Board and COG.

### **6. Contact Details**

Jill Dentith, Interim Board Secretary