

OPEN BOARD OF DIRECTORS January 2017

Item 12

TITLE OF PAPER	Non-Executive Director Succession Plan
TO BE PRESENTED BY	Jayne Brown OBE, Chair
ACTION REQUIRED	To recommend key skills required to the Nomination & Remuneration Committee

OUTCOME	The Board will have fulfilled its obligation under paragraph B.2.c of the NHS FT Code of Governance by satisfying itself that plans are in place for orderly succession for appointments to the board and paragraph B.2.7 of the Code of Governance, giving its views on the skills and experience required of NEDs to NRC and the Council of Governors.
TIMETABLE FOR DECISION	11 th January 2017
LINKS TO OTHER KEY REPORTS/ DECISIONS	
BAF OBJECTIVE No and TITLE	
LINKS TO THE NHS CONSTITUTION & OTHER RELEVANT FRAMEWORKS BAF, RISK, OUTCOMES ETC	SHSC Constitution, NHS FT Code of Governance, Well-led Framework for Governance Reviews
IMPLICATIONS FOR SERVICE DELIVERY & FINANCIAL IMPACT	The Board must be sufficiently constituted to ensure that it has the skills and capability to lead the organisation
CONSIDERATION OF LEGAL ISSUES	n/a

Author of Report	Sam Stoddart
Designation	Deputy Board Secretary
Date of Report	December 2016

SUMMARY REPORT

Report to: Board of Directors

Date: 11th January 2017

Subject: Succession Planning & Remuneration - Non-Executive Directors

From: Margaret Saunders, Director of Corporate Governance (Board Secretary)

1. Purpose

To comply with the NHS Foundation Trust Code of Governance paragraphs B.2.c and B.2.7 to ensure that 'plans are in place for orderly succession for appointments to the board, so as to maintain an appropriate balance of skills and experience within the NHS foundation trust and on the board' and for the Council of Governors to 'take into account the views of the board of directors and nominations committee on the qualifications, skills and experience required for each (NED) position.'

2. Summary

2.1 Background

The issue of succession planning for NEDs has been discussed over a period of time at both the Nomination & Remuneration Committee (NRC) and the Council of Governors. It was agreed at the September 2016 Council meeting, in addition to extending the terms of office of Sue Rogers and Mervyn Thomas for one year in the interests of board continuity, that NRC would develop a suitable succession plan and present its recommendation to Council in November 2016.

NRC met on 11th November and debated a succession plan which would enable the Board to retain organisation memory, maintain skills and provide a necessary refresh in a measured and methodical way. This plan was presented to and agreed by the Council of Governors at its meeting on 24th November 2016.

2.2 Board Succession Plan

As 2017 sees the end of term for four NEDs, consideration was required regarding the timescales for appointment to maintain the skills and knowledge to ensure a resilient and future-proof Board. In order to achieve this, the Council of Governors agreed to the following:

- a) To provide a 1 year and 1 month extension for Ann Stanley making her first term four years and a month with an end date aligned with the end date of Richard Mills (30/11/2018).

- b) Align Cllr Bramall's end date with Richard Mills (30/11/2018) which brings his term of office within six weeks' of its original end date.

The Council of Governors also approved an appointment cycle of:

- (2017) First year: 2 appointments
- (2018) Second year: 3 appointments
- (2019) Third year: no appointments
- (2020) Fourth year: 1 appointment (chair)

2.3 Remuneration

The remuneration level of NEDs has remained static since 2009. At its meeting of 11th November, NRC discussed benchmarking data produced by NHS Providers and compared SHSC remuneration levels with similar Trusts. It recommended to and was approved by the Council of Governors on 24th November 2016 that all NEDs should receive an uplift to bring remuneration levels in line with the national average of £12,688. This will be effective from 1st April 2017.

In addition to basic remuneration levels, NRC discussed the uplifts that are given to specific NED roles in the majority of other similar Trusts in acknowledgement of the additional duties that are required within those roles. The primary roles where uplifts are provided are those of Vice Chair, Senior Independent Director (SID) and Audit Committee Chair.

NRC debated and recommended to the Council of Governors (duly approved) that both the Vice Chair and Audit Committee Chair NED roles should receive a £2k uplift aligning them with the Senior Independent Director effective 1st April 2017.

2.4 Time Commitment

NRC discussed the importance of providing a realistic basis of the number of days NEDs are required to undertake for the role. National benchmarking shows the average as 4.1 days per month. NRC acknowledged that identifying the number of days was an inexact science and that people who undertook the roles accepted the advertised number of days was guidance only.

2.5 NED skills and experience

The process for appointing to the positions currently held by Mervyn Thomas and Sue Rogers will begin at the end of January 2017 at the next NRC meeting. As is required by the Code of Governance, the Committee (and CoG) must have due regard to the Board of Directors' view on the skills and experience required of the NEDs. The current job description and person specification is attached (Appendix A).

3. Required Actions

The Board is asked to consider the skills and experience required of the two NED positions, which commence 1st December 2017, that will support the NEDs in holding the Board to account for the performance of the Trust and in achieving its strategic objectives. It will also recommend to NRC any amendments or additions to the job description and person specification as required.

4. Next Steps

Board's recommendations will be taken the NRC taking place on 27th January 2017. NRC will consider Board's recommendations and in turn present the job description and person specification to the Council of Governors at its 23rd February 2017 meeting for approval.

5. Monitoring Arrangements

All NED appointments and remuneration are monitored on behalf of CoG by NRC and will be done so annually.

6. Contact Details

Margaret Saunders
Director of Corporate Governance (Board Secretary)

Role Profile: Non-Executive Director

Role Summary

Non-Executive Directors are responsible for providing appropriate oversight, governance and leadership to Sheffield Health and Social Care ('SHSC') NHS Foundation Trust in the pursuit of its strategies to provide effective and high quality health and social care services. Non-Executive Directors should scrutinise the performance of the Trust's Executive Management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves as to the integrity of financial, clinical and other information and that financial and clinical quality controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing and where necessary, removing Executive Directors and in succession planning.

Main duties and responsibilities

Strategy

- Establishing clear objectives to deliver the agreed plans and strategy to meet the Terms of Authorisation and regularly review performance against those objectives
- Ensuring the effective implementation of Board of Directors decisions by the Chief Executive and the Executive Management Team
- Holding the Chief Executive to account for the effective management and delivery of the organisation's strategic aims and objectives
- Ensuring the long term sustainability of the Foundation Trust
- Analysing and contributing positively to the strategic development of long term healthcare plans for the community
- Leading in the discussions on the strategic development of the Foundation Trust
- Providing vision to the Foundation Trust to capitalise on the freedoms it enjoys as a result of its status as a Foundation Trust
- Contributing to constructive debate regarding the strategic development of the Foundation Trust and any other material and significant issues facing the organisation
- Building and maintaining close relations between SHSC NHS Foundation Trust's constituencies and stakeholder groups to promote the effective operation of the Trust's activities
- Ensuring the Board of Directors sets challenging objectives for improving performance and
- Ensuring that strategies and actions approved by the Board of Directors are implemented effectively by the Chief Executive and the Senior Management Team

Compliance

- Ensuring that the Foundation Trust complies with its Terms of Authorisation, the Constitution and any other applicable legislation and regulations
- Maintaining mandatory services and retaining protected property as defined in the Terms of Authorisation
- Maintaining the Trust's financial viability, using resources effectively, controlling and reporting on financial affairs in accordance with the requirements set out by Monitor, the Independent Regulator of NHS Foundation Trusts
- Ensuring the best use of financial and other resources in order to maximise effective treatment of patients
- Ensuring that financial controls and systems of risk management are robust and that the Board of Directors is kept fully informed through timely and relevant information
- Participating in the appointment of the Chief Executive and other senior staff, as appropriate
- Working with commissioners of health and/or social care services to ensure the effective delivery of services commissioned through contracted arrangements
- With the assistance of the Foundation Trust Company Secretary, promoting the highest standards of corporate and clinical governance in compliance with the NHS Foundation Trust Code of Governance and other regulatory requirements and best practice, where appropriate
- Upholding the values of the Foundation Trust by example and to ensure that the organisation promotes equality and diversity for all its patients, staff and other stakeholders
- Promoting equality of opportunity and human rights in the treatment of all staff and patients
- Ensuring the Foundation Trust meets its commitment to patients and targets for treatment and
- Ensuring that SHSC NHS Foundation Trust establishes and maintains the highest standards of clinical and environmental hygiene to ensure robust infection control standards
- Ensuring that the Board of Directors complies with its responsibilities to give due regard to the NHS Constitution in its decisions and actions

Board activities

- Participating fully in the work of the Board of Directors, ensuring the corporate responsibilities of the Board of Directors are fully discharged
- Attending and possibly chairing committees of the Board of Directors
- Working corporately with other Non-Executive and the Executive Directors of SHSC NHS Foundation Trust
- Liaising and co-operating with the Council of Governors and having due regard of their opinions, as appropriate
- Participating in any Board induction, training and evaluation identified for the Director as an individual and as part to the Board or Committee

- Working with the Senior Independent Director on the annual performance evaluation of the Chair, in line with the process agreed by the Council of Governors' Nominations and Remuneration Committee (the 'NRC') and ensuring that the Senior Independent Director reports back to the NRC or the Council of Governors as appropriate, and
- Undergoing an individual and Board performance appraisal and attending any additional training highlighted as a result of the evaluation process

Miscellaneous

- Uphold the highest standards of integrity and probity, adhering to the Nolan Principles (*'The Seven Principles of Public Life' including: selflessness, integrity, objectivity, accountability, openness, honesty and leadership*)
- Ensuring the Foundation Trust promotes equality and diversity for all its patients, staff and other stakeholders
- Safeguarding the good name and reputation of the Trust and
- Acting as a Trustee of charitable funds, where appropriate

Person specification

Part One: Experience and Background (to be addressed by application):

<ul style="list-style-type: none">• Recent board or equivalent senior managerial level experience gained in an NHS Foundation Trust or a comparable large complex organisation
<ul style="list-style-type: none">• Clinical or allied health professional background (desirable)
<ul style="list-style-type: none">• Social care background (desirable)
<ul style="list-style-type: none">• Lived experience as a service user or carer (desirable)
<ul style="list-style-type: none">• Sound knowledge of corporate governance
<ul style="list-style-type: none">• Must be a member of the Trust in either the public or service users and carers constituency

Part Two: Knowledge, skills and personal attributes (to be assessed as part of the interview and final selection process)

<ul style="list-style-type: none">• High level of understanding and interest in healthcare issues
<ul style="list-style-type: none">• Ability to understand complex strategic issues, analyse and resolve difficult problems
<ul style="list-style-type: none">• Sound, independent judgement, common sense and diplomacy
<ul style="list-style-type: none">• Highly developed interpersonal and communication skills
<ul style="list-style-type: none">• Proven leadership skills
<ul style="list-style-type: none">• Politically astute, with the ability to grasp relevant issues and understand relationships between interested parties
<ul style="list-style-type: none">• A commitment to uphold the NHS Constitution and principles of good governance applicable to NHS Foundation Trusts
<ul style="list-style-type: none">• Sufficient time and commitment to fulfil the role
<ul style="list-style-type: none">• Such other qualifications and expertise as may be required