

Council of Governors: Summary Sheet

Title of Paper:

Presented By:

Action Required:

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

To which duty does this refer:

Holding non-executive directors individually and collectively to account for the performance of the Board	X
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?

Annex 7 of the Trust's Constitution, Council Standing Orders paragraph 10.5.1 requires NRC, on behalf of the Council to monitor the performance of the Chair and other NEDs

Author of Report:

Designation:

Date:

SUMMARY REPORT

Report to: Council of Governors

Date: 26 July 2018

Subject: Revised Non-Executive Director (NED) Appraisal Process

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</i>	<i>Other (please state below)</i>
x					

2. Summary

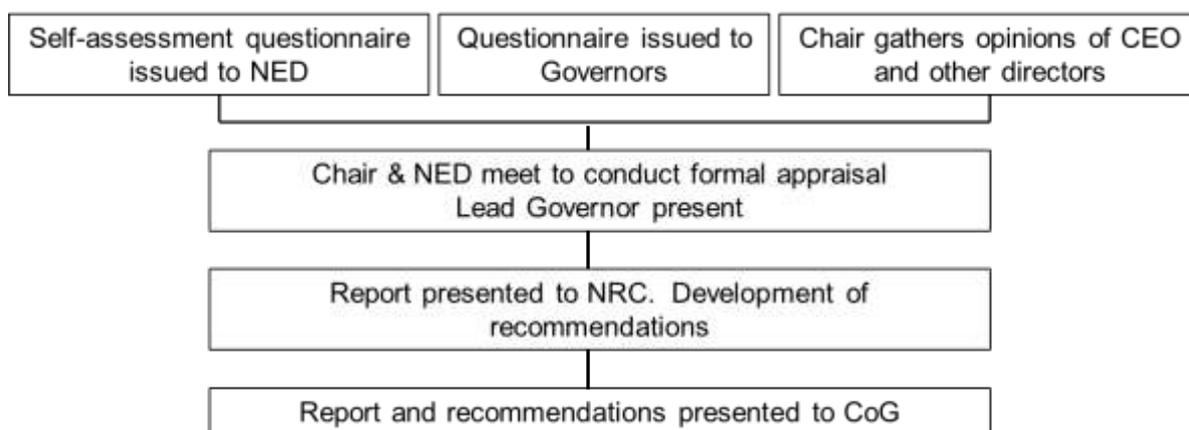
Annex 7, Standing Orders of the Council of Governors of the Trust's constitution, paragraph 10.5.1 requires the Nomination & Remuneration Committee (NRC), on behalf of the Council of Governors (CoG), to monitor the performance of the Chair and other Non-Executive Directors (NEDs). In order to do this a NED appraisal process, approved by CoG following the Trust's authorisation, has been employed since 2009.

CoG delegates responsibility to NRC to establish a robust appraisal process for NEDs subject to CoG approval.

It is the responsibility of the Chair to lead on the appraisal process for NEDs as described in ['Your Statutory Duties: A Reference Guide for NHS Foundation Trust Governors'](#) (page 36).

On 23 May 2018 NRC met to discuss a proposal to amend the Trust's constitution to allow for the reappointment of NEDs subject to positive appraisal. Robust and detailed discussion took place with NRC agreeing by a majority view to recommend the proposal to CoG. However, Committee members agreed that in order to qualify this proposal, a comprehensive review of the NED appraisal process should be undertaken so that sufficient assurance could be provided regarding NED performance.

NRC therefore met again on 22 June 2018 to consider the Trust's appraisal process and compare it to a number of other Trusts as well as consider it in the context of the NHS Leadership Model. Below is an illustration the current process employed by the Trust.



As part of the review, NRC undertook a review and comparison of the documentation of eight NHS Trusts and compared the level of involvement of their governors in the appraisal process.

NRC agreed the current process, whilst demonstrably more inclusive than many other NHS Trusts, could be further improved if a more qualitative and reflective approach was adopted and the involvement and engagement of governors increased. The latter included a revision of the questionnaire submitted to governors to enable a narrative response including the option to complete the questionnaire electronically, and the inclusion of another governor in addition to the Lead Governor in the appraisal itself. It was agreed that training should be provided to governors involved in the appraisal.

A small task group of NRC members including Richard Mills, who was co-opted, met to begin the update process by incorporating key points made by NRC and reviewing the process and paperwork in its entirety. It presented its suggestions to NRC members for their comments which included a revision of the NED self-assessment and the governor questionnaire.

In summary, CoG is asked to note the following amendments to the process:

- The Lead Governor remains a key individual in the process
- There will be a further one or two governors, in addition to the Lead Governor, involved in the appraisal itself
- A transparent process will be adopted to identify additional governors to be involved in the appraisal
- Governors involved in the appraisal will receive training
- The appraisal report for each NED is the responsibility of the Chair, however input will be sought from governors who attend the appraisal
- Questions for governors have been amended to allow a more qualitative and narrative response in order to make inclusion in the process easier
- Questionnaires will be available for completion either through an online survey, by email or by post

3. Next Steps

The appraisal process is presented in Appendix A but is still in draft form and will be subject to further amendments to reflect NRC discussion. CoG is therefore asked to approve the draft appraisal process in principle to allow NRC time to finalise the documentation. Once finalised NED appraisals will commence in September 2018

for presentation to NRC and CoG in October 2018. It is anticipated that the new appraisal process will be evaluated after its first application in order to establish whether further improvements can be made.

4. Required Actions

On the recommendation of NRC, CoG is asked to approve in principle the revised draft appraisal process.

5. Monitoring Arrangements

It is the responsibility of the Trust Chair to ensure that all NEDs receive an annual appraisal. It is the responsibility of CoG to ensure effective appraisal of the Chair and NEDs.

6. Contact Details

For further information, please contact:

Margaret Saunders,

Director of Corporate Governance (Board Secretary)

Email: Margaret.Saunders@shsc.nhs.uk



Appendix A



Non-Executive Director Appraisal

Annual Review 2018/19

- Part A – Self Evaluation Sheet
- Part B – Performance Review
- Part C – Chair Evaluation
- Part D – Governor Questionnaire
- Part E – Board Questionnaire

Name:

Date:.....

Non-Executive Director Appraisal System

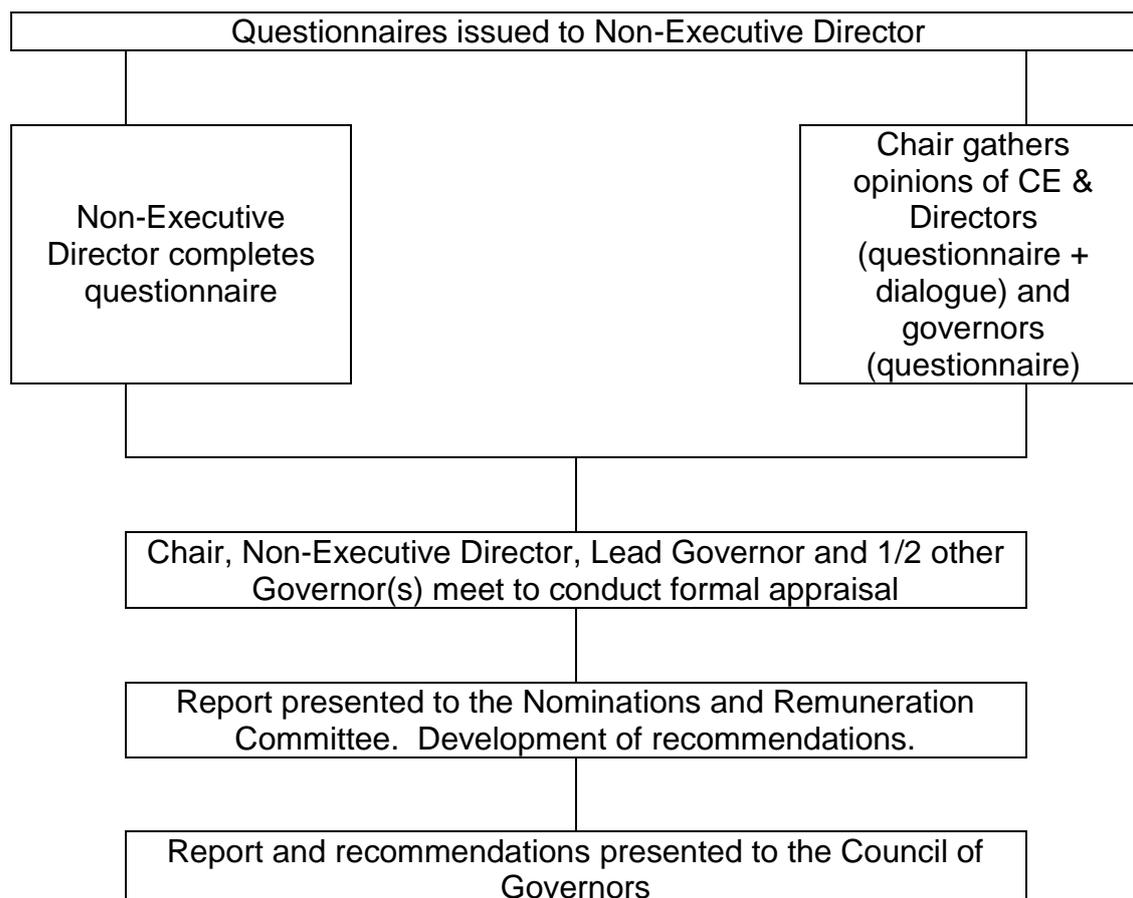
The appraisal system for Non-Executive Directors (NEDs) consists of three parts. Part A is to be completed by the Non-Executive Director, parts B and C should be completed by the Non-Executive Director with the Chair.

Before the appraisal takes place the Chair may seek the views of the Chief Executive and Executive Directors.

The completed appraisal (part B and C) is submitted to the Nominations and Remuneration Committee for review and recommendations.

The timetable for the appraisals requires them to be undertaken at the anniversary dates of the Non-Executive Directors appointment. The process includes the identification of any training needs.

Diagram of Process



What have you found most frustrating over the past year and why?

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What are your priorities for the coming year (what needs to be done)?

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Part B – Non-Executive Director Performance Review

Name:		
Review Date:		
Conducted by:		
Present:		
Present:		
Date of first appointment:		
Current appointment dates	From:	To:
Period of Assessment	From:	To:
Position Held	Board Member	<input type="checkbox"/>
	Vice Chair	<input type="checkbox"/>
	Senior Independent Director	<input type="checkbox"/>
	Audit Chair	<input type="checkbox"/>
Board Meetings	Attended	out of

Board Sub-Committee Membership

- 1.....
- 2.....
- 3.....
- 4.....

Please indicate whether anyone else has been consulted when preparing this review

.....

Please complete initially for discussion with Chair. Please use examples where possible.

Attendance and commitment: board meetings and additional committees/working groups			
Inadequate	Requires Improvement	Good	Outstanding

Understanding and preparedness: knowledge of Trust priorities and key issues and knowledge of the NHS context			
Inadequate	Requires Improvement	Good	Outstanding

Contribution to standards of probity, integrity and governance: establishing and maintaining the Trust's values and standards

Board Performance: team working, ability to constructively challenge and use independent judgement to monitor performance and conduct of management.

Inadequate	Requires Improvement	Good	Outstanding

Strategic Contribution: impact on vision, performance, resources and standards of conduct.

Committee performance: contribution and engagement			
Inadequate	Requires Improvement	Good	Outstanding

Other Performance: internal communications, event and activities; external communications, events and activities; other events and activities (ambassador role)

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Inadequate	Requires Improvement	Good	Outstanding
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Training completed during review period

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Where do you think you could have improved your Board effectiveness and how might you achieve the necessary improvement?

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Do you think your behaviours actively support the cultures and behaviours of the Trust?

**Part C - Overall evaluation of Non-Executive Director
Performance
CHAIR AND NOMINATION COMMITTEE MEMBERS
ONLY**

Has the Non-Executive Director's performance been satisfactory during the period?

YES / NO

Overall Assessment of Performance

Inadequate Requires Improvement Good Outstanding

Reasons for Assessment

Subsequent actions which have arisen from the appraisal process

Comments of the Non-Executive Director on the review process

Development Needs	Agreed Actions	Timescales

Objectives for Coming Year
1. 2. 3. 4. 5.

Resource Requirements

Signature of Non-Executive Director	Signature of Chair
Date:	Date:

Part D – Non-Executive Director Performance Review Governor Questionnaire



**NED
PHOTO**

What is your view of NED NAME

When answering this question, please think about how they have demonstrated their knowledge of the Trust, of Board business, how they have demonstrated the challenge they bring to the Board and how they demonstrate the Trust's values. Where possible, please provide examples to support your statements.

How would you describe the relationship that NED NAME has with Governors?

When answering this question consider how effectively they communicate with and listen to governors and give examples where possible.

Part E – Non-Executive Director Performance Review Board Questionnaire

	<p>What is your view of NED NAME</p> <p>When answering this question, please think about how they have demonstrated their knowledge of the Trust, of Board business, how they have demonstrated the challenge they bring to the Board and how they demonstrate the Trust's values. Where possible, please provide examples to support your statements.</p>
<p>What do you consider NED NAME main contribution(s) to the Board over the past year</p>	