

Council of Governors: Summary Sheet

Title of Paper: Recommendation from NRC on two NED Appointments

Presented By: Jayne Brown OBE, Trust chair

Action Required:

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

It is the responsibility of governors to appointment Non-Executive Directors.

Author of Report: Sam Stoddart

Designation: Deputy Board Secretary

Date: February 2019

Council of Governors

Date: 28 February 2019 Item : 6b

Subject: NRC recommendation for the appointment of Non-Executive Directors

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

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					

To consider NRC's recommendation for the appointment of two NEDs.

2. Summary

The appraisals of Ms Ann Stanley and Mr Richard Mills took place on 25 and 30 January 2019 respectively. Both performances were rated outstanding as detailed in paper 6a presented today.

The outcome of the appraisals was discussed in detail by the Nomination & Remuneration Committee at its meeting of 8 February 2019 as well as the two options for appointment which are detailed below. NRC acknowledged the particular skills set that both Ms Stanley and Mr Mills possess which are highly valued by the Trust and which provide assurance of good governance and oversight during a critical period of development for the organisation.

Specifically Ms Stanley is a qualified accountant who has successfully chaired the Trust's Audit Committee and brings to bear a wealth of financial experience that ensures robust scrutiny of the Trust's systems of internal controls.

Mr Mills has significant experience of capital developments which is invaluable to the Trust at this time of capital expansion.

Their combined experience and knowledge is an asset to the organisation and the Board is considered a stronger entity with them as members.

With all these factors duly considered, it was the agreement of NRC by a majority of 5 to 1 to recommend option 1, the reappointment of Ms Stanley and Mr Mills for Council's approval.

2.1 Appointment Options

Option 1 – Reappointment to a second term of office

Based on positive performance, the Trust's constitution allows for NEDs to be reappointed (Annex 7, Council of Governors Standing Order, Paragraph 10).

Given that both Ms Stanley and Mr Mills have demonstrated performance above the expected level, it is NRC's recommendation to Council that they should be reappointed for a second term of office.

CoG has determined that NED terms of office are set at four years and the NHS Foundation Trust Code of Governance provision B.7.1 stipulates that anything beyond two terms "could be relevant to the determination of a non-executive's independence". As a number of temporary extensions have been necessary since their appointments, it is recommended that the terms run until such time as a total of 8 years have been completed.

Ms Stanley commenced at the Trust on 1 November 2014. Her term of office would therefore conclude on 31 October 2022.

Mr Mills commenced at the Trust on 1 December 2015. His term of office would therefore conclude on 30 November 2023.

The benefits of reappointment are many including continuity of board business, continuity of board committee business, significant accountancy experience and experience as an Audit Chair, knowledgeable insight and scrutiny of trust systems of internal control at a time when assurance must be given as to effectiveness, knowledgeable insight and scrutiny of significant developments including capital developments within the Trust, providing assurance that decisions are effective and taken in the best interests of those whom the Trust serves.

Option 2 – Open Recruitment

It remains an option for NEDs to be appointed through an external and open recruitment process. Should the Council determine this as the preferred option, the process would need to commence immediately. A possible timetable for the process would be as follows:

28 February 2019	Recommendation to CoG for open recruitment
March 2019	NRC to convene to discuss and approve an appointment process, confirm job description, person specification and terms and conditions
25 April 2019	CoG to approve appointment process, job description, person specification and terms and conditions
Beginning May 2019	Advertise post for 3 weeks
End May 2019	Short list candidates
Mid June 2019	Presentation to CoG/Board by shortlisted candidates

Late June/early July 2019	Interview candidates
25 July 2019	Recommend candidates to CoG for approval
1 August 2019	Term start date of successful candidates

An additional element which may extend this timeframe is if NRC chooses to opt to employ an external recruitment agency to manage the process. If so, time will need to be included to write a specification, advertise and interview prospective companies.

It will therefore be necessary to seek a further extension to the terms of Ms Stanley and Mr Mills in order to ensure board continuity during the process.

3. Next Steps

Should CoG approve reappointment, necessary HR processes will take place to enact this decision. Should CoG approve an open recruitment process, this will commence immediately.

4. Required Actions

CoG is asked to approve NRC's recommended option 1. To validate this option, 75% of governors present and voting are needed to carry the vote. Should a 75% majority fail to be secured, an open recruitment process will be the default position.

5. Monitoring Arrangements

The Director of Corporate Governance (Board Secretary) has responsibility for oversight of NED appointments under the instructions of the Chair and Council of Governors.

6. Contact Details

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