

COUNCIL OF GOVERNORS' MEETING

12 NOVEMBER 2015

Paper Title:	Non-Executive Director Objectives
Lead Director:	Michael Smith, Chair
Paper Author:	Michael Smith, Chair
Agenda Item:	10
Presented For:	Information

1. PURPOSE OF THIS PAPER:

The purpose of this paper is to provide the Council of Governors with a summary of the 2015/16 objectives for the Chair and each Non-Executive Director (NED).

2. EXECUTIVE SUMMARY:

The Council of Governors' Remuneration Committee considered the Chair and NED objectives at its meeting on 17 September 2015. It was subsequently requested that a copy of these objectives be circulated to all Governors.

The Chair's objectives have been agreed by the Board though a formal 'Division of Responsibility' letter between the Chair and the Chief Executive. The NED objectives have been agreed between the Chair and individual NEDs. NED objectives reflect their general accountabilities of assurance, leading a positive culture and contribution to strategy, operating with greater accountability and independence as a Foundation Trust.

The Council of Governors is asked to note that some roles have been re-assigned due to the resignation of Derrick Palmer and pending his replacement.

Foundation Trust Changes to NED Accountabilities

FT authorisation brings new accountabilities. Whilst the Trust must continue to operate and perform in accordance with the NHS constitution and regulatory standards, constitutionally the Trust is an independent entity within the NHS family, rather than a 'subsidiary' reporting into the NTDA or Department of Health.

To become a Foundation Trust, the Board has had to pass, and must sustain a series of rigorous regulatory tests:

1. Robust and Sustainable Strategy and Plans
2. A Well led Trust with Clear Accountabilities
3. A high performing Quality and Safety Culture

Each NED has had to demonstrate that they are 'fit and proper persons', in terms of personal background and the skills, experience and contribution they bring to the work of the Trust and this will be a continuing requirement.

The FT model brings new freedoms and added accountabilities for NEDs; in particular the new chain of local accountability via the Council of Governors and Trust Membership in shaping services to meet local needs, and freedoms to determine and invest in the development of the Trust and its services.

Principles Underpinning the NED role

Main Principle

As members of a unitary board, NEDs should constructively challenge and help develop proposals on strategy. NEDs should also promote the functioning of the Board as a unitary Board.

Supporting Principles

NEDs should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial 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.

Other Provisions

In consultation with the council of governors, the Board should appoint one of the independent NEDs to be the Senior Independent Director (SID) to provide a sounding board for the chairperson and to serve as an intermediary for the other directors when necessary. The SID should be available to governors if they have concerns that contact through the normal channels of chairperson, Chief Executive, Finance Director or Trust Secretary has failed to resolve, or for which such contact is inappropriate.

The chairperson should hold meetings with the NEDs without the executives present. Led by the SID, the NEDs should meet without the chairperson present, at least annually, to appraise the chairperson's performance, and on other such occasions as are deemed appropriate.

Where directors have concerns that cannot be resolved about the running of the FT or a proposed action, they should ensure that their concerns are recorded in the

Board minutes. On resignation, a director should provide a written statement to the chairperson for circulation to the board, if they have any such concerns.

Committees and Other NED Roles

In addition to their membership of the Trust's Unitary Board, all NEDs have significant Board Committee roles, with formally delegated authority to act on behalf of the Board. Some NEDs also have formal designated responsibilities as Deputy Chair, SID or as NED Champion.

Appendix 1 sets out current NED accountabilities.

NEDs are expected to contribute from their own professional experience and to keep themselves up to date with developments relating to local, regional and national health related matters. This Trust places particular value in NEDs having regular contact with staff and service users and the communities we serve to inform the work of the Board.

NEDs play a crucial role in bringing an independent perspective to the Boardroom, in addition to any specific knowledge or skills that they may have. NEDs including the Chair have particular role in facilitating the council of governors to hold NEDs to account for the performance of the Board of Directors.

Whilst Executive Directors have a professional role, NEDS have the same duties and responsibilities as Executive Directors. They cover all the Board's business, share the Board's collective and individual responsibility for the decisions of the Board, are open to challenge by all Board colleagues and share the same legal liabilities.

Executive directors will naturally be expected to have the most detailed knowledge of their particular business accountabilities, and their objectives will reflect specific plans and deliverables. In comparison, NEDs objectives generally relate to contributions to strategy, effective oversight of performance, assurance and risk through contributions at Board and Committees.

Whilst legislation specifies that governors hold NEDs to account for the performance of the Board, executive directors need to help facilitate good accountability relationships by providing timely information, or participating in dialogue with the Governing Council.

Holding to Account

To hold to account is to receive an account or an explanation and justification for actions taken or not taken; to test the account through questioning, to form a judgement and feedback. Good accountability relationships provide checks and balances to reduce the scope for flawed decision making.

Hence for governors, the outcome they should seek from holding non-exec directors to account is **assurance about the performance of the Board; confidence**

backed by sufficient evidence, that the Board is setting strategy, controlling the Trust, establishing the right culture and delivering accountability.

Holding to account is not the same process as appraisal. NEDs are jointly and severally accountable to Governors for the collective performance of the Board, not their own individual performance. Unlike annual appraisal, holding to account is not a set-piece annual event. Governors will need to use a range of interactions with NEDs and the Board generally to properly hold NEDs to account.

- Overall good relationships are paramount, based on honesty, candour and trust, combined with evidence that NEDs are promoting the trusts values, and supporting a positive culture
- Evidence of appropriate Board challenge, adoption of realistic action plans, attention to key risks, external assurance, and how the Board has intervened to deal with issues of performance would indicate a robust accountability process.

And to demonstrate the chain of accountability from the public to the Board:

- Attending the Council of Governors with sufficient frequency to ensure they understand the views of Governors on the key strategic and performance issues facing the Trust.
- Holding a continuing dialogue with the Council of Governors, by sharing the work of the Board and its Committees and their own priorities in contributing to delivering the Trust's strategic objectives, high level financial and operational performance.
- Taking into account the views of governors and other members to gain a wider perspective on the Trust.
- Ensuring that the Board is aware of feedback from the views and work of the Council of Governors.

3. RECOMMENDATIONS

The Council of Governors is asked to:

- note the objectives of the Chair and Non-Executive Directors.
- note the re-assignment of Committee roles.
- endorse the appointment of Mr Rob Vincent CBE as Senior Independent Director.

Appendix 1 - Board & Committee Roles (From 8 November 2015)

	Board	Board Nominations Committee	Audit Committee	Quality & Safety Committee	Finance, Business & Investment Committee	Mental Health Legislation Committee	Charitable Funds Committee	Board Remuneration Committee
Chair	M Smith	M Smith	<i>D Banks</i>	S Butler	<i>R Vincent</i>	R Coyle	<i>N Mirza</i>	M Smith
Deputy	R Vincent	R Vincent	Sue Butler	N Mirza	R Coyle	N Mirza	R Coyle	R Vincent
Member	All	All	<i>Vacant*</i>	<i>Vacant*</i>	D Banks	R Vincent	<i>D Banks</i>	N Mirza R Coyle

New assignments in *italics*

*Trust Chair will cover vacant posts in the interim pending NED recruitment

Other Roles

Senior Independent Director - *R Vincent*

'Whistle Blowing' Champion – S Butler

Board Health & Safety Champion – R Coyle

Board Inclusion Champions – N Mirza, M Smith

Appendix 2 - Chair and Non-Executive Objectives

Michael Smith - Chair's Objectives	2015/16 Outcomes
<p>1. Ensure the Board has a clear view of the important strategic and operational issues facing the Trust and devotes proper time and consideration to these priorities.</p> <p>2. Ensure the new Council of Governors is well organised, supported and engaged in informing and addressing these priorities.</p>	<p>Agendas focussed on the important strategic and operational issues facing the Trust at the right level/time for effective contribution.</p> <p>Board and the Council of Governors understand their respective roles, discharge responsibilities appropriately and work together constructively.</p> <p>Effective, open communications between the Board and CoG.</p> <p>Board and CoG members feel that their combined contribution is adding value.</p>
<p>3. Ensure an effective stakeholder engagement strategy and plan is maintained in support of the Trust's priorities.</p> <p>4. Lead the programme of engagements at local, regional and national level.</p>	<p>Positive stakeholder engagement strategy and processes.</p> <p>Learning and insights from stakeholder engagements inform plans and priorities.</p>
<p>5. Ensure a robust, effective process is maintained to ensure compliance with the Trust's licence conditions.</p>	<p>Oversight/foresight and assurance of strategic and operational risks</p> <p>Monitoring of the current work and performance of the Trust, its longer term plans and sustainability.</p> <p>Accurate, timely information regulatory bodies and stakeholders.</p>
<p>6. Ensure that the Board and the CoG devote appropriate time to their own development, the Board maintains an appropriate skill mix and CoG membership remains representative. Chair Board Nominations & Remuneration Committees.</p>	<p>A high performing Board An informed and proactive CoG. Board and CoG and its individual members operating in accordance with the NHS constitution and the Trust's own values.</p>

David Banks - Objectives	2015/16 Outcomes
<p>Chair - Audit Committee. Ensure that the committee provides robust assurance in context of Monitor's regulatory requirements, current and emerging risks, IBP and the transformation programme, and the learning from Francis and other inquiries.</p>	<p>Appropriate assurance to the Board regarding key areas of governance:</p> <ul style="list-style-type: none"> • Risk management and internal control • Internal and external audit • Counter fraud • Financial reporting <p>Constructive relationships with external and internal auditors. Abreast of best audit practice through links with other audit providers.</p> <ul style="list-style-type: none"> • Future arrangements for the appointment of auditors agreed with Council of Governors.
<p>Member – Finance Business & Investment Committee Member – Charitable Funds Committee Member – Board Nominations Committee</p>	<p>Contribution to Foundation Trust monitoring & assurance through active membership of designated committees and roles.</p>
<p>Contribution to Strategy (all NEDs) Keep up to date with national, regional and local developments relevant to the work of the Trust. Contribute to the Board's foresight and definition of the Trust's strategic opportunities, challenges, priorities and agenda</p>	<p>Contribution shaping and agreeing Foundation Trust strategy drawing on professional Commercial, Financial background. Engagement with and awareness of Stakeholder views/plans, opportunities, risks and trends.</p>
<p>Contribution to Unitary Board Oversight and Governance (all NEDs) Critical friend to the Exec and Board. Contact with Trust services, staff and service users. Engagement with the Council of Governors.</p>	<p>Contribution to Board as a critical friend. Participation in Board visits, workshops and events. Good relationships/Dialogue with CoG regarding Committee/NED work.</p>

Dr Sue Butler - Objectives	2015/16 Outcomes
<p>Chair - Quality and Safety Committee Ensure that the committee:</p> <ul style="list-style-type: none"> • achieves its objectives (as set out in its Terms of Reference) during 2015/16; • streamlines and strengthens the Quality and Safety assurance process (including quarterly reporting to Monitor); • provides support and assurance to the Board as set out in its objectives and as directed by the Board from time to time. 	<p>Appropriate assurance to the Board regarding key areas of governance:</p> <ul style="list-style-type: none"> • achievement of quality, safety and access goals and standards • Quality and Safety governance processes • Safe Staffing • Quality and Safety aspects of business transformation • Reporting and Learning from incidents and complaints • Links with professional councils <p>Review of QAS committee business (including learning from a peer review).</p>
<p>Member – Audit Committee Member – Board Nominations Committee</p>	<p>Contribution to Foundation Trust monitoring & assurance through active membership of designated committees and roles.</p>
<p>Contribution to Strategy (all NEDs) Keep up to date with national, regional and local developments relevant to the work of the Trust. Contribute to the Board’s foresight and definition of the Trust’s strategic opportunities, challenges, priorities and agenda</p>	<p>Contribution to shaping and agreeing Foundation Trust Practice drawing on professional Medical/Medical Leadership background. Engagement with and awareness of Stakeholder views/plans, opportunities, risks and trends. Contribution to shaping Trust Strategy.</p>
<p>Contribution to Unitary Board Oversight and Governance (all NEDs) Critical friend to the Exec and Board. Contact with Trust services, staff and service users. Engagement with the Council of Governors.</p>	<p>Contribution to Board as a critical friend. Participation in Board visits, workshops and events. Good relationships/Dialogue with CoG regarding Committee/NED work.</p>

Rob Vincent CBE - Objectives	2015/16 Outcomes
<p>Chair - Finance Business & Investment Committee. Ensure that the committee:</p> <ul style="list-style-type: none"> • achieves its objectives (as set out in its Terms of Reference) during 2015/16; • establishes and embeds the process for quarterly reporting of financial performance to Monitor; • provides support and assurance to the Board as set out in its objectives and as directed by the Board from time to time. 	<p>Appropriate assurance to the Board on:</p> <ul style="list-style-type: none"> • quarterly reporting to Monitor; • financial performance; • financial systems; • business transformation, cost and productivity improvement; • matters which come to the Committee's attention which may influence the Trust's licence conditions, allocation of resources and medium to longer term financial strategy;
<p>Deputy Board Chair and Senior Independent Director. Deputise for the Chair in his absence: Available to members and Governors if they have concerns which contact through the normal channels of Chair, Chief Executive or Director of Finance has failed to resolve or for which such contact is inappropriate. Lead the Non-Executive Directors in evaluating the Chair's performance, and agree the outcome of the evaluation with the Council of Governors.</p>	<p>Contribution to the Chair and Board in supporting the development of unitary Board Practice.</p> <p>Professional relationship with the CoG</p> <p>Agreed, effective appraisal process.</p>
<p>Member – Mental Health Legislation Committee Deputy Chair - Board Nominations Committee, Deputy Chair - Board Remuneration Committee</p>	<p>Contribution to Foundation Trust monitoring & assurance through active membership of designated committees and roles.</p>
<p>Contribution to Strategy (all NEDs) Keep up to date with national, regional and local developments relevant to the work of the Trust. Contribute to the Board's foresight and definition of the Trust's strategic opportunities, challenges, priorities and agenda</p>	<p>Contribution to shaping and agreeing Foundation Trust Strategy drawing on professional background – Local Government/Regional & National Policy/whole systems development. Engagement with and awareness of Stakeholder views/plans, opportunities, risks and trends.</p>
<p>Contribution to Unitary Board Oversight and Governance (all NEDs) Critical friend to the Exec and Board. Contact with Trust services, staff and service users. Engagement with the Council of Governors.</p>	<p>Contribution to Board as a critical friend. Participation in Board visits, workshops and events. Good relationships/Dialogue with CoG regarding Committee/NED work.</p>

Nadira Mirza - Objectives	Outcomes
<p>Chair – Charitable Funds Committee Ensure that the committee:</p> <ul style="list-style-type: none"> • achieves its objectives (as set out in its Terms of Reference) during 2015/16; • provides support and assurance to the Board as set out in its objectives and as directed by the Board from time to time. 	<p>Appropriate assurance to the Board regarding key areas of governance:</p> <ul style="list-style-type: none"> • that the Charity complies with current and new legislation; • that the Charity manages and invests and spends its funds appropriately • a culture of fundraising within the Trust and local population is encouraged • review the Charity’s Annual Report and Accounts.
<p>Deputy Chair - Mental Health Legislation Committee Member - Quality and Safety Committee Member – Board Remuneration Committee Member – Board Nominations Committee</p> <p>Other roles. BME Champion in leadership capacity development NED rep to ‘Aspiring Cultures’ (BME) staff network working group Member - You and Your Care Strategic Community</p>	<p>Mentor chair of the ‘staff network’ and become actively engaged in the BME strategy by championing the leadership programme and identifying specific service improvements for BME service users (CAMHS and AMH)</p>
<p>Contribution to Strategy (all NEDs) Keep up to date with national, regional and local developments relevant to the work of the Trust. Contribute to the Board’s foresight and definition of the Trust’s strategic opportunities, challenges, priorities and agenda</p>	<p>Contribution to shaping and agreeing Foundation Trust strategy drawing on professional background - School, Further & Higher Education and Community/Entrepreneurial Sector Engagement.</p> <p>Engagement with and awareness of Stakeholder views/plans, opportunities, risks and trends.</p>
<p>Contribution to Unitary Board Oversight and Governance (all NEDs) Critical friend to the Exec and Board. Contact with Trust services, staff and service users. Engagement with the Council of Governors.</p>	<p>Contribution to Board as a critical friend. Participation in Board visits, workshops and events. Good relationships/Dialogue with CoG regarding Committee/NED work.</p>

Ralph Coyle - Objectives	Outcomes
<p>Chair – Mental Health Legislation Committee Ensure that the committee:</p> <ul style="list-style-type: none"> • achieves its objectives (as set out in its Terms of Reference) during 2015/16; • streamlines and strengthens the MHLC assurance process. • provides support and assurance to the Board as set out in its objectives and as directed by the Board from time to time. 	<p>Appropriate assurance to the Board regarding key areas of governance:</p> <ul style="list-style-type: none"> • monitoring, reviewing mental health legislation, compliance with associated codes of practice and recognised best practice; • that the Trust has in place and utilises appropriate policies and procedures in relation to mental health legislation and that these are communicated to all relevant staff, service users and managers; • that Associate Hospital Managers and appropriate staff groups receive the necessary guidance, education and training.
<p>Deputy Chair – Finance Business & Investment Member – Charitable Funds Committee Member – Remuneration Committee Member – Nominations Committee Board Champion for Health & Safety</p>	<p>Contribution to Foundation Trust monitoring & assurance through active membership of designated committees and roles.</p>
<p>Contribution to Strategy (all NEDs) Keep up to date with national, regional and local developments relevant to the work of the Trust. Contribute to the Board’s foresight and definition of the Trust’s strategic opportunities, challenges, priorities and agenda</p>	<p>Contribution to shaping and agreeing Foundation Trust strategy drawing on professional background – Company, Commercial and Charity Law. Engagement with and awareness of Stakeholder views/plans, opportunities, risks and trends.</p>
<p>Contribution to Unitary Board Oversight and Governance (all NEDs) Critical friend to the Exec and Board. Contact with Trust services, staff and service users. Engagement with the Council of Governors.</p>	<p>Contribution to Board as a critical friend. Participation in Board visits, workshops and events. Good relationships/Dialogue with CoG regarding Committee/NED work.</p>