

**COUNCIL OF GOVERNORS' MEETING**

**11 AUGUST 2016**

Paper Title:	Annual Appraisal of the Non-Executive Directors
Lead Director:	Michael Smith, Trust Chair
Paper Author:	Michael Smith, Trust Chair
Agenda Item:	6
Presented For:	Discussion

**PURPOSE OF THIS PAPER:**

This paper:

- presents the results of the Chair's appraisal of Non-Executive Directors; and
- outlines the focus of NED objectives for 2016/17.

**NED OBJECTIVES – PERFORMANCE SUMMARY**

Non-Executive Director objectives reflect their general accountabilities of assurance, leading a positive culture and contribution to strategy, operating with the greater accountability and independence as a Foundation Trust.

The Trust maintained the Regulator's best possible financial sustainability rating (4) that ensured 'light touch' monitoring throughout the year. The Trust also achieved a Good CQC rating across all domains, during a period of significant change and transformation. Additionally, the Trust received significant assurance from its Auditors regarding the robustness of its governance.

All NEDs made an active contribution to Board business, by influencing the forward work programme, and contributing to the way performance is reported, giving their independent reflections on matters brought to the Board and seeking appropriate accountability and follow on reports from Executives where necessary. The Trust's operating environment is increasingly complex and all NEDs have actively contributed to discussions on Board strategy, bringing their professional expertise to bear.

In addition to their membership of the Trust's Unitary Board, all NEDs have significant Board Committee roles, with formally delegated authority to seek assurance on behalf of the Board.

- New FT reporting structures and processes were successfully and seamlessly implemented. A peer review of the Quality and Safety Committee showed many areas of good practice, with recommendations for further improvement implemented across all committees.
- This year, Committee Chairs elected to prepare their own assurance reports for submission to Board.
- Chairs/NEDs have also worked closely with Executive Directors to improve risk assurance processes, the quality of reports and performance monitoring and the sharing of learning. Deep dives into issues of particular interest or concern have also been initiated.
- The frequency of the Quality and Safety (QAS) and Finance, Business and Investment (FBI) Committees was increased from every 8 weeks to every 6 weeks to manage the agendas and this remains a challenge and work in progress.
- The most important consequence however, is that the Trust is not only concerned about current performance, but looking ahead through improved forecasts and seeking assurance about the consequences of cost improvements and service transformation on the quality and safety of services.
- The overall effect has been increased confidence at Board in our assurance processes and reduced duplication of business between Committees and the Board.

In this Trust we place particular value in the Board, including Non-Executive Directors maintaining contact with staff and service users and the communities we serve to inform the work of the Board. All NEDs have participated enthusiastically in the Board Walkabouts programme, with regular reports back to Board and have attended in-house events as well as networking opportunities and the conference programme.

All NEDS have attended Council of Governor meetings, with a programme of presentations to the Council on their committee work. And there is an open invitation to Governors to attend and observe their committee work.

As Chair, I believe a successful Board has to achieve an appropriate balance between challenge and support – challenge where issues need to be confronted,

assurance sought, or lessons learned, and recognition for good work achieved, appropriate risks taken and ambitions realised. There have been some difficulties during the year (Intensive Therapy Centre, IM&T) where NEDs have felt the need to be particularly challenging and persistent, but as Chair, I feel a good balance has been achieved. I have personally valued NED challenge and support. Ultimately, it is vital that NEDs have Service Users (past, present and future) front and centre in their motivation and I am confident that this is the case at our Trust.

## **SUMMARY OF OBJECTIVES FOR 2016/17**

The individual appraisal summaries discussed with each NED were considered by the Council of Governors' Remuneration Committee on 11 July 2016. The summaries outlined performance against agreed objectives for 2015/16, specific strengths and aspirations, areas for development and objectives for 2016/17.

Drawing on the progress made in 2015/16, and considering the context and challenges anticipated for the year ahead, a revised set of objectives have been developed for NEDs. These can be summarised into two broad areas:

1. As delivering the annual plan will be particularly challenging this year, it is vital that a rigorous internal focus is maintained to give appropriate attention to Trust performance and risks to financial sustainability, and quality and safety of service delivery.
2. As the challenges cannot be met by Trusts working in isolation, an external focus is required to reach out, understand local, regional and national developments and influence implementation of best practice.

The Council of Governors' Remuneration Committee considered it appropriate that, when reviewing performance against objectives for the period 2016/17, feedback be sought from a range of people, including the Council of Governors.

## **RECOMMENDATIONS**

That the Council of Governors' notes:

- The results of the Chair's appraisal of the NEDS;
- The focus of NED objectives for 2016/7; and
- That feedback about NED performance during 2016/17 will be sought from a range of people, including Governors.