

COUNCIL OF GOVERNORS' MEETING

12 November 2015

Paper Title:	Appraisal process for Chair and Non-Executive Directors
Lead Director:	Michael Smith, Chair
Paper Author:	Paul Hogg, Trust Secretary
Agenda Item:	9
Presented For:	Discussion

1. PURPOSE OF THIS PAPER:

The purpose of this paper is to:

- set out a process and timetable for the annual appraisal the Chair and the Non-Executive Directors (NEDs);
- outline the involvement of Governors in that process; and
- ensure that the Trust is compliant with Monitor's Code of Governance on the subject of evaluation.

2. INTRODUCTION:

Monitor's Code of Governance for Foundation Trusts (FTs) states that the Board of Directors should undertake a formal, rigorous annual evaluation of its own performance and of its Committees and of its individual Directors. The purpose of individual evaluation is to assess whether each member contributes effectively and demonstrates commitment. In line with the requirements of the Code, the Chief Executive takes lead responsibility on the evaluation of the Executive Directors.

The Code states that the Senior Independent Director (SID) should lead the performance evaluation of the Chair, within a framework agreed by the Council of Governors and taking into account the views of Directors and Governors. The Chair, with assistance of the Trust Secretary, should use the performance evaluations as the basis for determining individual and collective professional development programmes for NEDs relevant to their duties as Board members. The Trust's Annual Report will state how the required evaluations of the Board, its Committees and individual Board members have been conducted.

3. PROPOSAL:

The appraisal systems for the Chair and NEDs are underpinned by the following principles - that they:

- are simple and easy to administer;
- enable all the key stakeholders to contribute in an objective manner;
- link directly to the overall performance of the FT.

In the proposed scheme adopted for the Chair, assessment will take place against the following criteria:-

- corporate understanding and strategic awareness;
- commitment;
- holding to account;
- personal style;
- independence and objectivity;
- self-development;
- impact;
- chairing meetings of the Board of Directors and the Council of Governors; and
- leadership style.

Key Steps – Chair’s Appraisal

The process proposed for the Chair is summarised below:

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| Step 1 | The Chair will prepare a self-assessment using an agreed proforma which addresses the above criteria. |
| Step 2 | The SID, via the Trust Secretary, requests all Board members to complete a confidential assessment of the Chair, using a similar assessment proforma. Through the Trust Secretary, the SID requests interested Governors to complete a proforma relating to the Chair’s work with the Council of Governors. All forms should be returned to the Trust Secretary to enable a summary to be completed for the Chair and SID. |
| Step 3 | The SID contacts the Lead Governor to establish if there are any additional views or comments, relevant to include in the appraisal, arising from Governors and the Chief Executive, to establish any additional views or comments arising from Executive Directors. The SID also canvasses the views and comments of NEDs. |
| Step 4 | SID and Chair discuss annual objectives, performance and professional/personal development on a one to one basis, following which an appraisal proforma is completed. |
| Step 5 | The appraisal form is summarised and shared with the Governors’ Remuneration Committee, by the SID, without the Chair present; a brief report, including any recommendations, is produced for the Council of Governors. |

Draft Timescale for Chairman's Appraisal

Activity	By when
Self assessment completed	May 2016
Peer assessment questionnaires completed and returned to Trust Secretary	May 2016
Summary of peer assessment produced and provided to SID and Chair	June 2016
Additional comments collected by SID	June 2016
Appraisal/performance review meeting held and documentation completed	July 2016
Summary report by SID to Remuneration Committee	July 2016
Summary report to Council of Governors	August 2016

Key Steps – NEDs' Appraisal

The process proposed for the Non-Executive Directors is also summarised below:

- Step 1 Each NED will prepare a self-assessment using an agreed appraisal proforma.
- Step 2 Chair and each NED discuss annual objectives, performance and professional/personal development on a one to one basis, and complete the appraisal proforma.
- Step 3 An agreed set of objectives and a personal development plan are produced for the coming year.
- Step 4 A report of the outcome of the NEDs' appraisals (including any development areas identified) shall be presented to the Remuneration Committee by the Chair and a summary of this report shall be presented by the Chair to the next available meeting of the Council of Governors.

Draft Timescale for NED' Appraisal

Activity	By when
Self assessment completed	May 2016
Appraisal/performance review meetings held and documentation completed	June/July 2016

Summary report by Chair to Remuneration Committee	July 2016
Summary report to Council of Governors	August 2016

4. RECOMMENDATION

That the Council of Governors approve the appraisal process for the Chair and Non-Executive Directors as outlined in the paper.