

EXECUTIVE OFFICE POLICY

**POLICY FOR THE COMPOSITION OF
NON-EXECUTIVE DIRECTORS**

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Name and designation of policy author(s)	Helen Porter, Director of Nursing and Quality
Approved by (committee, group, manager)	Council of Governors
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1.0 Introduction

The Council of Governors is to prepare and from time to time review the Foundation Trust's policy for the composition of the Council of Governors and of the Non Executive Directors (NEDs) in line with the Trust's constitution.

This policy is one of the documents of the Foundation Trust that is to be available for inspection by members of the public free of charge at all reasonable times, and shall be available on the Foundation Trust's website.

NEDs are the public's representatives on the Board, and share responsibility for the success of the organisation and the duties of the Board.

2.0 Purpose

This policy provides guidance on the background and abilities required from a NED. It does not seek to be prescriptive but lays down the broad parameters to be considered when the Nominations Panel of the Council of Governors is considering applicants.

3.0 Scope

This policy applies to all Non Executive Directors of the Board of Directors.

4.0 Responsibilities

The policy will be reviewed by the Corporate Governance Manager, specifically before each NED recruitment campaign or at intervals not exceeding 3 years.

5.0 Laws & Regulations

The Trust's Constitution, section 12.7.1 states that the Council of Governors is to prepare and from time to time review the Foundation Trust's policy for the composition of the Non Executive Directors (NEDs).

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6.0 Definitions

Described in detail throughout the policy.

7.0 Main Body of Policy

7.1 Background

NEDs should bring a variety of backgrounds and experience to the Board. It is important that this is diverse in spread, but remains relevant to the Trust's activities and its evolving needs. It is important not to be too specific in laying down the preferred background, as each individual will bring particular abilities to the Board. NEDs should bring "added value" to the Board by the specific expertise of each individual. The particular needs of a Foundation Trust indicate that experience in certain particular fields will be essential.

NEDs need to:

- Constructively challenge and help develop proposals on strategy,
- Promote the functioning of the board as a unitary board,
- Monitor the reporting of performance,
- Scrutinise the performance of Executive Directors in meeting agreed goals and objectives,
- Satisfy themselves on the integrity of financial information and that financial controls and risk management systems are robust and defensible,
- Determine the appropriate level of remuneration of executive directors; and
- Have a prime role in appointing and, where necessary, removing, Executive Directors and in succession planning.

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7.2 Experience Required

The Board of Directors of The Clatterbridge Cancer Centre NHS Foundation Trust will determine the skills and competencies required to ensure that the Board is able to carry out its responsibilities.

The Board will refer to the skills identified in appendix A, in developing the person specification and job descriptions for the NEDs including the Chairman (taking into consideration of the views of the Council of Governors). Appendix A is for illustrative purposes only.

7.3 Attributes

It is important to take account **The Code of Conduct for NHS Boards and The Code of Accountability for NHS Boards**, for selection to public appointments which emphasises the need for applicants to uphold standards in public life and display:

Selflessness, integrity, objectivity, accountability, openness, honesty and leadership (the Nolan principles)

A NED will be expected to show:

- Commitment – to devote the necessary time to prepare and to participate actively in the activities of the Trust,
- Courage – to ask questions that no one else has asked or query why a certain approach is being recommended,
- Common sense – to be able to assess the impact of decisions on all sections of the community and bring an independent view to the debate,

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- Communication skills – with the ability to listen and to express their views; to negotiate and influence and to deal with all groups, including specialists and experts; and
- Clarity – to assess a situation quickly accurately and even-handedly; to think strategically and to see the wider picture.

In addition the Chairman and Vice Chair are expected to show:

- Leadership skills,
- Sufficient experience, stature and reputation to command respect as Chairman of an NHS Foundation Trust,
- Professional and/or business management skills, preferably gained in a large, complex organization,
- Experience of relationships at Board level in one or more major organisations or bodies,
- Intellectual strength, sound business acumen, integrity and an ability to consider and discuss issues laterally and strategically,
- Awareness of political, regulatory and market issues together with an understanding about provision of healthcare as a Foundation Trust,
- Sound interpersonal skills and an ability to make good judgements of people; and
- A willingness and availability to devote sufficient time to the duties of Chairman.

7.4 Appointment Process

The Council of Governors will convene an ad hoc standing committee as a Non Executive Director nominations panel. This will recommend to the Council of Governors the appointment or renewal of NED's.

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Appropriate candidates (not more than five for each vacancy) will be identified by a Nominations Committee through a process of open competition and a recruitment and interview process. Advice on advertising and interview process will be provided by the Human Resources department. The Nomination Committee must refer to the constitution section 12.11 for exclusions to applications for director posts.

The Nominations Committee will comprise the Chairman of the Foundation Trust (or the Vice Chairman unless they are standing for appointment, in which case another Non-Executive Director, when a Chairman is being appointed) and three elected Governors. The Chief Executive shall be entitled to attend and speak at meetings of the Nominations Committee unless the Committee decides otherwise and the Committee shall take into account the Chief Executive's views. The Nominations Committee will present their recommendation for appointment to the Council of Governors for approval.

7.4.1 Appointment of the Vice Chair and Audit Chair

The role of audit chair is a specific NED role and will be recruited to as such ensuring that the successful applicant meets the requirements of the Trust in terms of financial expertise.

The Board of Directors shall elect one of the NEDs to be Vice Chair of the Board of Directors.

The Board of Directors shall appoint one of the independent NEDs to be the Senior Independent Director (SID), in consultation with the Council of Governors. The SID should be available to Governors if they have concerns which contact through the normal channels of Chair, Chief Executive or Finance Director has failed to resolve or for which such contact is inappropriate. The SID could be the Vice Chair.

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7.5 Remuneration

Chair and NED remuneration will be recommended by the NED Remuneration Committee, and approved by the Council of Governors.

The Remuneration Committee is an adhoc committee to consider remuneration issues for NED's based on national advice. This comprises of 6 governors, one of whom acts as Chair (who will have a casting vote). An Executive Director and/ or a NED will provide advice to the committee.

7.6 Term of Office

Initial terms of office will be for up to 3 years, with the opportunity to be re-appointed.

Any re-appointment of a NED by the Council of Governors shall be subject to a satisfactory appraisal carried out in accordance with procedures which the Board of Directors have approved.

The Chair and the NEDs are to be appointed for a period of office in accordance with the terms and conditions of office, including remuneration and allowances, decided by the Council of Governors at a General Meeting. Any re-appointment of a NED by the Council of Governors shall be subject to a satisfactory appraisal carried out in accordance with procedures which the Board of Directors have approved.

In the case of re-appointment of NEDs, the Chairperson should confirm to the governors that following formal performance evaluation, the performance of the individual proposed for re-appointment continues to be effective and to demonstrate commitment to the role. Any term beyond six years (e.g. two three-year terms) for a NED should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board. NEDs may, in exceptional circumstances, serve longer than six years (e.g. two three-

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year terms following authorisation of the NHS Foundation Trust) but this should be subject to annual re-appointment. Serving more than six years could be relevant to the determination of a NEDs independence.

7.7 Appraisal

The Council of Governors, which is responsible for the appointment and re-appointment of NEDs, to take the lead on agreeing an appraisal process of the NEDs (including the Chair). The annual appraisals of the Chair and NEDs are to be reported to the Governors by a representative of the Nominations Committee.

The Chair will conduct annual appraisals of each NED, and will appraise the Nominations Committee of the suitability of a NED for re-appointment as required.

The SID shall lead the appraisal of the Chairman. The Senior Governor shall also have a significant role in this process.

7.8 Review and Amendment

This policy will be reviewed at intervals not exceeding 3 years by the Board of Directors and subsequently approved by the Council of Governors. Specifically, it will be reviewed before each NED recruitment campaign. Suggested amendments are to be discussed in the first instance with the CEO and Chairman.

8.0 Training

This section is not applicable to the policy.

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9.0 Audit

This section is not applicable to the policy.

10.0 References

The Code of Conduct for NHS Boards and the Code of Accountability for NHS Boards

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11.0 Appendices

Appendix 1 - Building an effective Board - Non-Executive Directors

Chair	E/D	Finance	E/D	Clinical Governance	E/D	Organisational development	E/D	Strategy & Business Development	E/D	PR, Reputation Management and Marketing	E/D
Ability to ensure the effectiveness of the Board and Council of Governors in shaping the FT's strategy, planning and delivery of performance against its agreed purpose and vision	E	Financial management and governance skills	E	Experience of working at senior level in a Health Care setting as a doctor or nurse	E	Able to articulate the importance of a culture that maximises the potential of the workforce	E	Brings commercial experience from outside the NHS to the business and service development	E	Experience of strategic marketing of a service sector organisation including effective public relations skills	E
Demonstrate experience of working with key external stakeholders including local politicians	E	Qualified Accountant	E	Ability to understand and articulate the potential for development in Clinical Services whilst ensuring both clinical quality and effectiveness (£)	D	Proven track record in successfully leading large teams	E	Experience of critically appraising business options	E	Experience and proven track record of building effective relationships with other public sector and commercial organisations	E
Ability to provide leadership in shaping and developing the organisational strategy	E	Proven track record in managing major financial transactions	E	Detailed knowledge and understanding of systems to minimise risk in Clinical Services	E	Experience in managing major organisational change	E	Track record in managing the implementation of new business opportunities	E	Expertise in crisis management and public affairs skills at local and national political level	E
Experience in a senior leadership role for a large organisation	E	Finance Director experience in a large organisation or an experienced accountant handling large business portfolios	E	Shows an understanding of the relationships between aspirations in clinical development and commissioning	D	Experience of working in a senior position in organisational development	E	Experience of Strategy development at a senior level in the public or private sector	E	Knowledge and understanding of charitable fundraising	D
Ability to articulate a vision for the Trust and to communicate it internally and externally	E	Experience of Chairing a meeting at a senior level for in the public or private sector	E	Understanding of Research and Development Governance frameworks	E	Sound working knowledge and understanding of relevant employment regulations	E	Experience of developing funding arrangements for capital developments in the commercial sector	D	Senior level experience of marketing campaigns	D
Experience of working in a regulated industry / sector.	E	Bring an element of entrepreneurial vision and business negotiation skills	D	Knowledge and understanding of the use and impact of regulation systems	E	Experience of managing workforce performance	D	Track record in managing performance in a contractual environment	D	Sound knowledge of the media and contacts at local and national level.	D
Able to demonstrate pride and enthusiasm for the organisation	E							Ability to transfer commercial principles to NHS environment	D		

Ability to challenge in a constructive manner / Networking / influencing skills

*Vice Chair

- Ideally to have the skills and attributes as closely aligned to those identified for the Chair of the Trust

**Senior Independent Director (SID)

- To have a knowledge of organisational development and appraisal systems

E = essential

D = Desirable

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