

Item 9b iv

Council of Governors: Composition of Non-Executive Directors

Policy & Procedure

Authors Name & Title: Lucy Lavan, Director of Corporate Affairs	
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To be read in conjunction with the following documents: Constitution of Liverpool Heart and Chest Hospital NHS Foundation Trust NHS FT Code of Governance (Monitor, July 2014) 'Your Statutory Duties – A reference Guide for NHS Ft Governors (Monitor, August 2013) The Healthy NHS Board – Principles for Good Governance (NLC, February 2010) 'Foundations of Good Governance – Compendium of Best Practice'	
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The Council of Governors is required to maintain a policy for the composition of Non-Executive Directors which takes account of the Membership Strategy, and which they shall review from time to time and not less than every two years. The process for appointing (and removing) the Chair and Non-Executive Directors is set out in the Constitution, Annex 6.

1. Key Responsibilities of the Board of Directors

The key responsibilities of the Board of Directors are summarised in the table below:

Summary of the Responsibilities of the Board of Directors	
People / Leadership	<ul style="list-style-type: none"> • Ensure clear vision and strategy in place for people to work towards, within a framework of effective controls • Set values, ensure these are widely communicated and that the behaviour of the Board is entirely consistent with those values • Ensure high standards of corporate governance and personal integrity • Work effectively with stakeholders, including Council of Governors and Membership
Strategy	<ul style="list-style-type: none"> • Set and maintain strategic vision, aims and objectives ensuring necessary resources in place • Develop annual plan as a means of taking forward the strategy and ensure its delivery • Ensure national policies and strategies are effectively implemented
Performance	<ul style="list-style-type: none"> • Ensure the trust operates effectively, efficiently and economically • Ensure continuing financial viability and long term sustainability • Ensure the trust achieves financial and quality targets and meets the requirements of stakeholders within available resources
Governance	<ul style="list-style-type: none"> • Ensure that there is a comprehensive framework of governance and system of internal controls and that risks are effectively managed • Ensure patient safety is paramount • Ensure compliance with regulatory requirements, including CQC standards and Monitor-Provider Licence <u>Licence</u>. • Ensure that there is a systematic delivery of excellent, safe, compassionate care that is patient and family centred.

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2. Skill Mix

Non-Executive Directors must have the necessary skills and qualities to perform the functions required and the skill mix of the NED team should be balanced to reflect a range of expertise to include clinical, people (patients, families and workforce), finance and commercial skills. In particular, NEDs must have a mix of skills that will enable effective challenge and scrutiny of compliance with CQC standards. The Chair of the Audit Committee should have recent and relevant financial experience (Code of Governance F3.1)

3. Independence

Non-Executive Directors must be able to demonstrate independence (Code of Governance A3.1)

4. Skills and Competencies required of Non-Executive Directors

NEDs play a crucial role in bringing an independent perspective to the Boardroom in addition to any specific knowledge and skills they may have.

All NEDs need to be able to :

- Constructively challenge and help to develop proposals on strategy
- Scrutinise and monitor 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

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- v) Determine the appropriate level of remuneration for executive and associate directors
- vi) Have a prime role in appointing and where necessary, removing, executive directors and in succession planning
- vii) Ensure an effective Board Assurance Framework is in place and contribute to and challenge the work of Assurance Committees
- viii) Participate in scrutiny and challenge role on Audit Committee (which one NED will Chair)
- ix) Effectively engage with governors and other key stakeholders
- x) Support a positive culture throughout the trust and adopt the values and behaviors that exemplify the corporate culture

When considering the appointment of non-executive directors, the Council of Governors shall take into account the views of the Board of Directors on the qualifications, skills and experience required for each position.

5. Additional Skills and competencies required of the Chair

- i) Leading the Board in establishing effective decision making processes and acting as the guardian of due process
- ii) Ensuring constructive relationships based on candor, trust and mutual respect exist between executive and non-executive directors, and between the Board and the Council of Governors
- iii) Chairing the Board of Directors, Council of Governors and the Nominations and Remuneration Committee, ~~initiating change and succession planning~~
- iv) Ensuring the appointment of effective and suitable chairs and members of the Board's Assurance Committees
- v) Promoting and demonstrating the highest standards of integrity, probity and corporate governance
- vi) Effectively managing external stakeholders and the reputation of the trust
- vii) Strong understanding of the economic and political environment to ensure that the Trust retains focus on financial grip whilst maintaining quality standards; and positions itself optimally in the wider health system to secure the best outcomes for the trust's wider patient population.
- Viii.) Ensuring robust succession planning is in place for both the Board of Directors and Council of Governors.

6. Composition of the Board

In accordance with the Constitution, the Foundation Trust Non-Executive Directors will comprise :

- A non-executive Chair
- Not less than four but not more than six other non-executive directors, provided that at any time the aggregate number of non-executive directors (excluding the Chair) is not less than half of the number of members of the Board of Directors.

One of the non-executive Directors will be appointed the Deputy Chair in accordance with the procedure set out in the constitution (para 22).

The Board may appoint a Senior Independent Director from amongst the NEDs (Constitution, para 23).

7. Appointing NEDs and term of office

The process for appointing (and removing) Non-Executive Directors is set out in the Foundation Trust Constitution.

The NHS FT Code of Governance recommends that NEDs, including the Chairman, should be appointed by the Council of Governors for specified terms subject to re-appointment thereafter at intervals of no more than three years. Any term beyond 6 years should be subject to rigorous review and take account of the need for progressive refreshing of the Board. In exceptional circumstances, NEDs may serve longer than 6 years, subject to annual re-appointment, but serving more than six years could be relevant to the determination of a NED's independence. (Provision C2).

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