

# Report to the Meeting of the

**CG 22/2017**

(Agenda item: 22)

# Oxford Health NHS Foundation Trust

# Council of Governors

**6th June 2017**

**NED appointments**

**For: approval**

**Executive Summary**

The principles of good practice and statutory provisions with regard to the appointment of non-executive directors are set out in the Trust’s Constitution and in the NHS Code of Governance.

* **Trust’s Constitution and Code of Governance**

Outlined in Appendix one to the report for ease of reference, is the relevant extract of the Trust’s Constitution in connection with non-executive directors’ Terms of Office and the extracts of the code that determine the role of Governors in the appointment of non-executive directors.

It is for the council of governors at a general meeting of the council **to appoint the** non-executive directors.

**Background**

As previously reported a panel of governor members of the Nominations and Remuneration Committee, supported by the Chairman and up to two other non-executive directors shortlisted and interviewed candidates.

90 applications were received in total for all 3 non-executive director roles through a mixture of responses to the advertisements and executive search. The ages of candidates ranged from mid-thirties to mid-seventies with the majority being in the late 50s and 60s.

Analysis of the candidates who progressed to an interview is as follows

**Finance role:**

20 candidates were interviewed by Veredus - 16 males and 4 females, including one female BME candidate. Of those subsequently shortlisted were one female and five males. One male and one female were recommended for appointment as voting non-executive and associate non-executive director (non voting) respectively.

**HR/general role:**

We had 9 applicants - 2 BME candidates, 5 females, 4 males. Of those subsequently shortlisted 3 were males and one female. One male was recommended for appointment with one female being brought forward to also be considered in the third category.

**Health and social care role:**

 We had 14 applicants - 13 of whom were interviewed by Veredus - 8 female, 5 male – three of whom were BME candidates and one from an eastern European origin. The Panel shortlisted 4 females and 3 males, of whom 3 were BME, and one eastern European candidate. One female subsequently withdrew. The Panel is recommending one male BME candidate to the Council of Governor meeting in June.

**Purpose**

**APPOINTMENT OF NON-EXECUTIVE DIRECTORS**

This report clarifies that the non-executive directors are appointed by the Council of Governors at general meeting. Following a robust recruitment and selection process and interviews taking place on 16th May and 30th May, the Nominations and Remuneration Committee **hereby recommend to the Council of Governors that following the appropriate employment checks the following individual is appointed as the third voting non-executive director to the Oxford Health NHS Foundation Trust Board of Directors**:

* Aroop Mozumder

The summary CVfor the above individual is provided confidentially to council members. Subject to further discussions, the plan would be for Aroop to commence as an associate non-executive director (non-voting) from 1 September 2017 to 31st January 2018 at which point Mike Bellamy and Anne Grocock retire and Aroop would become a voting non-executive director on the Board. The recommendation is that Aroop is remunerated on standard NED terms and conditions from 1st September, 2017 (£12,301). His appointment as voting non-executive should be for an initial period of 3 years, from 1st February 2018 to 31st January 2021.

**CHAIR OF QUALITY COMMITTEE – REMUNERATION**

The Trust Chairman, who has chaired the Board’s Quality Committee for a period of time to signify its importance and to oversee assurances with regard to the CQC inspections, intends to step down from the role during 2017, and to designate from amongst the non-executives a successor chair of the Committee. In light of the additional remuneration paid to the non-executive chairs of the Board’s other committees with commensurate responsibility, namely the Audit and Finance & Investment committees, **it was agreed by the Nominations and Remunerations Committee to recommend to the Council of Governors that the same additional remuneration be paid to the successor chair ( increase from £12,301 to £15,377).**

**Recommendation**

The Council of Governors is invited to approve:

1. The appointment of Aroop Mozumder as non-executive director on the terms outlined from 1st September 2017 to 31st January 2018 and then for 3 years from 1st February 2018 to 31st January 2021 subject to re-appointment thereafter at intervals of no more than three years.
2. Commensurate remuneration to be awarded to the successor Chair of the Board’s Quality Committee.

**Author and Title:** Kerry Rogers, Director of Corporate Affairs/Company Secretary

**Lead Director:** Martin Howell, Chairman, on behalf of the Nominations and Remuneration Committee

**APPENDIX ONE**

**Oxford Health Constitution**

The relevant extract of the Constitution is outlined below:

**Appointment**

8.5.1.5 The Council of Governors shall consider the recommendation of the CoG’s Nominations Committee and make a decision as to the appointment of the Non-Executive Directors in general meeting.

8.5.1.6 An individual shall not be appointed as a Non-Executive Director unless he is a member of the Public or Patient Constituency or an individual nominated by the University of Oxford.

8.5.1.7 The removal of a Non-Executive Director shall require the approval of three-quarters of the members of the Council of Governors.

8.5.1.8 The CoG’s Nominations and Remuneration Committee shall consult the Chief Executive regarding the particular skills, qualifications or experience which in his opinion would be desirable for any non-executive Director to possess who may be appointed.

**Terms of Office**

Subject to paragraph 8.7.3, the Chairman and the other Non-Executive Directors are to be appointed for a period of office in accordance with the terms and conditions of office (including as to remunerations and allowances, which shall be published in the Annual Report) decided by the Council of Governors in general meeting.

Non-Executive Directors:

* + - 1. shall be appointed for a period of up to 3 years;

8.7.3.2 are, subject to paragraphs 8.6.3.3 and 8.6.3.4 eligible for re-election at the end of the period referred to in paragraph 8.6.3.1;

8.7.3.3 shall not, except in exceptional circumstances, hold office for a period in excess of 6 years; and

8.7.3.4 where appointed for more than 6 years shall, at the discretion of the Council of Governors, be so appointed either on the basis of:

* + - * + re-appointment for up to 3 years;
				+ annual re-appointment through broader review taking into account the needs of the Board and the Trust; or
				+ a competitive process
				+ up to a maximum 9 years.

**Code of Governance**

The relevant extracts of the Code are outlined below:

**B.2.1.** The nominations committee or committees, with external advice as appropriate, are responsible for the identification and nomination of executive and non-executive directors. The nominations committee should give full consideration to succession planning, taking into account the future challenges, risks and opportunities facing the NHS foundation trust and the skills and expertise required within the board of directors to meet them.

**B.2.2.** Directors on the board of directors and governors on the council of governors should meet the “fit and proper” persons test described in the provider licence. For the purpose of the licence and application criteria, “fit and proper” persons are defined as those without certain recent criminal convictions and director disqualifications, and those who are not bankrupt (undischarged). Trusts should also abide by the updated guidance from the CQC regarding appointments to senior positions in organisations subject to CQC regulations.

**B.2.3.** There may be one or two nominations committees. If there are two committees, one will be responsible for considering nominations for executive directors and the other for non-executive directors (including the chairperson). The nominations committee(s) should regularly review the structure, size and

composition of the board of directors and make recommendations for changes where appropriate. In particular, the nominations committee(s) should evaluate, at least annually, the balance of skills, knowledge and experience on the board of directors and, in the light of this evaluation, prepare a description of the role and capabilities required for appointment of both executive and non-executive directors, including the chairperson.

**B.2.13** The governors are responsible at a general meeting for the appointment, re- appointment and removal of the chairperson and the other non-executive directors.

**B.6.c** The council of governors, which is responsible for the appointment and re- appointment of non-executive directors, should take the lead on agreeing a process for the evaluation of the chairperson and the non-executives, with the chairperson and the non-executives. The outcomes of the evaluation of the non-executive directors should be agreed with them by the chairperson. The outcomes of the evaluation of the chairperson should be agreed by him or her with the senior independent director. The outcomes of the evaluation of the non-executive directors and the chairperson should be reported to the governors. The governors should bear in mind that it may be desirable to use the senior independent director to lead the evaluation of the chairperson.

**B.7.a** All non-executive directors and elected governors should be submitted for re- appointment or re-election at regular intervals. The performance of executive directors of the board should be subject to regular appraisal and review. The council of governors should ensure planned and progressive refreshing of the non-executive directors.

**B.7.1**. In the case of re-appointment of non-executive directors, 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 (eg, two three-year terms) for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board. Non-executive directors may, in exceptional circumstances, serve longer than six years (eg, two three-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 non-executive’s independence.

**B.7.4** Non-executive directors, including the chairperson should be appointed by the council of governors for the specified terms subject to re-appointment thereafter at intervals of no more than three years and subject to the 2006 Act provisions relating to removal of a director