

Council of Governors: 19.4.18

Agenda Item: CGo. 4.18.9

## Non-Executive Director and Chair Appraisal Processes 2018

|                                  |   |                |  |
|----------------------------------|---|----------------|--|
| <b>Presented by:</b>             | Professor Marina Bloj, Governor, Nominations and Remuneration Committee (NRC) | <b>Author:</b> | Jacqui Maurice, Head of Corporate Governance |
| <b>Previously considered by:</b> | NRC held on 16 March 2018.  |                |  |

| Key points   | Purpose:                    |
|--|-----------------------------|
| 1. The appraisal process for the Chair and Non-Executive Directors is required to be reviewed and approved annually by the Council of Governors. | To discuss and note.        |
| 2. The NED and Chair Appraisal processes 2017 have been reviewed and amended by the NRC.   | To note and gain assurance. |
| 3. The proposed NED Appraisal Process 2018 is presented at Appendix A. The proposed Chair Appraisal Process 2018 is presented at Appendix B.     | To note and gain assurance. |
| 4. The Council of Governors is asked to approve the NED and Chair Appraisal processes for 2018.  | To discuss and approve.     |

### Executive Summary:

At the Council of Governors meeting held 20 April 2017 the Governors approved the appraisal processes to be used for the Non-Executive Directors and the Chair.

The appraisal process for the Chair and the other Non-Executive Directors is required to be reviewed and approved annually by the Council of Governors.

Feedback which has informed the review of the 2017 processes has been received from;

- The Council of Governors
- The Senior Independent Director
- The Chairman
- The Non-Executive Directors (via the Chairman and Senior Independent Director)
- The Chief Executive
- The Nominations and Remuneration Committee

The Non-Executive Director Appraisal process has been updated and the proposed process for 2018 is attached at Appendix A.

The Chair Appraisal Process has been updated and the proposed process for 2018 is attached at Appendix B.

### Recommendations

1. The Council of Governors is asked to approve the NED Appraisal Process for 2018.
2. The Council of Governors is asked to approve the Chair Appraisal Process for 2018.

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**Financial implications:**

No

**Regulatory relevance:**

**Monitor:**

Code of Governance

**Equality  
Impact /  
Implications:**

Choose an item.

Choose an item.

Choose an item.

Choose an item.

Choose an item.

Choose an item.

**Is there likely to be any impact on any of the protected characteristics?**  
(Age, Disability, Gender, Gender Reassignment, Pregnancy and Maternity, Race, Religion or Belief, Sexual Orientation, Health Inequalities, Human Rights)

Yes ☐

No ☒

If yes, what is the mitigation against this?

**Other:**

**Strategic  
Objective:**

To provide outstanding care for patients

*Reference to  
Strategic  
Objective(s)  
this paper  
relates to*

Choose an item.

Choose an item.

Choose an item.

Choose an item.

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## **Non-Executive Director and Chair Appraisal Processes 2018**

### **1. Introduction**

The Council of Governors has a statutory responsibility and a pivotal part to play in ensuring that the performance of the Non-Executive Directors (NEDs) is effective and that they are making an important contribution to the leadership of the Foundation Trust.

The appraisal process is designed to:

- a. Ensure good governance standards are adhered to and encourage personal development.
- b. Evaluate individual performance and contributions.
- c. Set clear expectations.
- d. Form an integral part of improved induction, training and development support for NEDs.
- e. Provide reassurance to the Council of Governors that the performance of each NED is the subject of an annual appraisal.

The appraisal process for the Chair and the other Non-Executive Directors is required to be reviewed and approved annually by the Council of Governors.

### **2. NED and Chair Appraisal Processes 2017**

At the Council of Governors meeting held 20 April 2017 the Governors approved the appraisal processes to be used for the Non-Executive Directors and the Chair.

#### **2.1 Non-Executive Director (NED) Appraisal Process**

On 15 September 2017 the Governors' Nominations and Remuneration Committee (NRC) received the report from the Chairman confirming that the NED Appraisals had taken place in line with the process agreed. The NRC noted and gained assurance from the report. The report was subsequently presented to the Council of Governors on 16 November 2017. The Council of Governors also noted and gained assurance from the report.

At both the NRC and the Council of Governors it was noted that the appraisal process was well received by the NEDs. It was also noted that the process would be improved by adopting a more structured approach to the 'collection of feedback from Governors'. The Chairman has proposed that it might be useful to ask Governors to complete a questionnaire - similar to that utilised as part of the Chair's appraisal – with feedback then collated and used by the Chairman to inform each NED appraisal.

At the meeting of the NRC on 16 March it confirmed its support for the use of a questionnaire for the collection of Governor feedback as part of the Appraisals process for 2018.

#### **2.2 Chair Appraisal Process**

On 9 December 2017 the NRC received the report from the Senior Independent Director confirming that the Chair appraisal had taken place in line with the process agreed. The NRC noted and gained assurance from the report. The report was subsequently presented to the Council of Governors on 18 January 2018. The Council of Governors also noted and gained assurance from the report.

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The Senior Independent Director reported that the process worked well and was well received by all who have taken part. The Senior Independent Director suggested that the Governors might wish to include feedback from external Foundation Trust's partners (external stakeholders) as part of the process adopted for 2018.

At the meeting of the NRC on 16 March, the Committee confirmed its support for the collection of feedback from key external stakeholders (to be identified by the Senior Independent Director and the NRC) as part of the Chair Appraisal Process for 2018.

### **3. NED and Chair Appraisal Processes 2018**

**3.1** The NED Appraisal Process has been updated and is attached at Appendix A.

**3.2** The Chair Appraisal Process has been updated and is attached at Appendix B.

### **4. Recommendations**

**4.1** The Council of Governors is asked to approve the NED Appraisal Process for 2018.

**4.2** The Council of Governors is asked to approve the Chair Appraisal Process for 2018.

## Appendix A

### Non-Executive Director Appraisal Process

1. Annually the Chair will confirm SMART objectives with each Non-Executive Director (NED).

#### Definition of SMART Objectives

**Specific:** outline in a clear statement precisely what is required

**Measurable:** include a measure to enable you to monitor progress and to know when the objective has been achieved

**Achievable:** objectives can be designed to be challenging, but it is important that failure is not built into objectives. Appraiser and appraisee should agree to the objectives to ensure commitment to them

**Realistic:** focus on outcomes rather than the means of achieving them

**Timely:** agree the date by which the outcome must be achieved

2. The Non-Executives will have a number of common high-level objectives related to the role of the NED and a couple of individually tailored objectives related to their individual additional duties/areas of focus.
3. The outcomes from the CQC and Well-Led Reviews will inform the appraisal and the setting of objectives.
4. The common high-level objectives will therefore cover:
  - a) Contributions to the formulation of strategy and holding the executive to account for the delivery of strategy
  - b) Gaining assurance regarding finance, quality and performance
  - c) Shaping organisational culture
  - d) Ensuring that the Board acts in the best interests of the public.
5. All NED appraisals will be carried out during the same quarter of the year (Quarter 1: April, May and June.)
6. The Chair will meet with the NED and broadly review:
  - a) Previous year's SMART objectives, committee roles and special responsibilities held
  - b) Current time commitment
  - c) Involvement/activities to be developed further (strengths and aspirations), learning and development needs and, objectives for the coming year
  - d) Future time commitment
7. In undertaking the NED appraisal the Chair will meet with:

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- a) The Chief Executive (who will provide collective feedback from the Executive Directors)
- b) The Vice-Chair of the Council of Governors and the Lead Governor (who will provide collective feedback from Governors).

- 8. The Chair will review the NEDs 'fit and proper person' self-declarations annually.
- 9. The Chair will document the outcomes from the appraisal session including objectives identified for the forthcoming year.
- 10. Training and development opportunities identified will be discussed with the Trust Secretary and actioned accordingly.
- 11. The Chair will present a report to the Nominations and Remuneration Committee on the appraisals of the NEDs during Quarter 2.

Where new NED appointment has been made following completion of the annual appraisals; an appraisal will be undertaken within 12 months of appointment and a report presented to the next Nominations and Remuneration Committee.

- 12. The Chair will produce a formal report on the appraisals process undertaken which will be presented to the Council of Governors by the end of Quarter 3. In the case of a NED appointment made following the completion of the annual appraisals a report will be presented to the Council of Governors following consideration of the report by the Nominations and Remuneration Committee.

### **Documentation**

- 1. The NEDs will be provided with a copy of the pro forma prior to the appraisal for them to consider and prepare for their appraisal.
- 2. All appraisals will be documented and, following the completion of the appraisals the documents will be lodged with the Trust Secretary.

### **Appraisal pro forma**

This is attached at attached below at Appendix 1.

### **Objectives pro forma**

This is attached below at Appendix 2

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Appendix 1

## Non-Executive Director Appraisal form

|                                     |  |
|-------------------------------------|--|
| Name                                |  |
| Review Period: (MM/YYYY to MM/YYYY) |  |

### Overall assessment of performance

The performance of the individual in their role has been assessed through a formal appraisal process as

| Strong | Meets requirements | Needs development |
|--------|--------------------|-------------------|
|        |                    |                   |

### Overall feedback and development needs

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### Overall feedback from Non-Executive Director

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### APPRAISAL SUMMARY

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|--|
| 1. Previous year's objectives (see attached copy of last year's appraisal form), committee roles and special responsibilities held |
| 2. Reflecting the values of the Foundation Trust in the delivery of objectives   |
| 3. Current time commitment   |

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|---|
| 4. Involvement/activities to be developed further (strengths and aspirations), learning and development needs and, objectives for the coming year |
| 5. Future time commitment   |
| 6. Any further comments   |
| Non-Executive Director views  |

| Chair  |  |
|--------|--|
| Signed |  |
| Name   |  |
| Date   |  |

| Non-Executive Director |  |
|------------------------|--|
| Signed                 |  |
| Name                   |  |
| Date                   |  |

| Chairman's annual review of 'Fit and Proper Persons' self-declaration completed |  |
|---|--|
| Signed  |  |
| Name  |  |
| Date  |  |



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Appendix 2

## Non-Executive Director Objectives 2018/19

|                                     |  |
|-------------------------------------|--|
| Name                                |  |
| Review Period: (MM/YYYY to MM/YYYY) |  |

### Common SMART high-level objectives based on;

- Contributions to the formulation of strategy and holding the executive to account for the delivery of strategy
- Gaining assurance regarding finance, quality and performance
- Shaping organisational culture
- Ensuring that the Board acts in the best interests of the public

### Individually tailored SMART objectives will relate to additional duties/areas of focus.

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| 1. |
| 2. |
| 3. |
| 4. |
| 5. |
| 6. |

| Chair  |  |
|--------|--|
| Signed |  |
| Name   |  |
| Date   |  |

| Non-Executive Director |  |
|------------------------|--|
| Signed                 |  |
| Name                   |  |
| Date                   |  |

## Appendix B

### Chair Appraisal Process

1. The Senior Independent Director (SID) will meet with the Nominations and Remuneration Committee (NRC) prior to the start of the appraisal process to discuss the remit and identify any development needs that the SID may have.
2. Following discussion with the SID and the Chair, the NRC will make a recommendation to the Council of Governors on the annual set of objectives for the Chair based on the role of the Chair. The role of the Chair of a Foundation Trust covers the following:

|                              |   |
|------------------------------|---|
| <b>Formulate Strategy</b>    | Ensures the Board develops vision, strategies and clear objectives to deliver organisational purpose.   |
| <b>Ensure Accountability</b> | Holds CEO to account for delivery of strategy.<br>Ensures Board committees that support accountability are properly constituted.  |
| <b>Shape Culture</b>         | Provides visible leadership in developing a positive culture for the organisation, and ensures that this is reflected and modelled in their own and in the Board's behaviour and decision making.<br>With regard to Board culture; Leads and supports a constructive dynamic within the Board, enabling contributions from all Directors. |
| <b>Context</b>               | Ensures all Board members are well briefed on the external context.   |
| <b>Intelligence</b>          | Ensures the provision of information to the Board and Council of Governors that is timely, reliable and comprehensive.  |
| <b>Engagement</b>            | Plays key role as an ambassador, and in building strong partnerships with: <ul style="list-style-type: none"> <li>• Patients and Public</li> <li>• Members and Governors</li> <li>• Staff</li> <li>• External Stakeholders</li> <li>• Regulators</li> </ul>   |

The outcomes from the CQC and Well-Led Reviews will inform the appraisal and the setting of objectives.

3. Annually the SID will lead the process in line with guidance in the Foundation Trust Code of Governance.

In undertaking the appraisal the SID will meet with;

- 3.1 The Chief Executive - who will provide the collective views of the Executive Directors
- 3.2 Collectively with the Non-Executive Directors
- 3.3 The Lead Governor and Vice-Chair of the Council of Governors - who will provide the collective views of the Governors
- 3.4 At the discretion of the SID; individually with external stakeholders.

4. Any Director or Governor is able to meet individually with the SID as part of the Chair's appraisal

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process.

5. The SID will gather and document views and thoughts on the Chair's contributions and performance in the following categories.
  - 5.1 Previous year's objectives
  - 5.2 Current time commitment
  - 5.3 Strategic direction and objective setting
  - 5.4 Support, challenge and holding to account
  - 5.5 Sub-committees and special responsibilities
  - 5.6 Governance and performance improvement
  - 5.7 Partnerships, patient and community focus
  - 5.8 Involvement/activities to be developed further (strengths and aspirations), learning and development needs and, objectives for the coming year
  - 5.9 Future time commitment.
6. Where a Director or Governor is unable to meet with the SID then an opportunity will be provided for them (either written or verbal) to provide feedback on the Chair's contribution and performance in the areas outlined in section 5 above.
7. The SID will review the Chair's 'fit and proper person' self-declaration annually.
8. The SID will collate the outcomes from the appraisal sessions and hold a meeting with the Chair to discuss the outcomes and identify SMART objectives for the forthcoming year.

**Definition of SMART Objectives**

**Specific:** outline in a clear statement precisely what is required

**Measurable:** include a measure to enable you to monitor progress and to know when the objective has been achieved

**Achievable:** objectives can be designed to be challenging, but it is important that failure is not built into objectives. Appraiser and appraisee should agree to the objectives to ensure commitment to them

**Realistic:** focus on outcomes rather than the means of achieving them

**Timely:** agree the date by which the outcome must be achieved

9. A formal report on the appraisal and the outcomes along with new objectives will be presented to the:
  - 9.1 Nominations and Remuneration Committee during Quarter 3.
  - 9.2 Council of Governors during Quarter 4.
10. The SID will confirm to the Governors whether, following formal performance evaluation, the performance of the Chair continues to be effective and demonstrates commitment to the role.
11. All appraisals will be documented and, following the completion of the appraisals the documents will be lodged with the Trust Secretary.

**Appraisal pro forma**

This is attached at attached at Appendix 1.

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**Objectives pro forma**

This is attached at attached at Appendix 2.

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Appendix 1

## Chair's Appraisal

|                                     |  |
|-------------------------------------|--|
| Name                                |  |
| Review Period: (MM/YYYY to MM/YYYY) |  |

### Overall assessment of performance

The performance of the Chair in their role has been assessed through a formal appraisal process as:

| Strong | Meets requirements | Needs development |
|--------|--------------------|-------------------|
|        |                    |                   |

### Overall feedback and development needs

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### Overall feedback from Chair

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### APPRAISAL SUMMARY

|  |
|--|
| 1. Previous year's objectives (see attached copy of last year's)               |
| 2. Reflecting the values of the Foundation Trust in the delivery of objectives |
| 3. Current time commitment   |

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| <b>4. Involvement/activities to be developed further (strengths and aspirations), learning and development needs and, objectives for the coming year</b> |
| <b>5. Future time commitment</b>   |
| <b>6. Any further comments</b>   |
| <b>Chair's views</b>   |

| Senior Independent Director |  |
|-----------------------------|--|
| Signed                      |  |
| Name                        |  |
| Date                        |  |

| Chair  |  |
|--------|--|
| Signed |  |
| Name   |  |
| Date   |  |

| Senior Independent Director review of Chair's 'Fit and Proper Persons' self-declaration completed |  |
|---|--|
| Signed  |  |
| Name  |  |
| Date  |  |

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Appendix 2

## Chair's Objectives 2018/19

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|--|--|
| <b>Name</b>                                |  |
| <b>Review Period: (MM/YYYY to MM/YYYY)</b> |  |

**High-level SMART objectives should relate to the role of the Chair as reflected in the table below.**

|                       |   |
|-----------------------|---|
| Formulate Strategy    | Ensures the Board develops vision, strategies and clear objectives to deliver organisational purpose  |
| Ensure Accountability | Holds CEO to account for delivery of strategy<br>Ensures Board committees that support accountability are properly constituted  |
| Shape Culture         | Provides visible leadership in developing a positive culture for the organisation, and ensures that this is reflected and modelled in their own and in the Board's behaviour and decision making<br>With regard to Board culture; Leads and supports a constructive dynamic within the Board, enabling contributions from all directors |
| Context               | Ensures all Board members are well briefed on the external context  |
| Intelligence          | Ensures the provision of information to the Board and Council of Governors that is timely, reliable and comprehensive.  |
| Engagement            | Plays key role as an ambassador, and in building strong partnerships with: <ul style="list-style-type: none"> <li>• Patients and Public</li> <li>• Members and Governors</li> <li>• Staff</li> <li>• External Stakeholders</li> <li>• Regulators</li> </ul>   |

**Additional agreed SMART objectives may be added which relate to specific areas of focus.**

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Chair's feedback

| Senior Independent Director |  |
|-----------------------------|--|
| Signed                      |  |
| Name                        |  |
| Date                        |  |

| Chair  |  |
|--------|--|
| Signed |  |
| Name   |  |
| Date   |  |

**Definition of SMART Objectives - along with clarification around interpretation.**

**Specific.** (Outline in a clear statement precisely what is required)

**Measurable.** (A measure to enable you to monitor progress and to know when the objective has been achieved)

**Achievable.** (Objectives can be designed to be challenging, but it is important that failure is not built into objectives. Appraiser and appraisee should agree to the objectives to ensure commitment to them.)

**Realistic.** (A focus on outcomes rather than the means of achieving them.)

**Timely.** (Agree the date by which the outcome must be achieved.)