Council of Governors: Summary Sheet

Title of Paper:	Report from Nomination & Remuneration Committee

Presented By:	Vice Chair, Trust Chair & Senior Independent Director

Action Required:

For Information		
For Ratification		
For a decision	x
For Feedback		
Vote required		
For Receipt	

To which duty does this refer:

Holding non-executive directors individually and collectively to account for the performance of the Board	
Appointment, removal and deciding the terms of office of the Chair and non-executive directors	x
Determining the remuneration of the Chair and non-executive directors	x
Appointing or removing the Trust's auditor	
Approving or not the appointment of the Trust's chief executive	
Receiving the annual report and accounts and Auditor's report	
Representing the interests of members and the public	
Approving or not increases to non-NHS income of more than 5% of total income	
Approving or not significant transactions including acquisitions, mergers, separations and dissolutions	
Jointly approving changes to the Trust's constitution with the Board	
Expressing a view on the Trust's operational (forward) plans	
Consideration on the use of income from the provision of goods and services from sources other than the NHS in England	
Monitoring the activities of the Trust to ensure that they are being conducted in a manner consistent with its terms of authorisation and the constitution	
Monitoring the Trust's performance against its targets and strategic aims	

How does this item support the functioning of the Council of Governors?

The Council of Governors will be complying with its statutory duties cited in the constitution and paragraph 10 of the standing orders

Author of Report:	Sam Stoddart

Designation:	Deputy Board Secretary

Date:	December 2019

Council of Governors

Date: 12 December 2019

Subject: Report from Nomination & Remuneration Committee (NRC)

From: Toby Morgan, Lead Governor, Jayne Brown OBE, Trust Chair and Sandie Keene CBE, Senior Independent Director

Authors: Sam Stoddart, Deputy Board Secretary

1.   Purpose

For approval	*For a collective decision*	*To report progress*	*To seek input from*	*For information/ assurance*	*Other (Please state below)*
x					**For noting**

Governors are required to consider for approval the recommendations from the NRC regarding:
- the Chair appointment process
- Chair remuneration
- Chair job description and person specification
- NED remuneration

Governors are asked to note the:
- Appointment of an external recruitment agency for the Audit Chair appointment
- Revised chair appraisal process

NRC met on 29 November 2019 to consider and agree the process for the trust chair appointment, along with all elements related. Its recommendations are detailed in this report.

In addition NRC discussed new national guidance for chair's appraisals and new national guidance for non-executive director (NED) remuneration. These recommendations are also included in this report.

Finally the committee discussed the audit chair appointment process.

(a)   Chair Appointment Process

2.   Summary
The current chair ends her first term of office on 30 June 2020. The post of chair is a key role within the organisation and it is important that the Nomination & Remuneration Committee (NRC), governors, non-executive and executive directors are clear about the process and the support required to facilitate an effective appointment.

2.1 Roles and Responsibilities

The Council of Governors have responsibility for:

- the appointment (and removal) of the chair and non-executive directors (NEDs);
- setting the remuneration and other terms and conditions of office for the chair;
- taking into account the views of the board and those of the NRC;

The wider CoG will be included in the appointment process by inviting them to hear candidate presentations and provide feedback which can support the interview panel in its decision.

The Council of Governor's Nomination and Remuneration Committee is responsible for:

- the process of recruiting and selecting candidates for appointment to the office of chair;
- recommending a suitable candidate for appointment by the full CoG.

As part of the process, it is good practice for NRC to review the role description and person specification (Code B.2.3). It is also for the NRC to form a panel to short-list candidates, undertake interviews and make a recommendation (for a preferred candidate) to the NRC. This panel should include the senior independent director (SID) as a member and Chief Executive (CEO) in attendance. It should also include an independent panel member. The NRC should discuss the outcomes from the interviews and then, after and if any consultation with board members is deemed necessary, make a recommendation for appointment by CoG (Code B.2.5).

The Board of Directors is responsible for:

- sharing its views in respect of the skills and experience required for the role with CoG. This is essential because the board is well-placed to identify the skills and experience required to lead it, which is part of the chair's role.

The board will also be given the opportunity to meet shortlisted candidates prior to the interview in order to enable them to assess whether they could work with the candidates, once appointed. By arranging for interviewees to meet the board, it also allows the candidates the chance to talk to the board members and enables them to make their own assessment on whether or not they could work with the board. The feedback from board can support the interview panel in its decision making.

The recruitment process also provides for the SID and the CEO (as members of the panel appointed by the NRC) to be involved in determining interview questions and interview scoring criteria, short-listing candidates, interviewing the candidates, and selecting one to recommend for appointment by CoG. It is important to note, though, that the CEO is not a member of the NRC – the terms of reference (ToR) provide that the CEO will normally be invited to attend meetings - so they will not participate in the final decision to select a candidate and make a recommendation to the CoG. Since the CEO is accountable through the chair to the board, it would not be appropriate for them to have a role in selecting the candidate.

When considering the chair appointment process and discussing anything related to it, it is appropriate that the vice chair takes the chair for these items to ensure any potential conflict of interest or perceived conflict is avoided.

Senior Independent Director (SID): under paragraph 4.1.1 of the ToR of NRC, the SID participates in the process where the chair is conflicted.

ACTION 1: CoG to note all responsibilities

2.2 **Job Description & Person Specification**
In September 2019 NHSE and NHSI published a new competency and development framework for NHS Provider Trust Chairs. This included a job description and person specification. These were presented to and reviewed by NRC, with the assurance given that there continued to be reference in the person specification that a desirable characteristic was have lived experience as either a service user or carer.

NRC agreed to the revised documents (shown in Appendix 1 and 2) noting that paragraph B.2.7 of the Code of Governance states 'when considering the appointment of non-executive directors, the council should take into account the views of the board and the nominations committee on the qualifications, skills and experience required for each position. Therefore, board were asked to review the revised job description and person specification at its meeting of 11 December 2019 and indicate any further requirements it deems are required which are not identified in both documents. **All to note that a verbal update on board's views to be provided at meeting.**

ACTION 2: CoG is asked to approve the revised job description and person specification shown in Appendix 1 and 2.

2.3 **Legal and Governance Framework**
The roles and responsibilities of the board, the Council of Governors (CoG) and NRC are defined through a combination of Schedule 7 to the National Health Service Act 2006 (particularly paragraphs 17 and 18), the Trust's Constitution, Standing Orders, and two documents published by Monitor: the "Foundation Trust Code of Governance" (the code) and "Your statutory duties: a reference guide for foundation trust governors" (the Guide).

ACTION 3: CoG is asked to note the legal and governance framework for the appointment

2.4 **Support in the process**
NRC considered two possible processes for the appointment; namely an internal process led by the trust's Human Resources department, and one led by an external recruitment agency. Both were debated and the pros and cons of both acknowledged, but the importance of the position and of securing a successful outcome led the committee to recommending the appointment of an external recruitment agency.

NRC then considered proposals from two companies, both of whom quoted for single appointments and joint appointments – to take into account the Audit Chair vacancy where CoG had agreed at its meeting of 25 July 2019 an external recruitment agency should be used to increase the changes of a successful appointment.   A third company failed to submit a proposal.

Following detailed discussion and debate, NRC agreed that Gatenby Sanderson demonstrated a higher degree of success in appointments to both Audit Chair and Trust Chair, had a greater reach in terms of engaging potential candidates and were

considerably less expensive at a cost of £27,000 for both appointments (compared to £40,000 quoted by the second agency).

NRC was eager to ensure that Chair appointment process mirrored that of the recent Chief Executive appointment which they had found to be both inclusive and robust. This will include candidate presentations, stakeholders groups and the interview panel itself.

ACTION 4: CoG to approve the appointment process and recommendation for Gatenby Sanderson to run both the trust chair and audit chair appointment processes.

2.5   Chair Remuneration

NRC considered recently published documentation from NHSE and NHSi entitled '[Structure to align remuneration for chairs and non-executive directors of NHS trusts and NHS foundation trusts](#)' in which remuneration ranges are dictated based upon the size of an organisation. The purpose of the document is to bring consistency across the whole NHS in relation to chair and NED remuneration.

As a small trust, the remuneration range for the role is determined between £40,000 (lower quartile) to £43,100 (median) and £45,100 (upper quartile). After much discussion and debate, noting that whilst remuneration had been reviewed periodically, the role had not be subject to any uplift since 2010, NRC agreed by a majority vote of four to two to recommend a £2000 uplift, taking the remuneration level to £42,000 to bring it in line with benchmarking guidelines and to apply from 1st July 2020.

ACTION 5: CoG is asked to approve NRC's recommendation to set the level of remuneration at £42,000 effective 1 July 2020.

2.6   Timetable

Gatenby Sanderson will be asked to provide a timetable working back from Thursday 30 April 2020 when CoG will be required to approve NRC's recommendation for the Chair appointment. It is therefore likely that interviews will take place earlier in April being mindful of Easter and any holidays during this period. Advertising of the role is likely to take place during February/March.

Once a timetable has been finalised, this will be communicated to all parties.

(b)   NED Remuneration

3.   NRC considered the document published in September 2019 by NHS England (NHSE) and NHS Improvement (NHSI) '[Structure to align remuneration for chairs and non-executive directors and NHS trusts and NHS foundation trusts](#)'. Its purpose is to address longstanding disparities between the remuneration of chairs and non-executive directors of NHS trusts and NHS foundation trusts and provides a benchmark for levels of remuneration in the foundation trust sector. NRC was briefed of its aims to:

- establish greater transparency, consistency and alignment in remuneration across provider trusts
- maintain proportionality in remuneration and avoid unnecessary future escalation

- effectively respond to current challenges associated with the attraction, recruitment and retention of chairs and non-executive directors, particularly within NHS trusts.

NRC acknowledged the requirements for a single uniform annual rate of £13,000 with supplementary awards determined by trust size. As a category 1 trust, two awards of £2000 are available or the maximum of £4000 can be split between roles as determined locally.

Current NED remuneration levels stand at £12,688 per annum with a further £2,000 per annum uplift awarded to three NED roles, namely the Audit Chair, Senior Independent Director and Vice Chair.

After discussion, NRC agreed to recommend to CoG that that trust adopts the new uniform rate of £13,000 with effect from 1 April 2020.

Further detailed discussion took place regarding the supplementary awards and the committee discussed the various options available. It was agreed that the award should remain in place for each of the three roles detailed above, but that the amount should be split equally, taking each award to £1,333. In line with the guidelines, NRC agreed that these reductions in the uplift should take effect at the point the role is subject to reappointment.

Action 6: CoG to approve the adoption of the single uniform rate of £13,000 for all NEDs with effect from 1 April 2020.

Action 7: CoG to approve the amendment to the supplementary award from £2,000 to £1,333 to take effect when each role is subject to reappointment.

(c)   Audit Chair appointment process

4.   Following the decision taken by CoG at its meeting of 25 July 2019 that an external recruitment agency should be appointed to increase the chances of a successful audit chair appointment, NRC considered proposals from two companies (a further company declared to submit a proposal).

Using the same criteria detailed in section 2.4 above, the committee agreed by a majority vote that Gatenby Sanderson was the preferred company to run the appointment process.

NRC agreed that the current position held by Ann Stanley should run until 31 May 2020. Subject to a successful outcome, CoG will be asked to approve the recommended candidate at its meeting of 30 April 2020.

Action 8: CoG to note the appointment of Gatenby Sanderson to lead the audit chair appointment process and the timescale for approval.

(d)   Chair appraisal process

5.   CoG were informed of a new national framework for chair appraisal and development at its meeting of 31 October 2019 and gave its approval for the NRC to review and

implement the new process.

NRC received the new framework published in September 2019 by NHSE and NHSi 'Framework for conducting annual appraisals of NHS provider Chairs', 'The role of the NHS Provider Chair: a framework for development'

They acknowledged the purpose was to ensure a consistent approach across the sector, with the principal aim to "ensure the annual appraisal is a valuable and valued undertaking that provides an honest and objective assessment of a chair's impact and effectiveness, while enabling potential support and development needs to be recognised and fully considered". In addition, the framework establishes a "more standardised approach to the appraisal process based on multiple stakeholder assessment and is aligned with the five core competencies identified in the NHS provider chair development framework.

Through publication of the documents, NHSE and NHSi anticipate that chairs will participate in a face-to-face annual appraisal discussion that is informed by self-evaluation and feedback from a range of internal and external stakeholders.   The new framework also introduces external scrutiny with copies of the appraisal reporting template being sent to the NHSi Chair and Chief Operating Officer (COO) for endorsement and to the NHSE and NHSi regional director for information.

The trust undertook a review of the framework and produced a draft Trust Chair Appraisal process (shown in Appendix 3) which it presented to NRC for discussion and approval. The document incorporated all key elements of the 'Framework for conducting annual appraisals of NHS provider chairs' and certain elements of the 'framework for development' in order to provide the context of competency domains upon which the appraisal is based.

It detailed the process, which in brief is carried out in four stages:

Stage 1:   appraisal preparation
Stage 2:   assessment of chair's effectiveness from a range of stakeholders
Stage 3:   evaluation/appraisal undertaken by Senior Independent Director (SID) with the Lead Governor and an appointed/stakeholder governor
Stage 4:   appraisal output

NRC considered the revised process and agreed it subject to a minor change:

- The inclusion of free text boxes for each competency on the stakeholder questionnaire.

NRC then discussed the requirement to seek internal and external stakeholder feedback and agreed to stakeholders being as follows:

Internal stakeholders
- Board of Directors
- Lead Governor
- Council of Governors (which includes patient and public representation)

External Stakeholders
- Chair, Primary Care Sheffield

- Chief Executive, Integrated Care System
- Chair, NHS Sheffield Clinical Commissioning Group
- Chair, Sheffield Teaching Hospitals NHS Foundation Trust
- Chair, Sheffield Children's NHS Foundation Trust
- Chair, South Yorkshire Housing Association
- Chair, Healthwatch Sheffield
- Chair, Voluntary Action Sheffield

NRC sought one final amendment to the process to include an appointment/ stakeholder governor on the appraisal itself in addition to the lead governor. The SID is responsible for leading the process.

NRC therefore approved the policy with the agreed amendments. The committee was informed that stakeholder questionnaires would be sent on 2 December with the appraisal taking place in early January 2020.

The outcome of the appraisal will be reported to NRC following which a report will be brought before CoG.

Action 9: CoG asked to note the new chair appraisal process (appendix 3).

6. Next Steps
Following all necessary approvals being received, the process of the chair and audit chair appointment will commence. The chair appraisal process has commenced and its outcome will be reported to CoG in due course.

7. Required Actions
Please see actions 1 to 9 throughout this report.

8. Monitoring Arrangements
The process will be overseen by the Interim Director of Corporate Governance.

9. Contact Details
Samantha Harrison
Interim Director of Corporate Governance (Board Secretary)
Email: Samantha.harrison@shsc.nhs.uk

Appendix 1

Sheffield Health and Social Care
NHS Foundation Trust

Trust Chair: Role Description

Values

The Trust is a major employer and provider of services. We are committed to recruiting people who fit our organisational values. These are:

- **Respect** - we listen to others, valuing their views and contributions
- **Compassion** - we show empathy and kindness to others so they feel supported, understood and safe
- **Partnership** - we engage with others on the basis of equality and collaboration
- **Accountability** - we are open and transparent, acting with honesty and integrity., accepting responsibility for outcomes
- **Fairness** - we ensure equal access to opportunity, support and services
- **Ambition** - we are committed to making a difference and helping to fulfil aspirations and hopes of our Service users and staff

The Chair's Role

This job description aligns with the NHS Provider Chair Competency Framework.

The chair has a unique role in leading the Board. The role combines the duty to lead effective governance, consistent with the Nolan principles and the NHS values, with securing a long-term vision and strategy for the organisation.

Fundamentally, the chair is responsible for the effective leadership of the board and council of governors. They are pivotal in creating the conditions necessary for overall board and individual director effectiveness. Central to the chair's role are five key responsibilities:

1. **Strategic:** ensuring the board sets the trust's long-term vision and strategic direction and holding the chief executive to account for achieving the trust's strategy.
2. **People:** creating the right tone at the top, encouraging diversity, change and innovation, and shaping an inclusive, compassionate, patient-centred culture for the organisation.
3. **Professional acumen:** leading the board both in terms of governance and managing relationships internally and externally.
4. **Outcomes focus:** achieving the best sustainable outcomes for patients/service users by encouraging continuous improvement, clinical excellence and value for money.
5. **Partnerships:** building system partnerships and balancing organisational governance priorities with system collaboration.

Responsibilities

1. **Strategic**
   In their strategic leadership role, the trust chair is responsible for:

- ensuring the whole board of directors plays a full part in developing and determining the trust's vision, values, strategy and overall objectives to deliver organisational purpose and sustainability (and for foundation trusts, having regard to the council of governors' views)
- ensuring the trust's strategy aligns with the principles guiding the NHS and the NHS values
- ensuring the board identifies the key risks the trust faces in implementing its strategy; determines its approach and attitude to providing effective oversight of those risks and ensures there are prudent controls to assist in managing risk
- holding the chief executive to account for delivering the strategy and performance

2. **People**

   In their role shaping organisational culture and setting the right tone at the top, the trust chair is responsible for:

   - providing visible leadership in developing a healthy, open and transparent patient-centred culture for the organisation, where all staff have equality of opportunity to progress, the freedom to speak up is encouraged, and ensuring that this culture is reflected and modelled in their own and in the board's behaviour and decision-making
   - leading and supporting a constructive dynamic within the board, enabling grounded debate with contributions from all directors
   - promoting the highest standards of ethics, integrity, probity and corporate governance throughout the organisation and particularly on the board
   - demonstrating visible ethical, compassionate and inclusive personal leadership by modelling the highest standards of personal behaviour and ensuring the board follows this example
   - ensuring that constructive relationships based on candour, trust and mutual respect exist between executive and non-executive directors (and for foundation trusts between elected and appointed members of the council of governors and between the board and the council)
   - developing effective working relationships with all the board directors, particularly the chief executive, providing support, guidance and advice.

   In their role developing the board's capacity and capability, the trust chair is responsible for:

   - ensuring the board sees itself as a team, has the right balance and diversity of skills, knowledge and perspectives, and the confidence to challenge on all aspects of clinical and organisational planning; this includes:

     – regularly reviewing the board's composition and sustainability with the chief executive and the nominations committee
     – considering succession planning (and for foundation trusts, remuneration) for the board, including attracting and developing future talent (working with the board, council of governors and nominations and remuneration committees as appropriate)
     – considering the suitability and diversity of non-executive directors who are assigned as chairs and members of the board's committees, such that as far as possible they reflect the workforce and respective communities served by the board

- where necessary, leading in seeking the removal of non-executive directors and giving counsel in the removal of executive directors

- leading on continual director (and for foundation trusts, governor) development of skills, knowledge and familiarity with the organisation and health and social care system, to enable them to carry out their role on the board/council effectively, including through:

  - induction programmes for new directors/governors
  - ensuring annual evaluation of the board/council's performance, the board's committees, and the directors/governors in respect of their board/council contribution and development needs, acting on the results of these evaluations and supporting personal development planning
  - taking account of their own development needs through, for example, personal reflection, peer learning and mentoring/reverse mentoring as part of the wider NHS provider chair community

- developing a board that is genuinely connected to and assured about staff and patient experience, as demonstrated by appropriate feedback and other measures, including the Workforce Race Equality Standard (WRES); Workforce Disability Equality Standard (WDES); and Equality Delivery System (EDS).

3. Partnerships

In their role as an ambassador, leading in developing relationships and partnership working, the chair is responsible for:

- promoting an understanding of the board's role, and the role of non-executive and executive directors
- representing the organisation externally, developing and facilitating strong partnerships, and promoting collaborative, whole-system working through engagement with:

  - patients and the public
  - members and governors (foundation trust)
  - all staff
  - key partners across public, private and voluntary sectors
  - regulators
  - other chairs in the system and the wider NHS provider chair community, including where appropriate, through:

    - integrating with other care providers
    - identifying, managing and sharing risks
    - ensuring decisions benefit the local population, prioritising the needs of the citizens served by the organisation at a system level

- ensuring that effective communication with stakeholders creates board debate encompassing diverse views, and giving sufficient time and consideration to complex, contentious or sensitive issues
- facilitating the council of governors' work on member engagement, so the governors can carry out their statutory duty to represent the interests of trust members and the general public to the trust

- ensuring that governors have the dialogue with directors they need to hold the non-executive directors (which includes the trust chair), individually and collectively to account for the board's performance.

4. Professional acumen
In their role as governance lead for the board and for the council of governors, the chair is responsible for:

- making sure the board/council operates effectively and understands its own accountability and compliance with its approved procedures – for example, meeting statutory duties relating to annual reporting
- personally doing the right thing, ethically and in line with the NHS values, demonstrating this to and expecting the same behaviour from the board
- leading the board in establishing effective and ethical decision-making processes
- setting an integrated board/council agenda relevant to the trust's current operating environment and taking full account of the important strategic issues and key risks it faces, aligned with the annual planner for council of governors meetings, developed with the lead governor
- ensuring that the board/council receives accurate, high quality, timely and clear information, that the related assurance systems are fit for purpose and that there is a good flow of information between the board, its committees, the council and senior management
- ensuring board committees are properly constituted and effective
- leading the board in being accountable to governors and leading the council in holding the board to account.

In their role as facilitator of the board and of the council of governors, the chair is responsible for:

- providing the environment for agile debate that considers the big picture
- ensuring the board/council collectively and individually applies sufficient challenge, balancing the ability to seize opportunities while retaining robust and transparent decision-making
- facilitating the effective contribution of all members of the board/council, drawing on their individual skills, experience and knowledge and in the case of non-executive directors, their independence
- working with and supporting the trust board secretary in establishing and maintaining the board's annual cycle of business
- liaising with and consulting the senior independent director.

5. Outcomes focus
In their role as a catalyst for change, the chair is responsible for:

- ensuring all board members are well briefed on external context – eg policy, integration, partnerships and societal trends – and this is reflected in board/council debate
- fostering a culture of innovation and learning, by being outward-looking, promoting and embedding innovation, technology and transformation through the board/council's business and debate
- promoting academic excellence and research as a means of taking health and care services forward

- ensuring performance is accurately measured against constitutional and Care Quality Commission 'well-led' standards
- ensuring performance on equality, diversity and inclusion for all patients and staff is accurately measured and progressed against national frameworks, including WRES, WDES and EDS
- above all, ensuring the board maintains an unrelenting interest in and focus on the continuous improvement and self-assessment of patient safety, experience and clinical outcomes.

Sheffield Health and Social Care
NHS Foundation Trust

Trust Chair: person specification

This describes the skills, experience and attributes required or desirable for fulfilling the role, consistent with the competency framework's five domains and the detailed role description.

<div style="background-color:red; color:white">**Required skills, experience and attributes**</div>

Values

- A clear commitment to the NHS and the trust's values and principles

Strategic

- Experience of leading and delivering against long-term vision and strategy
- Experience leading transformational change, managing complex organisations, budgets and people

People

- Strong interpersonal, communication and leadership skills
- Experience of building effective teams, encouraging change and innovation and shaping an open, inclusive and compassionate culture through setting the right tone at the top and championing diversity at, and across, all levels
- Strongly focused on the experience of all staff and patients
- Fully attentive towards issues of equality, diversity and inclusion

Professional acumen

- Prior board experience (any sector, executive or non-executive role)
- Evidence of successfully demonstrating the NHS provider chair competencies in other leadership roles
- An ability to identify and address issues, including underperformance, and to scrutinise and challenge information effectively for assurance

Outcomes focus

- A demonstrable interest in health and social care and a strong desire to achieve the best sustainable outcomes for all patients and service users through encouraging continuous improvement, clinical excellence and value for money
- Strong understanding of financial management, with the ability to balance the competing objectives of quality, operational performance and finance
- An appreciation of constitutional and regulatory NHS standards

Partnerships

- A desire to engage with the local population and to collaborate with senior stakeholders across the health and care system
- Experience managing conflict, finding compromise and building consensus across varied stakeholder groups with potentially conflicting priorities

Desirable experience

- Prior experience as a non-executive director (any sector)
- Prior experience on an NHS board (executive, non-executive or associate role)
- Professional qualification or equivalent experience
- Prior senior experience of complex organisations outside the NHS, ie private, voluntary or other public sector providers of similar scale

Applications will be assessed on merit, as part of a fair and open process, from the widest possible pool of candidates. The information provided by applicants will be relied on to assess whether sufficient personal responsibility and achievement have been demonstrated in previous/other roles, to satisfy the experience being sought.

The best boards are those that reflect the workforce and communities they serve. We therefore particularly welcome applications from women, people from local black, Asian and minority ethnic communities, and people with disabilities or lived experience of our services, who we know are all under-represented in these important roles.

Appendix 3

Framework for Annual Appraisal of Trust Chair

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Context

The framework was published by NHS England and NHS Improvement in September 2019 and is informed by the related provisions common to Monitor's code of governance for NHS foundation trusts[1], the seven principles of public life[2] and the Financial Reporting Council's publications (UK corporate governance code[3] and guidance on board effectiveness[4]). These provisions stress the pivotal nature of the chair's role in creating the conditions for the board's effectiveness in maintaining a focus on strategy, performance, culture and values, stakeholders and accountability.

In leading the board, the chair should set clear expectations concerning the style and tone of its discussions, ensuring it has effective decision-making processes and applies sufficient challenge in conducting its business. This requires an ability to foster relationships based on trust, mutual respect and open communication between non-executive directors and the executive team, and between the unitary board and its key partners (both internal and external).

As a minimum, chairs will participate in a face-to-face annual appraisal discussion that is informed by self-evaluation, combined with assessments of impact and personal effectiveness provided by a range of internal and external stakeholders. The frame of reference for self-evaluation and stakeholder assessment is the five 'competency clusters' associated with the provider chair competency framework shown below.
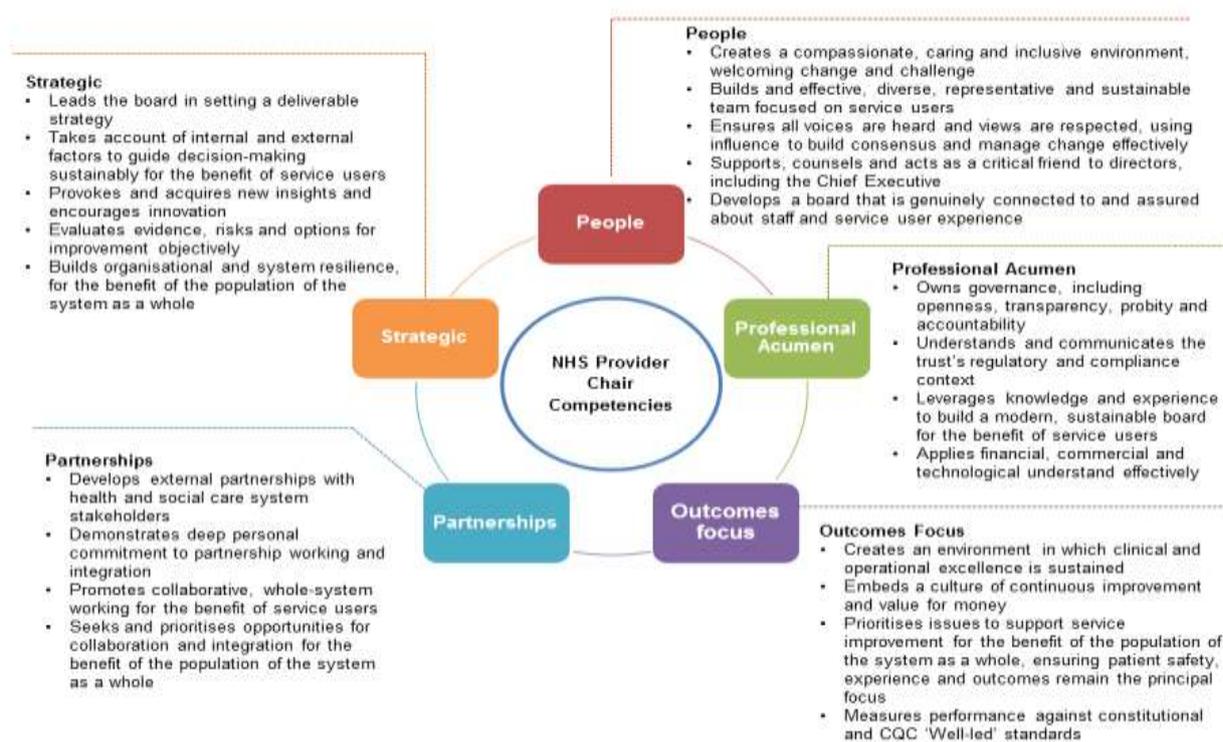
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[1] www.gov.uk/government/publications/nhs-foundation-trusts-code-of-governance
[2] www.gov.uk/government/publications/the-7-principles-of-public-life
[3] www.frc.org.uk/
[4] www.frc.org.uk/

The five competency domains

Strategic
- Leads the board in setting a deliverable strategy
- Takes account of internal and external factors to guide decision-making sustainably for the benefit of service users
- Provokes and acquires new insights and encourages innovation
- Evaluates evidence, risks and options for improvement objectively
- Builds organisational and system resilience, for the benefit of the population of the system as a whole

People
- Creates a compassionate, caring and inclusive environment, welcoming change and challenge
- Builds and effective, diverse, representative and sustainable team focused on service users
- Ensures all voices are heard and views are respected, using influence to build consensus and manage change effectively
- Supports, counsels and acts as a critical friend to directors, including the Chief Executive
- Develops a board that is genuinely connected to and assured about staff and service user experience

Professional Acumen
- Owns governance, including openness, transparency, probity and accountability
- Understands and communicates the trust's regulatory and compliance context
- Leverages knowledge and experience to build a modern, sustainable board for the benefit of service users
- Applies financial, commercial and technological understand effectively

Partnerships
- Develops external partnerships with health and social care system stakeholders
- Demonstrates deep personal commitment to partnership working and integration
- Promotes collaborative, whole-system working for the benefit of service users
- Seeks and prioritises opportunities for collaboration and integration for the benefit of the population of the system as a whole

Outcomes Focus
- Creates an environment in which clinical and operational excellence is sustained
- Embeds a culture of continuous improvement and value for money
- Prioritises issues to support service improvement for the benefit of the population of the system as a whole, ensuring patient safety, experience and outcomes remain the principal focus
- Measures performance against constitutional and CQC 'Well-led' standards
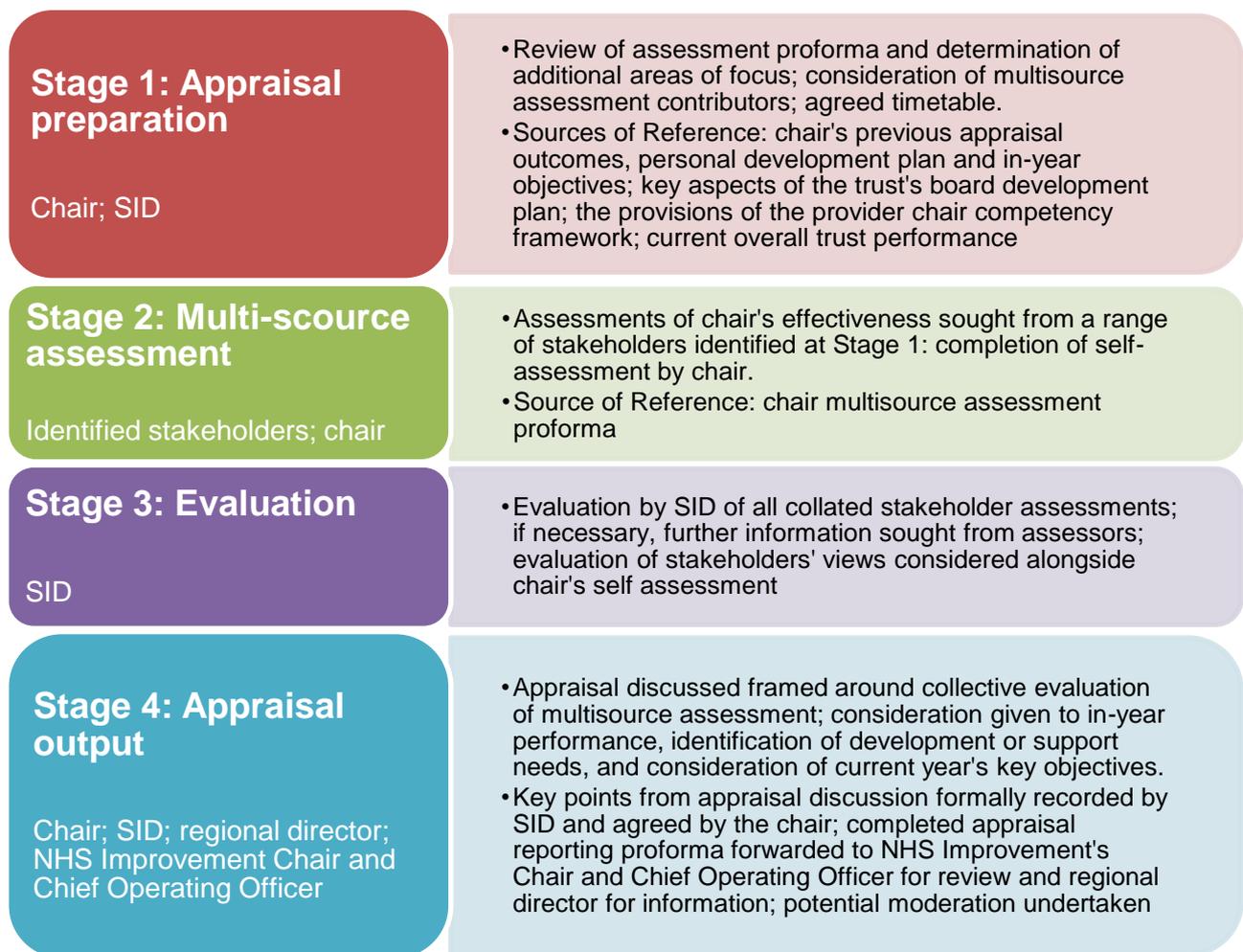
The outcomes arising from the appraisal discussion will be recorded and shared with respective NHS England and NHS Improvement regional directors.

The preparation for and conduct of the appraisal discussion should be facilitated by the senior independent director (SID) also known as the appraisal facilitator. The SID will be responsible for receiving the chair's self-evaluation and collating all assessment feedback from the participant stakeholders.

For annual appraisals to be meaningful and contribute beneficially to chairs' personal development, SIDs should place significant emphasis on developing a highly functional working relationship with their chairs, built on openness, honesty and trust. This will ensure the appraisal does not feel like an impersonal or isolated annual event but an important cornerstone of continuous and supportive dialogue and objective informal feedback, relating to personal impact and effectiveness. Above all, chairs should be genuinely willing to seek and act on constructive criticism about their impact and effectiveness.

Annual process

This framework establishes a standard process, consisting of four key stages, to be applied to the annual appraisal of chairs. The process is described below and shown in the flowchart.

Stage 1: Appraisal preparation Chair; SID	• Review of assessment proforma and determination of additional areas of focus; consideration of multisource assessment contributors; agreed timetable. • Sources of Reference: chair's previous appraisal outcomes, personal development plan and in-year objectives; key aspects of the trust's board development plan; the provisions of the provider chair competency framework; current overall trust performance
Stage 2: Multi-scource assessment Identified stakeholders; chair	• Assessments of chair's effectiveness sought from a range of stakeholders identified at Stage 1: completion of self-assessment by chair. • Source of Reference: chair multisource assessment proforma
Stage 3: Evaluation SID	• Evaluation by SID of all collated stakeholder assessments; if necessary, further information sought from assessors; evaluation of stakeholders' views considered alongside chair's self assessment
Stage 4: Appraisal output Chair; SID; regional director; NHS Improvement Chair and Chief Operating Officer	• Appraisal discussed framed around collective evaluation of multisource assessment; consideration given to in-year performance, identification of development or support needs, and consideration of current year's key objectives. • Key points from appraisal discussion formally recorded by SID and agreed by the chair; completed appraisal reporting proforma forwarded to NHS Improvement's Chair and Chief Operating Officer for review and regional director for information; potential moderation undertaken

Stage 1: Appraisal preparation

At a pre-appraisal meeting, the chair and the SID should review the contents of the assessment proforma provided by this framework (see Appendix 1) and determine whether they will seek feedback for any additional areas: if so, the proforma will need to be adapted accordingly. Additional areas of focus are likely to be identified by, for example, considering the chair's previous appraisal outcomes, personal development plan and in-year objectives; key aspects of the trust's board development plan; the provisions of the provider chair competency framework and the trust's current overall performance.

The chair and the SID should also determine which stakeholders they will invite to contribute to the appraisal through multisource assessment and agree the overall timetable for completing the required appraisal activity. The agreed timetable should ensure all associated stages of the process are completed by the end of Quarter 1 in any given year.

Another important part of the preparation is for the SID to speak with their NHS England and NHS Improvement regional director to ascertain whether they consider that any areas of competency should receive particular focus.

Stage 2: Multisource assessment

Assessments of the chair's effectiveness should be sought from a range of key stakeholders who represent the trust and external partner organisations. For foundation

trusts, the lead governor (on the council of governors' behalf) should always be included. Other stakeholders might include non-executive directors, the chief executive, executive directors, integrated care system chair, commissioners and other system partners, patient and public representative leads and a peer(s) from another trust(s). Careful consideration should be given to ensuring there is an appropriate number and span of representative participants.

The multisource assessment proforma is provided at Appendix 1. The proforma may be adapted according to local context, such that those competencies that are of greatest relevance may be prioritised over others.

Concurrently, the chair should be invited to conduct a self-assessment using the chosen criteria included in the multisource assessment proforma. This self-evaluation should include commentary on any identified personal development or support needs.

Stage 3: Evaluation

The SID will need to devote sufficient time to evaluating all the collated stakeholder assessments. As part of this evaluation, it may well be necessary to seek further information from one or more of the assessors, to gain greater insight and/or to clarify certain areas. The evaluation of stakeholders' views should then be considered alongside the chair's own self-assessment. Again, the chair may ask the SID for further information and/or comment.

Stage 4: Appraisal output

The collective evaluation of the multisource assessment should form the basis of, and subsequently guide, an appraisal discussion between the chair and the SID. During the discussion, equal consideration should be given to assessing in-year performance, how any previously identified development and support needs have been met, identifying any continuing or additional development or support required, and determining key objectives for the current year. The lead governor and an appointed/stakeholder governor will be present at the appraisal.

The key points arising from the appraisal discussion should be formally recorded by the SID and agreed by the chair. A proforma for this is provided in Appendix 2.

After completing all local activity, a copy of the appraisal reporting proforma (Appendix 2) should be sent to NHS Improvement's Chair and Chief Operating Officer for review and to the NHS England and NHS Improvement regional director, for information. NHS Improvement's Chair and Chief Operating Officer will acknowledge, with the chair, the receipt of their appraisal documentation and exercise discretion in seeking further information and/or moderating the appraisal outcomes, if such action is deemed to be necessary.

Appendix 1: NHS provider chair multisource assessment proforma

Overview

This proforma is for use by those asked to contribute to the annual appraisal of the chair, a principal component of which is multisource assessment. In addition to inviting responses from identified stakeholders to the statements and questions in the proforma, chairs will be asked to reflect on the same statements and questions as a means of self-assessment. The collective evaluation of all responses, including those provided by chairs, will form the basis of an appraisal discussion conducted by the SID.

The outcomes arising from the appraisal discussion will be formally recorded and reviewed at regional level (by respective regional directors) and national level (by NHS Improvement's Chair).

The annual appraisal process should be a valuable and valued undertaking that honestly and objectively assesses a chair's impact and effectiveness, while enabling potential support and development needs to be recognised and fully considered. The NHS provider chair competencies framework identifies four key aspects central to the chair's role:

- leading the board, both in shaping the agenda and managing relationships internally and externally

- ensuring the board sets the trust's long-term vision and strategic direction and holding executive directors to account for delivering the trust's strategy

- creating the right tone at the top, encouraging change and shaping the organisation's culture

- building system partnerships and balancing organisational governance priorities with system collaboration (this is becoming more important as organisations move to integrated care systems, prioritising population health in line with the NHS Long Term Plan).

These aspects are reflected in the framework's five competency 'clusters' (ie strategic, partnerships, people, professional acumen and outcomes focus). Collectively, the competencies associated with each cluster represent a success profile against which chairs' impact and effectiveness should be annually assessed.

The proforma consists of themed statements grouped according to the five competency clusters. Based on their direct knowledge of the chair, assessors are asked to provide a response to each statement (ie strongly agree, agree, disagree or strongly disagree) or to a smaller number of specific statements that will have been indicated by the SID, under covering correspondence.

For each competency, reflecting on their responses to the associated themed statements, assessors are further invited to provide commentary in response to two questions: "what does the chair do particularly well?" and "how might the chair's impact and effectiveness be improved?" Responses will be particularly valuable in highlighting areas of high impact and good practice, and opportunities for development and support.

Completed proformas should be submitted (anonymously or otherwise) direct to the appraisal facilitator.

Confidential Multisource Assessment – Chair impact and effectiveness

Name of Provider Trust: Sheffield Health & Social Care NHS Foundation Trust	
Name of chair:	
Name and role of appraisal facilitator:	
Assessment period:	

Part 1: Responses to statements relating to the chair competencies framework

The following themed statements relate to the chair's impact and effectiveness in their role.

Please respond to as many of the statements as possible.

Where you are unable to provide a response, please leave the relevant field(s) blank.

Competency: Strategic	Strongly agree	Agree	Disagree	Strongly disagree
Leads the board in setting an achievable strategy				
Takes account of internal and external factors to guide decision-making sustainably for the benefit of service users				
Provokes and acquires new insights and encourages innovation				
Evaluates evidence, risks and options for improvement objectively				
Builds organisational and system resilience, for the benefit of the population of the system as a whole				
Any other comments you would like to make relating to the strategic competency?				

Competency: Partnerships	Strongly agree	Agree	Disagree	Strongly disagree
Develops external partnerships with health and social care system stakeholders				
Demonstrates deep personal commitment to partnership working and integration				
Promotes collaborative, whole-system working for the benefit of all service users				
Seeks and prioritises opportunities for collaboration and integration for the benefit of the population of the system as a whole				
Any other comments you would like to make about partnerships?				

Competency: People	Strongly agree	Agree	Disagree	Strongly disagree
Creates a compassionate, caring and inclusive environment, welcoming change and challenge.				
Builds an effective, diverse, representative and sustainable team focused on all staff and service users				
Ensures all voices are heard and views are respected, using influence to build consensus and manage change effectively				
Support, counsels and acts as a critical friend to directors, including the chief executive.				
Any other comments you would like to make about the people competency?				

Competency: Professional acumen	Strongly agree	Agree	Disagree	Strongly disagree
Owns governance, including openness, transparency, probity and accountability				
Understands and communicates the trust's regulatory and compliance context				
Leverages knowledge and experience to build a modern, sustainable board for the benefit of service users.				
Applies financial, commercial and technological understanding effectively				
Any other comments you would like to make about professional acumen?				

Competency: Outcomes focus	Strongly agree	Agree	Disagree	Strongly disagree
Creates an environment in which clinical and operational excellence is sustained				
Embeds a culture of continuous improvement and value for money				
Prioritises issues to support service improvement for the benefit of the population of the system as a whole, ensuring service user safety, experience and outcomes remain the principal focus				
Measures performance against constitutional standards, including those relating to equality, diversity and inclusion.				
Any other comments you would like to make about this competency?				

Part 2: Strengths and opportunities

Please highlight the chair's particular strengths and suggest any areas in which there are opportunities for increasing their impact and effectiveness.

Strengths: What does the chair do particularly well?
Opportunities: How might the chair increase their impact and effectiveness?

Part 3: Additional commentary

Please provide any additional commentary relating to any aspects of the chair's conduct, impact and effectiveness in their role.

Additional commentary

Thank you for participating. Please now send your completed proforma to Sandie Keene, Senior Independent Director, who will treat your responses in strict confidence. Should you wish to discuss any of your responses with the SID, again in strict confidence, please request to do so.

Appendix 2: Chair appraisal reporting proforma

This proforma is to be used to formally record a summary of key outcomes arising from the appraisal discussion between the chair of Sheffield Health & Social Care NHS Foundation Trust and its Senior Independent Director.

Name of Provider Trust: Sheffield Health & Social Care NHS Foundation Trust	
Name of chair:	
Name and role of appraisal facilitator:	
Appraisal period:	

Part 1: Multisource stakeholder assessment outcomes (for completion by the SID)

a. Summary of significant emergent themes from stakeholder assessments:

b. Highlighted areas of strength:

c. Identified opportunities to increase impact and effectiveness:

Part 2: Self-reflection (for completion by the chair)

Summary of self-reflection on multisource stakeholder assessment outcomes:

Part 3: Personal development and support (for completion by chair and SID)

Identification of personal development and/or support needs			
Description	Proposed intervention	Indicative timescale	Anticipated benefit/ measure of success

Part 4: Principal objectives (for completion by chair and SID)

Identification of personal development and/or support needs		
Objective	Anticipated benefit/ measure of success	Anticipated constraints/ barriers to achievement

Part 5: Confirmation

Confirmation of key outcomes of appraisal discussion:		
Confirmed by	Signature	Date
Chair		
Senior Independent Director		

Part 6: Submission

a.   Copy submitted to regional director, for information

Name of regional director	Date

b.   Receipt of NHS Improvement Chair and Chief Operating Officer

Signature (Chair)	Date
Signature (Chief Operating Officer)	Date

Comments (including potential moderation):