

**Executive Summary
Report to the Council of Governors meeting
Held on 30 June 2020**

Subject	Council of Governors' Nomination and Remuneration Committee: Practice and Process
Supporting TEG Member	Sandi Carman, Assistant Chief Executive
Author	Wendy Bradley, Public Governor
Status¹	Note and approve

PURPOSE OF THE REPORT

To note a paper from Public Governor Wendy Bradley which will be taken forward for discussion and agreement at the next meeting of the Governors' Forum.

KEY POINTS

The Nomination and Remuneration Committee is a sub-committee of the Council of Governors (CoG). Comments are made herein on its practice and process with a motion recommending that the paper be taken forward.

In line with the process for prior consultation which we have recently agreed, this would involve debate at the next Governors' Forum meeting on a change in the practice of the Nomination and Remuneration Committee of CoG to seek to operate a collaborative process, through:

- holding a "committee of the whole" discussion amongst all interested members of the Council of Governors to agree selection parameters before a recruitment exercise for a NED is undertaken
- a commitment to share person specifications (and other process documents eg instructions/agreements with recruitment consultants etc) with the full Council of Governors before they are signed off.
- achieving clarity that, mindful of paragraph 17.1.1 of the Trust's constitution, it is for the CoG to hold the NEDs to account, the Nomination and Remuneration Committee answers first to fellow members of the CoG.
- agreeing that the longest-serving member of each constituency (patient/public, staff etc) shall stand down and a new member from that constituency be appointed annually.

Agreement reached in discussion at the Governor's Forum meeting would be brought back to the Council of Governors for discussion and approval.

IMPLICATIONS²

AIM OF THE STHFT CORPORATE STRATEGY 2017-2020		TICK AS APPROPRIATE
1	Deliver the Best Clinical Outcomes	
2	Provide Patient Centred Services	
3	Employ Caring and Cared for Staff	
4	Spend Public Money Wisely	
5	Deliver Excellent Research, Education & Innovation	

RECOMMENDATIONS

The Council of Governors is asked to NOTE this paper.

The Council of Governors is asked to APPROVE that the content of this paper are taken forward and discussed at the next Governors' Forum meeting and thereafter brought back to the Council of Governors for discussion and approval.

Nomination and Remuneration Committee: practice and process

1. The Nomination and Remuneration Committee (NRC) is a standing sub-committee of the Council of Governors. Needless to say nothing in this document is intended to be, or should be taken as, criticism of any of the current members of the NRC.
2. However, mindful of paragraph 5.1 of the Trust constitution¹, it could be argued that at present the Council of Governors are not fully embracing their role in appointing and managing the Chair and non-executive Directors (NEDs). The NRC does not fully embrace its role as a sub-committee of the entire body of Governors.
3. There is a difficult balance to be struck between maintaining confidentiality with respect to the matters of performance, personality and pay with which the NRC deals and on the other hand the openness and transparency which the Council of Governors as a whole might expect its sub-committee to act.
4. It is therefore suggested that the NRC, while continuing to respect confidentiality concerning **performance, personality and pay**, should with immediate effect change its **practice** and seek to operate a collaborative **process**.
5. In other words, while the Council of Governors would not expect to be apprised of the reasons a particular Non-Executive Director was appointed or remunerated, it would in future not only expect to be **informed** of the process to be followed in determining such an appointment but to have **input into and approval of** the process to be followed.
6. A hypothetical illustration might be the appointment of a new NED: a good candidate could be sought, interviewed and be ready to be appointed but without the CoG having had any input into the criteria for selection. Suppose the NRC had decided to seek – say - a "youthful candidate with a media profile whether or not they live in Sheffield" and the wider CoG were more invested in the appointment of – say - a "Sheffield-resident experienced NHS insider" then their only recourse would be to refuse to approve the appointment, with the commensurate embarrassment this would cause to the Trust and to the candidate.
7. In practical terms what would a **collaborative process** mean? It might include (but not be limited to)
 - A commitment to hold a "committee of the whole" discussion amongst all interested members of the CoG to agree selection parameters before a recruitment exercise were undertaken
 - A commitment to share person specifications (and other process documents eg instructions/agreements with recruitment consultants etc) with the full CoG before they were signed off.

1. ¹"The Council of Governors may not delegate any of its powers to a committee or sub-committee but it may appoint working groups to assist the Council of Governors in carrying out and properly performing its functions under the Regulatory Framework. The Council of Governors may appoint Governors and may invite Directors or Officers of the Trust and other persons to serve on such committees." See <mailto:https://www.sth.nhs.uk/clientfiles/File/TrustConstitution.pdf>

- Clarity that, mindful of paragraph 17.1.1 of the Trust's constitution², it is for the CoG to hold the NEDs to account, the NRC answers first to fellow members of the CoG.
8. In addition to opening up the process of making decisions, it would be desirable for the NRC to open up its membership. At present members are appointed to the NRC with an unlimited term. A simple way of renewing the committee might be to agree that the longest-serving member of each constituency (patient/public, staff etc) shall stand down and a new member from that constituency be appointed annually. In this way there would always be at least three public/patient governors with experience of the NRC and one new member.
 9. Colleagues are invited to vote on the motion that this paper shall be taken forward and the detail of how it will be incorporated into the NRC terms of reference be agreed at the next Governors Forum.

W Bradley
June 2020

² "17.1 The general duties of the Council of Governors are:

17.1.1 to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors, and

17.1.2 to represent the interests of the Members of the Trust as a whole and the interest of the public."

See <https://www.sth.nhs.uk/clientfiles/File/TrustConstitution.pdf> page 14