

EXECUTIVE SUMMARY
REPORT TO THE COUNCIL OF GOVERNORS
13 FEBRUARY 2018

Subject:	Term of Office of the Chairman and Non-Executive Directors
Supporting Director:	Tony Pedder, Chairman
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Status	To Note

PURPOSE OF THE REPORT:

To inform the Council of Governors on the position regarding the term of office of the Chairman and Non-Executive Directors.

KEY POINTS:

The NHS Foundation Trust Code of Governance is issued as best practice advice and is not regarded as mandatory guidance. Accordingly application of the Code is on a “comply or explain” approach. Trust’s must review each provision carefully and give a considered explanation if it departs from it.

It was raised at the Council of Governors Meeting on 6 December 2017 that the term of office of the Chair and Non-Executive Directors differed from the term of office stated in Monitor’s NHS Foundation Trust Code of Governance, re-appointment at three yearly intervals as opposed to re-appointment at four-yearly intervals at Sheffield Teaching Hospitals.

This paper provides an overview of the current position and confirms the Trust approach of a four year tenure as detailed in the Trust Constitution.

This information is provided to the Council of Governors to Note.

COUNCIL OF GOVERNORS 13 FEBRUARY 2018

Chair and Non-Executive Directors' Terms of Office

It was raised at the Council of Governors Meeting on 6 December 2017 that the term of office of the Chair and Non-Executive Directors differed from the term of office stated in Monitor's NHS Foundation Trust Code of Governance, re-appointment at three yearly intervals as opposed to re-appointment at four-yearly intervals at Sheffield Teaching Hospitals.

The Code of Governance is issued as best practice advice not mandatory guidance. Accordingly application of the Code is on a "comply or explain" approach. While it is expected that NHS Foundation Trusts will comply with the Code's provisions, it is recognised that departure from the provisions of the Code may be justified in particular circumstances. Every Trust must review each provision carefully and give a considered explanation if it departs from it.

The Board of Directors and the Council of Governors decided to maintain the term of office of the Chair and Non-Executive Directors at four years rather than three years to provide additional stability and continuity without compromising independence. A reference paragraph has been included in the following Annual Reports 2012/13; 2013/14; 2014/15 and can be identified in the 2015/16 Annual Report on page 29 as follows:

"DIRECTORS' REPORT

Governance Code

Sheffield Teaching Hospitals NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Board of Directors has considered the NHS Foundation Trust Code of Governance published by Monitor and is compliant with the principles and provisions of the code apart from the Terms of Office for Non-Executives. Following an extensive review of the Trust's Constitution in 2014/15, it was decided to maintain the term of office for Non-Executive Directors at four years, rather than three years as recommended in the Code. The Trust believes this provides the Board with additional stability and continuity without compromising independence. The revised Constitution was approved by the Board of Directors and the Council of Governors."

Unfortunately due to a change in key personnel the required explanatory paragraph was omitted from the 2016/17 Annual Report. The Trust's external auditors have been notified and confirmed that they do not believe this omission is material and have advised that we include the paragraph in the next Annual Report as planned.

This approach was also confirmed by the approval of the Trust Constitution at the Council of Governors meeting on the 6 December 2017. The relevant paragraphs are detailed below:

"4.6.2 The Chairman and Non-Executive Directors are appointed for a Term of Office of no more than 4 years, subject to re-appointment.

4.6.3 The Chairman and Non-Executive Directors, (excepting the Non-Executive Director who exercises functions for the purposes of the University of Sheffield in accordance with Paragraph 24.9 of the Constitution), may serve no more than 8 years or 2 consecutive full Terms of Office but the maximum tenure to be extended by annual reappointment, in exceptional circumstances."

Ref: Sheffield Teaching Hospitals NHS Foundation Trust: Trust Constitution Pg. 75