

THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST

MEMBERS COUNCIL

APPOINTMENT OF NON-EXECUTIVE DIRECTORS

1. INTRODUCTION

Governors will recall that one of their statutory powers is to appoint the Non-Executive Directors of the Board. Indeed, this power has already been exercised in the course of both 2006 and 2007. In 2008, the terms of office of up to five of the current Non-Executive Directors are due to expire. This paper sets out proposals for addressing both the appointment of replacements and the issue of the continuing stability and functioning of the Board of Directors.

2. CURRENT ISSUES

At time the Trust was authorised to become a Foundation Trust (1<sup>st</sup> June 2006), the Constitution allowed for the existing Non-Executive Directors to either hold office for a term of 12 months from the licensing date (if they wished to continue to serve), or conclude their existing term of office, whichever was the longer.

Governors will recall that Sir Miles Irving (Chairman) and Mr Richard Middleton (Non-Executive and Chairman of the Audit Committee) stepped down in September 2006 and in consequence the Nominations Committee, comprised of four Governors and three Executive Directors, was convened to select, interview and recommend candidates for those two posts. This process resulted in the appointment of Mr Martin Ballinger as Chairman and Mr Kingsley Smith as Non-Executive Director and Chairman of the Audit Committee.

Following the untimely death of Mr Ballinger in February 2007, the Nominations Committee was again convened to identify and interview candidates for the post of Chairman. Members Council ratified the appointment of Mr Smith to that post in September 2007. Given the difficulties then arising in finding a further replacement Non-Executive to fill the vacancy created by Mr Smith's move, Members Council also ratified the recommendation of the Nominations Committee that Mrs Parker and Councillor Wood should have their terms of office extended by a further 12 months, to 31<sup>st</sup> May 2008, to provide some continuity not only at Board level but also in the respective committees which they chair.

The expiry dates of the current Non-Executive Directors are set out below. As can be seen, there will be a need to address up to five posts in the course of the calendar year. This is a significant proportion of the total membership of the Board and thus begins to raise the issue of the continuing stability and functioning of the Board in 2008. Taken with the difficulties experienced in 2006/07 in finding suitably qualified and experienced candidates, careful consideration needs to be given to the process for ensuring that the Board operates with a full complement of Non-Executive Directors. Consideration also needs to be given to the identification of a "senior independent Non-Executive Director", in line with recommended best practice.

	<b>Current Term Expires:</b>
Professor P H Baylis	31.05.08
Mrs L Conlon	31.07.08
Mrs P M Dodds	31.05.08
Councillor D Faulkner	30.09.09
Professor O W F James	31.08.09
Mrs H A Parker	31.05.08
Mr K W Smith	31.10.10
Councillor D L Wood	31.05.08

### 3. PROCESS FOR APPOINTMENTS

As required by the Constitution, it will be necessary to convene the Nominations Committee to review and revise the person specification for each post. The first key appointment will need to be a Non-Executive Director to take over the chairing of the Audit Committee and hence there will be a clear need for potential candidates to hold a suitable finance qualification and to be able to demonstrate relevant commercial/business experience. There will also be a requirement for all of candidates for all of the posts to be based in the region.

Each post will be advertised, to ensure open competition. If it is deemed appropriate, it will be open to the Nominations Committee to use executive search as in the past and this is thought likely to be necessary for the finance-oriented appointment. The advertisements then offer the opportunity for any of the existing Non-Executive Directors to express an interest and for the Nominations Committee to review their application and interview them as appropriate, alongside any other candidates.

Given the difficulties experienced in past recruitments in identifying sufficient candidates of calibre, it is also proposed that Members Council considers delegating to the Chairman of the Nominations Committee, in conjunction with the Trust Chairman and the Chief Executive, the power to extend the term of office of those existing Non-Executive Directors whose term is due to expire in 2008, by up to six months from their expiry date. This would enable sufficient time for the process to be worked through in stages in the course of the year and also ensure that the Board does not undergo a sudden and simultaneous loss of a majority of its Non-Executive Directors and a substantial influx of new appointees. Any such proposed extensions of terms would of course be subject to the ratification of Members Council at an ordinary meeting.

### 4. RECOMMENDATION

To i) receive the briefing ii) note the need to make a number of Non-Executive Director appointments in the course of 2008 and iii) delegate to the Chairman of the Nominations Committee, in conjunction with the Trust Chairman and the Chief Executive, the power to extend the term of office of those existing Non-Executive Directors whose term is due to expire in 2008, by up to six months from their expiry date, subject to the ratification of Members Council at an ordinary meeting.

**Steven Reed**  
**Trust Secretary**  
**9<sup>th</sup> January 2008**