

THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST

COUNCIL OF GOVERNORS

NON-EXECUTIVE DIRECTORS AND COMPOSITION OF THE BOARD

Report Purpose:
Decision / Approval
Discussion
Information

✓

Brief description of the item and any significant issues:

This paper describes a proposal to increase the number of Non-Executive Directors on the Board from the current seven to eight (including the Chairman).

A majority resolution by the Council of Governors is required and with subsequent approval by Monitor of an amendment to the Constitution.

Filling the eighth post would require the Nominations Committee to be convened.

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1. INTRODUCTION

Governors will recall that in January 2007 the Council of Governors approved an amendment to the Constitution (Section 8 para. 8.2 (b)) so that the maximum number of Executive Director appointments to the Board of Directors could be six rather than five. It is now proposed that Governors consider a similar amendment in order to increase the number of Non-Executive Directors from seven (including the Chairman) to eight. The arguments in favour of this are set out below.

2. RATIONALE

The rationale for the increase in the number of Non-Executive Directors is as follows.

During the transitional period immediately following the Trust's authorisation as a Foundation Trust on 1st June 2006, the Board did in fact have a total of eight Non-Executive Directors as a consequence of the arrangements which permitted existing Non-Executive Directors to continue in office if they so wished. It had been expected that three Non-Executives (including the then Chairman) would stand down at that time but in practice only two did so. These two were replaced, by Mr Martin Ballinger and Mr Kingsley Smith. Taking into account the two Non-Executives appointed by the University of Newcastle upon Tyne and Newcastle City Council respectively, in 2006/07 the Board was comprised of the following eight Non-Executives:

Mr M Ballinger (newly appointed as Chairman from September 2006 to February 2007)

Mrs L Conlon (existing Non-Executive)

Mrs P Dodds (existing Non-Executive)

Councillor D Faulkner (Newcastle City Council appointee)

Prof O James (University appointee)

Mrs H Parker (existing Non-Executive)

Mr K W Smith (newly appointed Non-Executive from October 2006)

Councillor D Wood (existing Non-Executive)

This number was found to be beneficial on a number of counts. At Board meetings, there was scope for and exercise of robust challenge to the Executive Directors. Pragmatically, the burden of Chairing a number of committees, panels inquiries and hearings could be spread more widely and also with greater scope to match the responsibilities to the skills and experience of individual Non-Executives. Prior to Foundation status, the ratio of Non-Executives to Executives

was 7 to 5, i.e. a differential of two. Now that there are six Executive Directors, having eight Non-Executives would sustain this differential, which is beneficial from a governance perspective.

A further benefit of sustaining an additional post would be the opportunity to seek an appointee with the requisite expertise and knowledge to fill any perceived gaps in the skills set of the Board as a whole. This is increasingly important as the Trust seeks to become more business-like in its endeavours but without losing the ethos of public service. Furthermore, the balance of the Board in terms of commercial acumen and public service experience could be enhanced. Finally, a greater number of Non-Executive Directors offers greater scope to identify a Senior Independent Director.

The Nominations Committee would of course need to be convened to undertake the necessary specification of, search for and selection of an additional Non-Executive.

3. MECHANISM FOR CHANGE

Changing the number of Non-Executive Directors will require a further change to the Constitution of the Trust. Monitor prescribes the mechanism for doing this but in essence a simple majority resolution by the Council of Governors can initiate the process, after which Monitor reviews the proposed amendment and determines whether it is compliant with the requirements of the National Health Service Act 2006 and is “otherwise appropriate” in terms of compliance with Monitor’s guidance.

4. RECOMMENDATION

To receive and consider the proposal for the creation of an eighth Non-Executive Director post and, if so minded to proceed, seek approval from Monitor to amend the Constitution (Section 8 para. 8.2 (a)(ii)) so that the maximum number of Non-Executive Director appointments to the Board of Directors can be eight rather than seven, including the Chairman.

Kingsley W Smith
Chairman
10th July 2008