

To: The Board

For meeting on: 26 November 2014

Agenda item: 10

Report by: Heather Lawrence, Nomination Committee Chair

Report on: Report of the Nomination Committee meeting on 30 October 2014

Background

1. The Chair of Nomination Committee is required to report on its work to the Board after every meeting of the Committee. This report highlights the key issues considered by the Committee. The minutes of the meeting are attached as the annex to this report.

Issues

Size, structure and composition of the Board

2. The Nomination Committee has a duty to review the structure, size and composition of the Board. This is particularly relevant in advance of any recruitment to the Board. Board members will be aware that the Secretary of State for Health recently launched a recruitment campaign for another non-executive director to be added to Monitor's Board. The Committee considered the balance of skills, experience and abilities currently on the Board and provided a steer with regard to the Board's requirements. Overall, it was felt that candidate should be able to demonstrate a broad understanding of the social, political and economic influences on the NHS and Monitor's role in the health and social care system, including commissioning and out of hospital care.
3. The Committee also thought about the balance of executive board members in comparison with the non-executive members. The Board is required to have a majority of non-executive directors, so an additional non-executive member allows the possibility of another executive member. The Committee will give further thought to this in January 2015.

Succession plan

4. The Committee reviewed the succession plan that is currently in place with regard to Monitor's executive directors and other senior executives. Nomination Committee

members were content that it was appropriate for the time being. However, thought is being given to how succession planning should be developed in the future. The Committee welcomed this and provided a number of suggestions about how best to “grow” talent within the organisation to take over from the current executive directors and other senior executives.

Operation of the Nomination Committee

5. The Committee also looked at its Terms of Reference and a small number of proposed amendments to reflect the change to Monitor’s governance, in light of the Chairman’s appointment. The updated Terms of Reference are attached as Annex B to this report.

Heather Lawrence
Nomination Committee Chair

Public Sector Equality Duty

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. In relation to the issues set out in this paper, consideration has been given to the impact that the recommendations might have on these requirements and on the nine protected groups identified by the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation).

As it is for information, it is anticipated that none of the recommendations of this paper will have an impact upon the requirements of or the protected groups identified by the Equality Act.

Exempt information:

None of this report is exempt under the Freedom of Information Act 2000.

ANNEX A

MINUTES OF A MEETING OF THE NOMINATION COMMITTEE HELD ON 30 OCTOBER 2014 AT 10.00am AT WELLINGTON HOUSE, 133-155 WATERLOO ROAD, LONDON SE1 8UG

Present:

Heather Lawrence, Non Executive Director (Chair)
David Bennett, Chief Executive
Iain Osborne, Non Executive Director

In attendance:

Philippa Harding, Board Secretary
Fiona Knight, Executive Director of Organisational Transformation

1. Welcome and apologies

1.1 No apologies were received. Iain Osborne was welcomed to his first meeting of the Committee.

2. Declarations of interest

2.1 No interests were declared.

3. Minutes and matters arising from the meeting held on 3 April 2013 (NC/14/01)

3.1 The minutes were considered. There were no matters arising.

4. Size, structure and composition of the Board (NC/14/02)

4.1 The Committee considered the report which provided information regarding the current membership of the Board and its committees. It was noted that the Nomination Committee should regularly review the structure, size and composition of the Board. The exercise was particularly relevant in light of the fact that the Secretary of State for Health was about to advertise the recruitment of an additional non executive director for Monitor's Board.

- 4.2 Nomination Committee members considered the skills and expertise required in a new non executive director. It was proposed that candidates should be able to demonstrate a broad understanding of the social, political and economic influences on the NHS and Monitor's role in the health and social care system, including commissioning and out of hospital care. Clinical expertise and experience of how data could be used to understand how change happened in health care service provision were identified as other important characteristics, and having board-level experience was emphasised. Nomination Committee members undertook to give further thought outside the meeting to identifying potential candidates for the role.
- 4.3 The Committee went on to consider the executive membership of the Board. It was noted that the addition of a non-executive director to the Board would enable the appointment of another executive member, should that be considered appropriate. The Committee noted that account should be taken of individuals' personal qualities as well as the roles they occupied within the organisation when considering whether or not they should be executive directors on the Board. In addition to the recruitment of an additional non-executive member, a certain amount of work was being undertaken with regard to aspects of Monitor's organisation design; in light of this the Committee requested a further meeting to be scheduled to discuss these issues at the beginning of 2015.

ACTION: PH

5. Succession plan (NC/14/03)

- 5.1 Nomination Committee members considered the report which provided the succession plan for Monitor's executive directors and other senior executives. The report also provided information about the manner in which it was proposed that thinking about succession planning should take place in the future, particularly with regard to its objectives and how best to manage succession risks.
- 5.2 The Committee was content that the succession plan was fit for purpose and welcomed the fact that further work would be done to think about the organisation's approach to succession planning in the future. The importance of working with less senior members of the organisation to identify and address any development needs was emphasised. Nomination Committee members also noted the value of establishing opportunities for individuals to move around the organisation and gain experience outside of their areas of immediate expertise. It was proposed thought be given to encouraging a more generalist approach in the leadership of functions to enable this movement. Nomination Committee members considered that this approach would also facilitate greater diversity amongst Monitor staff and contribute towards greater staff retention.

6. Review of Terms of Reference and operation of the Nomination Committee (NC/14/04)

- 6.1 Philippa Harding presented the report which provided the Committee with the outcome of a review of its decision-making and proposed a number of minor drafting amendments to its Terms of Reference.

6.2 Nomination Committee members were content with the proposed changes to the Committee's Terms of Reference.

7. Any other business

7.1 No other business was raised.

Close

ANNEX B

NOMINATION COMMITTEE TERMS OF REFERENCE

1. Purpose

- 1.1. The purpose of the Committee is to provide counsel to Monitor's Board with respect to Board and Committee structure and membership. The Committee should lead the Monitor process for Board appointments, by evaluating the balance of skills, knowledge and experience in existence amongst Board members.

2. Membership

- 2.1. The Committee shall comprise at least three members. A majority of the members of the Committee shall be non-executive directors.
- 2.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the Chief Executive (if not already a member of the Committee), the Executive Director of Organisation Transformation and external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.3. Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 2.4. The Board shall appoint the Committee chair, who should be either the Chairman of the Board or a non-executive director. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship. In such cases the remaining members present should elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

3. Secretary

- 3.1. The Board Secretary or their nominee shall act as the secretary of the Committee.

4. Quorum

- 4.1. The quorum necessary for the transaction of business shall be two members, both of whom must be non-executive directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable, by the Committee.

5. Frequency of Meetings

- 5.1. The Committee shall meet at least once a year and otherwise as required.

6. Notice of Meetings

- 6.1. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair.
- 6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be circulated to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1. The secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 7.2. Draft minutes of the Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.

8. Conduct of Meetings

- 8.1. Except as outlined above, meetings of the Committee shall be conducted in accordance with the relevant provisions of Monitor's Rules of Procedure.

9. Duties

- 9.1. The Committee shall:

- 9.1.1. Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board and the Department of Health (on behalf of the Secretary of State for Health) with regard to any changes;
- 9.1.2. Give full consideration to succession planning for executive directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing Monitor, and the skills and expertise needed on the Board in the future;
- 9.1.3. Keep under review the leadership needs of Monitor, both executive and non-executive, with a view to ensuring the continued ability of the organisation to operate effectively;
- 9.1.4. Take the lead in relation to Monitor's process for Board appointments. The Committee has the following roles in relation to senior appointments at Monitor:
 - 9.1.4.1. advising the Board on the appointment of executive Board members;
 - 9.1.4.2. liaising with the Department of Health (on behalf of the Secretary of State for Health) on the recruitment of non-executive Board members; and
 - 9.1.4.3. providing input to the Chief Executive's decisions to appoint members of staff who report directly to him but are not Board members.
- 9.1.5. Facilitate the provision of appropriate training and development opportunities for Monitor's senior executives;
- 9.1.6. Before any appointments are made to the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in light of this evaluation, comment on a description of the role and capabilities required for a particular appointment; and
- 9.1.7. Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.
- 9.1.8. Review the results of the Board performance evaluation process that relate to the composition of the Board.

9.2. The Committee shall also make recommendations to the Board concerning:

- 9.2.1. Formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman of the Board and Chief Executive;
- 9.2.2. Suitable candidates for the role of senior independent director;
- 9.2.3. Membership of the Audit and Risk Committee and the Remuneration Committee, in consultation with the chairs of those Committees and the Chairman of the Board;
- 9.2.4. The re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 9.2.5. Any matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of Monitor, subject to the provisions of the law and their service contract; and
- 9.2.6. The appointment of any director to executive or other office.

10. Reporting Responsibilities

- 10.1. The Committee's chair shall report formally in writing to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. The Committee shall produce a report to be included in Monitor's annual report about its activities.

11. Other matters

- 11.1. The Committee shall:
 - 11.1.1. Have access to sufficient resources in order to carry out its duties, including access to the Board Secretary for assistance as required;
 - 11.1.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - 11.1.3. Give due consideration to relevant legislation, Treasury guidance (in Managing Public Money) and other best practice as appropriate;
 - 11.1.4. Oversee any instigation of activities which are within its terms of reference;

11.1.5. Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;

11.1.6. Consider any other matters where requested to do so by the Board.

12. Authority

12.1. The Committee is authorised to obtain, at Monitor's expense, outside legal or other professional advice on any matter within its terms of reference (subject to budgets agreed by the Board).

April 2014