

Agenda item:	17
Attachment:	A

Executive Committee Cover sheet

20 September 2023

Title of paper:	HRA Non-Executive Director Succession Planning
Submitted by:	Steve Tebbutt, Company Secretary
Summary of paper:	To set out the current position of our NED terms of office and propose future succession planning options.
Reason for submission:	For discussion
Further information:	The Board is asked to consider and propose particular skills and experience which would be beneficial for the Board going forward. These requirements and proposed terms of office will be forwarded to DHSC for consideration as part of the recruitment exercise.
Budget / cost implication:	Costs associated with NED recruitment
Dissemination:	Published and shared with DHSC
Time required:	5 mins

HRA Non-Executive Director Succession Planning

Background

Under the Care Act 2014 the HRA is required to have no less than four Non-Executive Directors (NEDs) and no more than five. This includes the HRA Chair. The current terms of office are as follows:

Name	Term 1				Term 2		
	Contract start date	Contract end date	Term	Extension agreed	Contract start date	Contract end date	Term
Terence Stephenson	01/09/19	31/08/22	3 years	Yes	01/09/22	31/08/25	3 years
Nicole Mather ¹	01/01/19	31/12/1	3 years	Yes	01/01/22	31/12/24	3 years
Andrew George	01/01/19	31/12/21	3 years	Yes	01/01/22	31/12/24	3 years
Richard Cooper	01/02/19	31/01/22	3 years	Yes	01/02/22	31/01/25	3 years
Neelam Patel ²	01/04/21	31/03/24	3 years	Yes	01/04/24	31/03/27	3 years

¹ Nicole Mather voluntarily ended term of office on 31/07/2023.

² Neelam Patel's second term of office has recently been agreed by Secretary of State.

All NEDs have been extended for a second term of office however it should not be assumed that future appointments will also be extended. Guidance from the DHSC Appointments Team, and the indication from DHSC Sponsor Team, is that future appointments may only be appointed for one term.

We currently have 3 NEDs whose terms of office end within 6-8 months of one another (TS, AG and RC), noting NM has also recently left the organisation with no replacement possible until January 2025, and the HRA Board will lose important knowledge of the organisation at this time. The culture, effectiveness and ways of working of the Board will also be impacted. It is therefore important we look to avoid this situation occurring in the future by setting a clear succession plan. It is worth noting however that the decisions on appointment and length of terms of office resides with the Secretary of State and therefore the HRA can only make recommendations.

Purpose

The purpose of this document is to identify the key skills and expertise which the HRA would find valuable in the recruitment of the replacements for NM, AG, RC and TS and propose a timeframe for future appointments to avoid the loss of four out of five Board members within a short space of time.

Skills and expertise

The principles of a Board's composition, according to the UK Corporate Governance Code, is that *'the board and its committees should have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their respective duties and responsibilities effectively'*. The appointment therefore should take into account the key strategic issues and challenges affecting the HRA now and in the future to ensure the Board continues to have the right mix of people to fulfil its role effectively.

The HRA will be losing / has already lost NEDs with experience and knowledge of the following areas:

- Research Ethics Committee ways of working
- Clinical and health research experience
- Clinical experience
- Academia
- Business transformation
- Complex programme and portfolio management

The Board is requested to consider any particular skills or expertise which the Board would benefit from having in the next 3-5 years.

Diversity

The need for boardroom diversity is well recognised and is an important driver of a board’s effectiveness which allows a range of perspectives amongst directors and breaks down the tendency towards ‘group think’.

The UK Corporate Governance Code states that *‘the search for board candidates should be conducted, and appointments made, on merit against objective criteria and with due regards for the benefits of diversity’*. The Code also states that *‘essential to the effective functioning of any board is dialogue which is both constructive and challenging... One of the ways in which constructive debate can be encouraged is through having sufficient diversity of the Board. This includes, but is not limited to, gender and race’*.

Therefore, the HRA recommends that steps are taken to ensure a diverse pool of candidates are interviewed including promoting the roles to reach the widest possible candidate pool using a range of recruitment methods and positive action.

The Public Involvement Team has made a number of recommendations which will be fed through to DHSC for consideration in the recruitment process.

Terms of office

The Care Act 2014 states a person may not be appointed as a non-executive member for a period of more than four years. All current NEDs have been appointed on 3 year terms, however for previous post holders we have also had individuals appointed on 2 year terms. With the increased likelihood that terms of office will not be extended for a second term, we are proposing to recommend 3 or 4 year terms are assigned for our new NEDs. To keep costs associated with the recruitment process (e.g. advertisement etc) similar as the current process, we are proposing realigning terms of office slightly.

Name	Contract start date	Contract end date	Term
Chair	01/09/25	31/12/29	3 years 4 months
NED	01/01/24	31/12/29	4 years
NED	01/01/24	31/01/28	3 years 1 month
NED (Audit Committee Chair)	01/02/25	31/01/28	3 years
Neelam Patel	01/04/24	31/03/27	3 years

We this staggered approach the Board will maintain skills, knowledge and expertise with no less than 3 'established' NEDs in post at anyone time. It will also allow the independence of the NED role to be strengthened with fresh views and perspectives joining the Board at regular intervals.

Once this new staggered approach is in place, future terms of office can be set at 3 or 4 years for all NED positions.