CHAIRS AND NON-EXECUTIVE DIRECTORS
OF NHS TRUSTS:
TERMS AND CONDITIONS

These are the terms and conditions under which your appointment has been made. It is important that you read these carefully and contact the Appointments Commission should you have any queries.

1. **Statutory Basis for Appointment** - Chairs and non-executive directors of NHS trusts hold a statutory office under the National Health Service and Community Care Act 1990. Your appointment does not create any contract of service or contract for services between yourself and the Secretary of State or between yourself and the NHS trust. The appointment and tenure of office of chairs and members of NHS trusts are governed by the National Health Service Trusts (Membership and Procedure) Regulations 1990.

2. **Employment Law** – The appointments are not within the jurisdiction of Employment Tribunals. Neither is there any entitlement for compensation for loss of office through employment law.

3. **Reappointments** – Chairs and non-executive directors are eligible for re-appointment at the end of their period of office, but they have no right to be reappointed. The Appointments Commission will usually consider afresh the question of who should be appointed to the office. The annual appraisal is an important part of the consideration when an individual is seeking reappointment at the end of their first term of office. In general, a **minimum** requirement for an uncontested reappointment will be a Box 1 or Box 2 assessment. However, the challenges faced by boards can change over time and to ensure that the board is equipped for its future role, the Appointments Commission will take into account the performance of the organisation (taking the views of Strategic Health Authority chairs as performance managers and as measured by star-ratings, Healthcare Commission reports, etc.); the make-up of the board in terms of its skills, geographical representation; and the board dynamics and effectiveness of its team working.

4. **Termination of appointment** – Regulation 9 of the Regulations sets out the grounds on which your appointment may be terminated. You may resign by giving notice in writing to the Secretary of State or the Appointments Commission. Your appointment will also be terminated if, in accordance with regulations you become disqualified for
appointment. In addition the Appointments Commission may terminate your appointment on the following grounds:

a. If it is of the opinion that it is not in the interests of the health service that you should continue to hold office.

b. If you do not attend a meeting of the trust for a period of three months.

c. If you do not properly comply with the requirements of the regulations with regard to pecuniary interests in matters under discussion at meetings of the trust (e.g. a failure to disclose such an interest).

The following list provides examples of matters which may indicate to the Commission that it is no longer in the interests of the health service that an appointee continues in office. The list is not intended to be exhaustive or definitive; the Commission will consider each case on its merits, taking account of all relevant factors.

i. If an annual appraisal or sequence of appraisals is unsatisfactory.

ii. If the appointee no longer enjoys the confidence of the board.

iii. If the appointee loses the confidence of the public or local community in a substantial way.

iv. If a chair appointee fails to ensure that the board monitors the performance of the trust in an effective way.

v. If the appointee fails to deliver work against pre-agreed targets incorporated within their annual objectives.

vi. If there is a terminal breakdown in essential relationships eg between a chair and a chief executive or between an appointee and the rest of the board.

vii. When a new chair is appointed to a board he/she will be expected to review the objectives of all board members and may at the time of their next appraisal, make recommendation to the Commission regarding their continued appointment.

5. **Remuneration** - As a consequence of your appointment, you are entitled under the Act to be remunerated by the NHS trust for so long as you continue to hold office as chair or non-executive director. You are entitled to receive remuneration only in relation to the period for which you hold office. There is no entitlement to compensation for loss of office.
Current rates for chairs - Remuneration is payable to trust chairs in one of three bands according to the turnover of the trust. Information about the rate payable to individual trust chairs is available locally. The current rates payable are:

<table>
<thead>
<tr>
<th>Rate payable</th>
<th>£</th>
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<tbody>
<tr>
<td>Band 1</td>
<td>22,524</td>
</tr>
<tr>
<td>Band 2</td>
<td>20,144</td>
</tr>
<tr>
<td>Band 3</td>
<td>17,773</td>
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</tbody>
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Current rate for non-executives - The current rate of remuneration payable to non-executive directors is £5,875pa.

6. Tax and National Insurance - Remuneration is taxable under Schedule E, and subject to Class I National Insurance contributions. Any queries on these arrangements should be taken up with the Inspector of Taxes or the Contributions Agency respectively.

7. Allowances - Chairs and non-executive directors are also eligible to claim allowances, at rates set centrally, for travel and subsistence costs necessarily incurred on NHS trust business.

8. Time commitment – The time commitment of Chairs is 3 - 3½ days per week. Non-executives normally devote 2½ days a month to their board responsibilities. This may be during the working day or in the evening according to the requirements of the Trust.

9. Public speaking - On matters affecting the work of the trust, chairs and non-executive directors should not normally make political speeches or engage in other political activities. In cases of doubt, the guidance of the Regional Commission should be sought.

10. Conflict of Interest - NHS boards are required to adopt the Codes of Conduct and Accountability, published in April 1994. The Codes require chairs and board members to declare on appointment any business interests, position of authority in a charity or voluntary body in the field of health and social care, and any connection with bodies contracting for NHS services. These must be entered into a register which is available to the public.

11. Indemnity - The trust is empowered to indemnify you against personal liability which you may incur in certain circumstances whilst carrying out your duties. HSC 1999/104, which is available locally, gives details.