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Institute

# The role of the Company Secretary in the NHS

July 2016

A document from the Good Governance Institute (GGI)  
summarising background research



*GGI exists to help create a fairer, better world. Our part in this is to support those who run the organisations that will affect how humanity uses resources, cares for the sick, educates future generations, develops our professionals, creates wealth, nurtures sporting excellence, inspires through the arts, communicates the news, ensures all have decent homes, transports people and goods, administers justice and the law, designs and introduces new technologies, produces and sells the food we eat - in short, all aspects of being human.*

*We work to make sure that organisations are run by the most talented, skilled and ethical leaders possible and work to fair systems that consider all, use evidence, are guided by ethics and thereby take the best decisions. Good governance of all organisations, from the smallest charity to the greatest public institution, benefits society as a whole. It enables organisations to play their part in building a sustainable, better future for all.*



# The role of the Company Secretary in the NHS

## Final Report

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This report is part of a growing series of reports developed by the Good Governance Institute (GGI) that consider issues contributing to the better governance of healthcare organisations. GGI is an independent organisation working to improve governance through both direct work with individual boards and governing bodies, and by promoting better practice through broader, national programmes and studies. We run board development programmes, undertake governance reviews and support organisations develop towards authorisation.

Other recent GGI reports and board development tools have considered board assurance, patient safety, clinical audit, quality and safety of telehealth services for people with long-term conditions, diabetes services, better practice in treatment decision-making, productive diversity, the board assurance framework, integrated governance, governance between organisations and of course good governance.

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## Executive Summary

In 2006, the *Integrated Governance Handbook*, firmly recommended the role of the Company Secretary be widely implemented within the NHS. Since then, the role has been recommended in *Monitor's Code of Governance for NHS Foundation Trusts* and widely adopted throughout the NHS.

Despite this, research conducted by GGI finds wide variances in the seniority and scope of the role within the NHS. This paper particularly focuses on the role of the Company Secretary in relation to:

- specific responsibilities
- reporting and accountability
- committees and board process
- qualification and prior profession

Ultimately, we conclude that the role of the Company Secretary in the NHS is under-appreciated and under-utilised, with a need for clearer guidance from the centre to improve awareness of the role and reaffirm its importance to the workings of the board.

## 1.0 Key responsibilities

- (1) **Administrative function:** The Company Secretary should ensure that all committees are properly serviced (including working with chairs to formulate agendas and business cycles), and should manage information flows between the board, its committees, and senior management.
- (2) **Conscience of the organisation:** The Company Secretary should be the interface between different elements of the board, the first point of contact for NEDs and governors, and a trusted advisor to board members, governors and senior management.
- (3) **Governance:** The Company Secretary should play a central role in governance – advising the board on all current governance matters: reviewing terms of reference and the annual cycle of business; managing the induction and development of board members and governors, and enhancing board and committee structures (including co-ordinating effectiveness reviews).
- (4) **Compliance:** The Company Secretary should manage procedures to ensure compliance with any relevant regulatory and legal requirements.
- (5) **Governors:** in the case of NHS Foundation Trusts: The Company Secretary should manage the governors, organise and attend the Council of Governors meetings (including the annual general meeting), and endeavour to integrate the governors with the rest of the organisation in support of core values and goals.

## General recommendations

GGI would make the following recommendations to the NHS:

- (1) **Resources:** Organisations must ensure that the Company Secretary is adequately resourced and recognised, in terms of both staff and budget, to perform the functions attached to their role. In many organisations in which the role has developed 'organically', due care has not been taken to maintain an appropriate level of support and resources to match this development.
- (2) **Understanding of the role by the wider organisation:** Something which recurred throughout the literature and our own benchmarking was the need for directors and management to have a clear understanding of the nature and scope of the role. This ensures that they are able to utilise the unique position that the Company Secretary holds as an independent advisor and interface between board members, management and governors.
- (3) **Qualifications:** The Company Secretary should have a strong understanding of governance, strategy and risk. They should also have a keen awareness of the culture and context of their Trust, a high degree of political awareness, and should have the skills, knowledge and personal attributes necessary in order to command a sufficient level of respect amongst their colleagues to be able to perform as a trusted advisor and the conscience of the organisation. The dominant perception throughout the literature and benchmarking was that professional qualifications do hold some value, but the most useful way of learning is through experience.
- (4) **Independence of the role:** The Company Secretary should be accountable to the collective board in order to retain their position as a neutral, independent advisor. The management of the Company Secretary, as opposed to the accountability, is to an executive member of the board, usually the Chief Executive or Director of Corporate Affairs.

With the publication of the *Integrated Governance Handbook*, in 2006, the role of the Company Secretary within the NHS was firmly recommended, and has subsequently become well established.<sup>1</sup>

Monitor's *Code of Governance for NHS Foundation Trusts* writes that company secretaries 'have a significant role to play in the administration of corporate governance',<sup>2</sup> arguing that the Company Secretary should primarily be responsible for:

- ensuring good information flows within the board of directors and its committees and between senior management, non-executive directors (NEDs) and governors (Foundation Trusts only)
- ensuring that board procedures of both the board of directors and the Council of Governors are complied with
- advising the board of directors and the Council of Governors on all governance matters
- being available to give advice and support to individual directors, particularly with regard to the induction of new directors and assistance with professional development.<sup>3</sup>

More broadly, the Financial Reporting Council's (FRC) guidance states that 'all directors should have access to the advice and services of the company secretary'<sup>4</sup>, and the King IV Report suggests that even for those companies not required by the Companies Act to employ a Company Secretary, it is good practice to do so.<sup>5</sup>

However, although clearly recommended, research by the Good Governance Institute (GGI) finds that in practice the seniority and scope of responsibility of the role within the NHS, and in the wider corporate world, varies greatly across different organisations.

This research includes both an examination of the existing literature evaluating the role across a variety of sectors, as well as benchmarking interviews carried out by GGI with Company Secretaries across a range of NHS Trusts and with leading researchers from NHS Providers and Institute of Chartered Secretaries and Administrators (ICSA). This report is intended to identify and address the significant gap in the literature regarding the variation that exists in the role of Company Secretary across industry and more specifically in different NHS organisations. This clarity is necessary as the role, already well established in NHS Foundation Trusts, is becoming 'increasingly prominent' across different NHS organisations.<sup>6</sup>

## 2.0 Methodology

Despite the fact that the role of the Company Secretary is now well established, there seems to be a significant gap in the literature, and where comment exists there is variance. Furthermore, like the role itself, the literature greatly varies. Therefore, this review will examine the literature regarding the role of Company Secretary with regards to:

- responsibilities
- perceptions and influence
- working within a wider team, including accountability and reporting
- committees
- qualifications and profession representation
- the future of the role

Our analysis of existing literature is supplemented by a benchmarking survey conducted through interviews with company secretaries (or the equivalent role) at a range of acute trusts. The following individuals participated in this investigation:

- Dominic Ford (Brighton and Sussex University Hospital NHS Trust)
- Peter Allanson (Guy's and St. Thomas' NHS Foundation Trust)
- Neil Riley (Sheffield Teaching Hospitals NHS Foundation Trust)
- Debbie Henderson (University Hospitals Bristol NHS Foundation Trust)
- Thomas Lafferty (Chelsea and Westminster Hospital NHS Foundation Trust)
- Tamara Cowan (King's College Hospital NHS Foundation Trust)
- Gwenny Scott (Birmingham Children's Hospital NHS Foundation Trust)
- Jan Apps (Imperial College Healthcare NHS Trust)
- Anna Pridmoore (York Teaching Hospital NHS Foundation Trust)
- John Coutts (Governance Advisor, NHS Providers)\*
- Claire Lea (Researcher and Examiner, ICSA)\*

\* included as fellow researchers in this area

### 2.1 Responsibilities

2.1.1 The Company Secretary is expected to act as the interface between the board and executive, ensuring the flow of information and providing advice and support, and also ensure due board process is followed.

2.1.2 In practice, the literature varies on the responsibilities of the Company Secretary across different sectors. Research carried out by Kakabadse et al. for ICSA, which featured respondents from a variety of sectors, found that the responsibilities of the role fell within three broad areas:

- reporting
- governance
- board process

#### Organisation size

The size of the organisation influenced where emphasis was placed. For example, respondents in smaller organisations were most concerned with reporting; those in medium-sized organisations with governance; while those in large organisations prioritised board process.

## Seniority

At a more junior level, the Company Secretary performs a purely administrative function, managing the information flow between committees and the board. This involves taking responsibility for the distribution of papers and agendas, as well as minute-taking, for the board, sub-committees and Council of Governors meetings.

More senior, professional grade post-holders have executive or quasi-executive responsibilities for matters relating to governance. This includes advising the board and governors on legal and constitutional matters; managing the induction and development of NEDs and governors; managing stakeholder relations, and playing a central role in the development of policy and strategy. This fulfils the far-reaching, strategic aspects of the role established in the literature.

## Industry

The literature also suggests that the type of organisation, ranging from private, NGOs, charities and public services, influences the priorities of the role, with the role in the financial sector shifting following the financial crisis of 2008 and the new regulatory environment which came about from this.<sup>7</sup> Indeed, several of the respondents in Kakabadse et al.'s publication argue that governance is becoming increasingly important in their role, with regulatory changes placing a greater demand on their time due to an increased focus on preparing reports.<sup>8</sup> This is a sentiment also found in research carried out in the FTSE All share by Lintstock and the All Party Parliamentary Corporate Governance Group, which highlights reporting responsibilities increasing the burden on Company Secretaries.<sup>9</sup>

- 2.1.3 Company Secretaries should function as the 'conscience of governance' within their organisation, acting as a trusted and independent advisor, and providing a key interface between board members, governors and stakeholders. Developing an open and effective relationship between the Chair, Chief Executive and the Company Secretary (the 'golden triangle') is also central to good governance.
- 2.1.4 Moving to the NHS more specifically, the *Integrated Governance Handbook* sought to promote the role of the board secretary with a view to better aligning an organisations governance activity. It states that there must be a degree of variation in the responsibilities attached to the Company Secretary position, in accordance with the varying needs, cultures and contexts of different organisations. It is recommended that job descriptions are tailored to reflect what is required by a particular organisation and its leadership team.<sup>10</sup> Nevertheless, the Department of Health has identified a core set of responsibilities that the position should always encompass:
- ensuring the board and all committees are fully serviced
  - managing information flows between committees, board members and senior management
  - taking a leading role in governance: advising the board on all governance matters, and periodically reviewing the board and its committees to ensure that they are fit for purpose
  - conducting a monthly appraisal of where the board lies in relation to the strategic cycle
  - co-ordinating the publication of the annual report and annual governance statement
  - managing the induction and development of NEDs and governors, and advising them on their duties and responsibilities.<sup>11</sup>

Research carried out by NHS Providers with 68 Company Secretaries found that 'board and committee governance' was the most significant area of responsibility, with 97% of respondents listing it. The most significant remaining areas of responsibility were 'support to the board' (90%) and 'constitution' (80%), 'NED board recruitment' (79%) and 'regulatory compliance' (75%).<sup>12</sup> This seems to fulfil the responsibilities as set out by the *Monitor Code of Governance and the Integrated Governance Handbook*.

However, it has also been suggested that Company Secretaries are overly burdened with administrative responsibilities, with one Company Secretary complaining that the role was often regarded by other members of the leadership team as a ‘dumping ground’ for jobs which were not completed elsewhere.<sup>13</sup>

2.1.5 The literature also consistently suggests that the role of Company Secretary is often combined with other professional roles within an organisation. 70% of Company Secretaries in the FTSE 100 hold a combined role: most frequently this is Head of Legal or General Counsel.<sup>14</sup> 53% of NHS Providers respondents also cited ‘legal compliance’ as a top area of responsibility,<sup>15</sup> suggesting that legal responsibilities are widespread within the Company Secretary role in the NHS also. The King IV Report states that one of the duties of the Company Secretary should be to offer guidance on the legal duties of the members of the governing body.<sup>16</sup>

Nevertheless, the literature varies on the impact of this upon the role itself. Kakabadse et al. found that respondents generally perceived a conflict of interest between the two roles, and that they should be kept separate.<sup>17</sup> In order for the effective fulfilment of their responsibilities, it is important that the Company Secretary is as independent as possible – they should be viewed as the boards trusted advisor with specific responsibility for corporate governance. If the Company Secretary role is combined with that of another executive portfolio such independence will be difficult to achieve.

Furthermore, it was felt by some that this combination of roles led to the Company Secretary profession being ‘downgraded’.<sup>18</sup> In contrast, the respondents in the Lintstock and All Party Parliamentary Corporate Governance Group’s research seemed much more positive over the combination of the roles of Company Secretary and General Counsel / Head of Legal. It was argued that this allowed for recruitment from a wider talent pool and an increased standing within the company.<sup>19</sup> Only 17% of respondents in this research wished their mandate to be narrowed.<sup>20</sup>

2.1.6 Corresponding with the literature, those we spoke to described the major points of variation between roles as whether or not the Company Secretary was directly involved in communications, information governance, and legal compliance. In some organisations, these functions were carried out by teams that were not managed by the Company Secretary. However, the majority of interviewees either conducted or oversaw some or all of these functions.

2.1.7 In NHS Foundation Trusts, the degree to which the Company Secretary managed the governors also varied significantly. This aspect of the role can involve organising and overseeing the election process, managing governors’ development, organising and attending Council of Governors meetings, and acting as the ‘first point of call’ between the governors and the board. Having a close working relationship between the Company Secretary and the governors promotes better integration of the governors with the board and senior management, as well as enabling the Company Secretary to provide support for the NEDs at Council of Governors meetings. However, such a function can be time-consuming.

Regarding the combination of Company Secretary and other roles within the NHS specifically, it seems that more research is needed, although the Department of Health’s *Integrated Services Handbook* states that the Company Secretary need not have formal legal responsibilities, rather the knowledge when to call on professional legal support.<sup>21</sup>

2.1.8 Having established the key responsibilities of the role, Lea argues that to carry out these duties effectively, a Company Secretary should have the following qualities:

- commercial and business acumen and experience
- technical expertise in areas including law and accountancy
- interpersonal and social skills including relationship management, diplomacy and adaptability
- resilience: the Company Secretary does not have the authority of a board member position but must able challenge board members while maintaining a good working relationship<sup>22</sup>

## 2.2 Perceptions and influence of the role

- 2.2.1 The variation in the nature of the role across organisations, as well as the absence of a legal requirement for the role to exist, has resulted in a lack of consistency in the job title of the role broadly described in this paper as that of the 'Company Secretary'. Between the nine interviewees that took part in our research, there were seven different job titles: Trust Secretary (held by three of the nine), Trust Company Secretary, Company Secretary, Board Secretary, Assistant CEO, Director of Corporate Affairs, and Director of Corporate and Legal Affairs.
- 2.2.2 Reflection over the job title attached to this position is worthwhile. As in the literature, many interviewees expressed frustration that the term 'secretary' skewed the perception of their role by board members, governors and senior management, with its connotations of a purely administrative function.
- 2.2.3 The gap in understanding between the Company Secretary and other members of the leadership team has been illustrated in the research by Lintstock and the All Party Parliamentary Corporate Governance Group. Responding to a question about the role of the Company Secretary being strategic vs. administrative, 33% of Company Secretaries thought the role was strategic, 25% administrative and 42% between the two. In contrast, among board members, only 10% thought it was strategic, 19% between the two, but 71% saw the role as administrative.<sup>23</sup> In the NHS, Lea has suggested that part of the difficulty in establishing the role lies in the fact that it is often perceived as having purely administrative and minute taking duties<sup>24</sup> arguably a reflection of its origins.
- 2.2.4 There is variation in the literature on the level of appreciation of the role by others in the leadership team. Whilst Kakabadse et al. found that the majority of Company Secretaries agreed that board members had a poor perception of the role,<sup>25</sup> in the Lintstock and the All Party Parliamentary Corporate Governance Group publication, 65% felt that they were appreciated by the board, but only 40% felt that they were appreciated by management.<sup>26</sup> This variation is echoed within the NHS, with a variety of opinions put forward by Company Secretaries about the perception and influence of their role, although a majority of 82% felt that they did have an appropriate level of influence.<sup>27</sup>
- 2.2.5 A common message was that the 'value added' by the Company Secretary role was maximised when other actors understood, and were therefore able to utilise, the Company Secretary's unique position as an independent advisor to the board and a leading figure in corporate governance, a recommendation echoed in Lea.<sup>28</sup> The majority of interviewees reported playing a leading role in governance. This included advising the board on current governance matters and developments, reviewing terms of reference and the annual business cycle, and reviewing the governance structure of the board and its committees. This shows consistency with the governance responsibilities reported by Company Secretaries in the NHS Providers research.

## 2.3 Working within a wider team

### 2.3.1 Reporting

The Department of Health's *Integrated Governance Handbook* states that the Company Secretary should be appointed by the remuneration committee and should be answerable to the board collectively, rather than the CEO or Chair.<sup>29</sup> Lea corresponds with this while stressing that the Company Secretary should not be answerable to any individual board director.<sup>30</sup> This ensures the neutrality of the role: independence from the undue influence of any senior board member is essential to functioning as an impartial advisor and a trusted interface between board members, senior managers and governors.<sup>31</sup> Similarly, the King IV Report states that although the Company Secretary should be a trusted advisor to the governing body, they should 'maintain an arms-length relationship with the governing body and its members, and therefore should not be a member of the governing body.'<sup>32</sup>

In order to ensure personal development and accountability, the *Integrated Governance Handbook* recommends that the Company Secretary is line managed by the CEO. However, since they are accountable to the board, they should report to the Chair (who is elected by the board as their leader) on all matters relating to the board.<sup>33</sup>

The King IV Report also states that the Company Secretary should report ‘functionally to the chair of the governing body and administratively to the CEO,’ while having their performance evaluated by the governing body at least annually.<sup>34</sup> Despite the slight variation in accountability, it is clear across all the literature that independence and neutrality is a vital aspect of the role.

2.3.2 However, the literature does not conclude that these recommended lines of accountability, to the Chair and the board, are being implemented in practice. NHS Providers found that 51% of Company Secretaries reported to the Chief Executive, 26% to the Chair and Chief Executive, and only 1% to the Chair only.<sup>35</sup> This is consistent with the situation in the wider corporate world. In the FTSE Index the majority of Company Secretaries stated that they reported to the CEO, and dual reporting was also common, but just under 50% specified that they reported to the Chair. However, as in the NHS, the advantage of reporting to the Chair was stressed, assisting with maintaining the independence and accountability of the role.<sup>36</sup>

2.3.4 Despite this, in our research, it was found that seven out of the nine Company Secretaries who took part in our study reported directly to the CEO. Three of these (York Teaching Hospital NHS Foundation Trust, Guy’s and St. Thomas’ NHS Foundation Trust, and Brighton and Sussex University Hospital NHS Trust) also reported to the Chair. At King’s College Hospital NHS Foundation Trust, the Company Secretary reported to the Assistant Director of Corporate Affairs (who in turn reported to the Chair and CEO). At University Hospitals Bristol NHS Foundation Trust, the Company Secretary reported to the Deputy CEO – though they also stated that they had regular meetings with the CEO and Chair. This situation is consistent with the findings of the NHS Providers research reported earlier.

#### 2.3.4 **Secretariat make up**

There is also a broad variation in the scale of the teams that Company Secretaries themselves have supporting them. As would be expected, in the wider corporate world the number of people in the Company Secretariat varied according to the organisation, with the average size in the FTSE 100 being 8.5 people, compared to 2.3 people in the FTSE All Share.<sup>37</sup> In the NHS specifically, the majority of Company Secretaries, (66%), had one to five members in their team. 9% had none, 12% six to ten and 13% more than ten.

2.3.5 The support staff managed by the Company Secretaries that we interviewed ranged from a full secretariat service providing administrative support, to teams that included managers of corporate governance, information governance, compliance and risk. The variation in team size and make-up broadly correlated with the level of responsibilities held by the Company Secretary and size and complexity of organisation. In terms of staff numbers, these ranged from two staff members (Birmingham Children’s Hospital and Guy’s and St. Thomas’ NHS Foundation Trust) to nine (University Hospitals Bristol NHS Foundation Trust). Two thirds of the Company Secretaries that we interviewed had between two and three support staff.

2.3.6 The staff roles managed by Company Secretaries that we spoke to vary widely. Administrative support was provided to the majority of respondents by a secretariat team, clerk, or PA (sometimes shared with the Chair or Chief Executive). From our interviews with Company Secretaries, as well as with NHS Providers and ICSA, all individuals stressed that in order to properly perform the full range of functions recommended by the Department of Health, the position should be well-resourced in terms of support staff.

## 2.4 Committees

- 2.4.1 As has been established that the Company Secretary is closely linked to the board, and acts as an interface between board and the executive. 50% of respondents in the research by Lintstock and the All Party Parliamentary Corporate Governance Group research stated that they sat on the Executive Committee, with a suggestion that such standing is necessary in order to carry out the role successfully.<sup>38</sup> The King IV Report argues that it is a key duty of the Company Secretary to support and co-ordinate the committees of the governing body.<sup>39</sup> Within the NHS, Lea recommends that, in order to carry out the responsibilities of their role successfully, Company Secretaries attend board and committee meetings.<sup>40</sup> However, there do appear to be gaps in the literature regarding the committees served by the Company Secretary both within the NHS itself and in the wider corporate world.
- 2.4.2 We found that nearly all of the Company Secretaries that we spoke to confirmed that they (or one of their team) served all committees that sat beneath the board, as established earlier by Lea as being important in allowing a Company Secretary to fulfil the responsibilities of their role. However, they did not administer any further sub-committees. Most explained that serving these committees involved working closely with the chairs of committees in planning agenda and setting the annual business cycle; reviewing terms of reference and carrying out effectiveness reviews. Several interviewees described the running of the main committees as a way to set quality standards for the administration of sub-committees by colleagues in other roles. Where not all of the boards committees were serviced by the Company Secretary or one of their team directly, the Company Secretary tended to attend such meetings every quarter or half yearly for the purposes of quality monitoring.
- 2.4.3 All except one of the interviewees sat in attendance at board meetings as a non-voting member. This allowed them to provide independent, informed input into strategy, as well as enhancing their ability to manage information flows between the board and senior management.

## 2.5 Qualifications and profession representation

- 2.5.1 The literature suggests that those going into the role of Company Secretary seem to consist both of those qualified with the ICSA and those coming from other professions such as accountancy or law. NHS Providers found that 35% of its respondents were ICSA qualified, with a further 9% currently undertaking the course.<sup>41</sup> The *Integrated Governance Handbook* states that the Company Secretary should 'ideally be accredited by a professional body' such as the ICSA.<sup>42</sup> In wider industry, the Companies Act 2006 states that the Company Secretary of a public company must be 'appropriately qualified'.<sup>43</sup>
- 2.5.2 However, the literature is divided on the benefits that such backgrounds bring to the role. Kakabadse et al. found that although there was scope for improvement in the ICSA training, for example by increasing the focus on soft-skills training, the perception from respondents was that this route of entry was still preferable to that of an experience in accountancy or law, due to the rounded understanding of governance and board member service gained, as well as its application across a range of sectors – particularly useful in the context of complex organisations and 'joined-up' healthcare.<sup>44</sup> In contrast, in the research carried out by Lintstock and the All Party Parliamentary Corporate Governance Group the general consensus was that a legal background is the most beneficial, stated by 63% of Company Secretaries and 69% of board members. The value of ICSA qualification was recognised, but a greater emphasis was placed on legal and commercial experience.<sup>45</sup>
- 2.5.3 The King IV Report sums up well the requirement for a balance between qualifications and experience: 'The governing body should apply its mind to appointing as Company Secretary... a person with the necessary experience, expertise and qualifications, as well as at the appropriate level of seniority to discharge the role effectively and with the necessary gravitas.'<sup>46</sup>

- 2.5.4 The ICSA's representation of the profession was also questioned across the literature. In the research by Lintstock and the All Party Parliamentary Corporate Governance Committee, 58% of respondents felt that the profession was not adequately represented by an appropriate professional body, with it being suggested that the ICSA could be more proactive, although the difficulties faced by the ICSA in representing a wide range of professions and geographies were acknowledged.<sup>47</sup> It should be noted that ICSA are broadening their role which will also help address this perception.
- 2.5.5 Our interviewees were split between those who were and were not ICSA qualified. Other forms of appropriate qualifications came predominantly from accountancy and law.
- 2.5.6 On the other hand, consistent with the value placed on actual experience and 'people' skills in the literature, interviewees stressed that in addition to formal qualifications, personal attributes such as a willingness to challenge when necessary, being diplomatic and attuned to political sensitivities, together with the ability to command a level of authority, were essential to gaining the trust and confidence of the board, and thereby to perform the function of 'conscience of the organisation'.

## 2.6 The future of the role

- 2.6.1 The literature is consistent in arguing that the role of Company Secretary ought to enjoy a higher profile and level of respect, and it seems that key to this is improving the understanding of the role by other members of the leadership team. The fact that in the research by Lintstock and the All Party Parliamentary Corporate Governance Group, 71% of Company Secretaries thought the importance of the role would increase in the five years since the research was carried out, yet only 45% of board members agreed that this was the case,<sup>48</sup> suggests that there is still some way to go in achieving this.
- 2.6.2 Within the NHS specifically, there is a significant gap in the literature about the future of the role of Company Secretary. However, there is a need for confidence in Company Secretaries being able to interface effectively with clinicians and governors. This has also been a struggle for auditors and GGI note a recent influx of Directors of Governance with clinical experience reflecting the greater role of clinicians in Management both in Commissioners and providers.

## 3.0 Recommendations

- 3.1 The nature of the Company Secretary as a ‘facilitator’ – acting as an interface between different elements of the board and management, managing information flows between committees, and providing independent advice – means that a degree of variation in the role reflecting the specific needs and context of different organisations is necessary. Nevertheless, while a ‘one size fits all’ approach is not recommended, there are a number of core functions that the role should encompass in order to add maximum value to any NHS organisation. Ultimately, these are necessary in order to act as the ‘glue’ between the various elements of the board and senior management (and Council of Governors in the case of Foundation Trusts), and to act as a source of independent advice. We therefore recommend that all NHS organisations should be cognisant of the following:

### Key responsibilities

1. **Administrative function:** The Company Secretary should ensure that all committees are properly serviced (including working with chairs to formulate agendas and business cycles), and should manage information flows between the board, its committees, and senior management.
2. **Conscience of the organisation:** The Company Secretary should be the interface between different elements of the board, the first point of contact for NEDs and governors, and a trusted advisor to board members, governors and senior management.
3. **Governance:** The Company Secretary should play a central role in governance – advising the board on all current governance matters: reviewing terms of reference and the annual cycle of business; managing the induction and development of board members and governors, and enhancing board and committee structures (including co-ordinating effectiveness reviews).
4. **Compliance:** The Company Secretary should manage procedures to ensure compliance with any relevant regulatory and legal requirements.
5. **Governors: in the case of NHS Foundation Trusts:** The Company Secretary should manage the governors, organise and attend the Council of Governors meetings (including the annual general meeting), and endeavour to integrate the governors with the rest of the organisation in support of core values and goals.

### 3.2 General recommendations

GGI would make the following recommendations to the NHS:

1. **Resources:** Organisations must ensure that the Company Secretary is adequately resourced and recognised, in terms of both staff and budget, to perform the functions attached to their role. In many organisations in which the role has developed ‘organically’, due care has not been taken to maintain an appropriate level of support and resources to match this development.
2. **Understanding of the role by the wider organisation:** Something which recurred throughout the literature and our own benchmarking was the need for directors and management to have a clear understanding of the nature and scope of the role. This ensures that they are able to utilise the unique position that the Company Secretary holds as an independent advisor and interface between board members, management and governors.
3. **Qualifications:** The Company Secretary should have a strong understanding of governance, strategy and risk. They should also have a keen awareness of the culture and context of their Trust, a high degree of political awareness, and should have the skills, knowledge and personal attributes necessary in order to command a sufficient level of respect amongst their colleagues to be able to perform as a trusted advisor and the conscience of the organisation. The dominant perception throughout the literature and benchmarking was that professional qualifications do hold some value, but the most useful way of learning is through experience.

4. **Independence of the role:** The Company Secretary should be accountable to the collective board in order to retain their position as a neutral, independent advisor. The management of the Company Secretary, as opposed to the accountability, is to an executive member of the board, usually the Chief Executive or Director of Corporate Affairs.

## 4.0 Conclusions

The literature review found, despite the presence of gaps in the literature, that the role of Company Secretary is one that is varied and, despite the opportunities it offers in acting as an 'interface' between board and management and shaping governance and strategy, Company Secretaries across different sectors are often underappreciated and their role and responsibilities misunderstood. These findings are recurrent in our benchmarking research into the role of the Company Secretary within the NHS, where we recommend that certain core functions, as discussed above, are known more widely across NHS organisations, whilst still allowing the necessary variation in the role to be maintained. Clearer guidance seems particularly needed regarding aspects of the role such as whom the Company Secretary should report to and be accountable to, as both the literature and GGI's research reports that in practice, the lines of accountability for Company Secretaries within the NHS do not follow the established codes. The implantation of GGI's recommendations of best practice, addressing the problems of the role established both in the literature review and the benchmarking research, would allow the role to develop in the NHS, contributing to and shaping good governance, as an independent interface, and organisational strategy.

## 5.0 Next steps

GGI are seeking to develop further guidance on the role of the Company Secretary in the NHS and more broadly, including the development of a maturity matrix. We will be holding further consultations in the coming months which will be advertised on our website.

## 6.0 Acknowledgements

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An overwhelming message resulting from the research during this project was the need for greater sharing of learning amongst those occupying such positions, particularly with regard to the important role that the Company Secretary can and should play within NHS organisations in terms of effective governance.

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