

Council of Governors – 18th July 2019

Nominations and Remuneration Committee Terms of Reference

Purpose of the report

The purpose of this report is to provide the Council of Governors with the updated terms of reference for the Nominations and Remuneration Committee.

Analysis of the issue

Following a workshop of the Nominations and Remuneration Committee held on 10th April 2019 it was agreed to make some alterations to the terms of reference for the Nominations and Remuneration Committee.

Proposal

The proposed updated terms of reference are attached as Appendix 1.

The main changes to the terms of reference include:

- Clarification of the purpose of the Committee
- Replicating the same wording in regards to the Committee electing its own Chair and Vice Chair as per the other sub groups. Previously, the terms of reference stipulated the Trust Chair would Chair the Committee (except in circumstances which related to the Trust Chair such as remuneration).
- Adding a section on agreeing agenda setting for the Committee.
- Adding the Head of Corporate Governance as 'in attendance'
- Clarification under the section where 'the Trust Chair will not be present' that the 'remuneration' referred to relates to the Chair's remuneration only

Therefore it is proposed the Council of Governors confirms and adopts these changes to the terms of reference.

Decision required

The Council of Governors is asked to approve the updated terms of reference for the Nominations and Remuneration Committee.

Governance table

Paper sponsored by:	John Turnbull, Nominations and Remuneration Committee	
Paper authored by:	Tracey Davies, Corporate Affairs Manager	
Date submitted:	8 th July 2019	
State which Board Committee or other forum within the Trust's governance structure, if any, have previously considered the report/this issue and the date of the relevant meeting(s):	Nominations and Remuneration Committee 27.6.19	
If considered elsewhere, state the level of assurance gained by the Board Committee or other forum i.e. assured/ partially assured / not assured:	Assured.	
State whether this is a 'one off' report or, if not, when an update report will be provided for the purposes of corporate Agenda planning	As required.	
DIGB Q strategic alignment*:	Develop	
	Innovate	
	Grow	
	Build	X
	Quality	
Organisational Risk Register considerations:	None	
Is the decision required consistent with NHFT's risk appetite:	None	
False and misleading information (FOMI) considerations:	None	
Equality considerations:	None	

Nominations and Remuneration Committee Terms of Reference

Introduction and purpose

This committee leads, on behalf of the Council of Governors the processes for the appointments, removals and re-appointments of the chair and Non-Executive directors (NED), and the process for determining their terms and conditions, making recommendations as appropriate to the Council of Governors. It also undertakes responsibility for the annual Chair and Non-Executive Director appraisals process, making recommendations as appropriate to the Council of Governors.

Aims/responsibilities

The Nominations and Remuneration Committee (NomRem) is a Committee of the Council of Governors and will act within these Terms of Reference on behalf of the Council of Governors.

The Committee will also act in accordance with the relevant provisions of Monitor's Code of Governance and Fit and Proper Person Requirements.

Nominations Functions

- To ensure there is a formal, rigorous and transparent procedure for the appointment of Non Executive Directors¹
- To agree and lead the process for the identification and nomination of Non Executive Directors for approval by the Council of Governors including the consideration of reappointment of Non Executive Directors
- To ensure there is a formal and transparent procedure for setting the annual objectives for the Non Executive Directors
- To develop, in conjunction with the Trust Chairman, and agree the annual objectives of the Trust Chairman, for approval by the Council of Governors
- To contribute, through the Trust Chairman, to the setting of the annual objectives of the Non Executive Directors

¹ Although not expressly stated Non-Executive Directors include the Chair of the Trust.

- To ensure there is a formal and transparent procedure for the appraisal of Non Executive Directors' performance
- To regularly review, in conjunction with the Board of Directors Nominations and Remuneration Committee, the structure, size and composition of the Board of Directors
- To evaluate the balance of skills, knowledge, and experience of the Board of Directors and, in the light of this evaluation, prepare a description of the role and capabilities required for Non Executive Director appointments
- To give full consideration to succession planning, taking into account the future challenges, risks and opportunities facing the Foundation Trust and the skills and expertise required within the Board to meet them
- To appoint executive search consultants in respect of Non Executive Director recruitment as required

Remuneration Functions

- To ensure there is a formal and transparent policy on Non Executive Director remuneration
- To set the structure and levels of remuneration of Non Executive Directors
- To determine and review the terms and conditions of Non Executive Directors
- To market test/ benchmark the remuneration of the Non Executive Directors at a frequency agreed by the Committee and taking account of any external guidance on recommended frequency and/ or where the Committee is considering recommending large change to that remuneration, drawing on external professional advice
- To appoint, if deemed appropriate, independent consultants to advise on Non Executive Director remuneration.

Membership

- The Committee will consist of six governors and the Trust Chair.
- The Director of Corporate Governance and/or Head of Corporate Governance and the Corporate Affairs Manager will also be in attendance. ~~and the Corporate Affairs Manager.~~
- In the case of the appointment process for the Trust Chair the Senior Independent Director (SID) will be co-opted to join the Committee. The SID will attend in an advisory capacity and will not participate in the formal decision making process.

- In the case of the appointment (but not reappointment) process of the Trust Chair or Non Executive Director, a Chair of another NHS Trust will also be co-opted to join the Committee.

The Committee will elect its Chair and Vice-Chair from its membership biennially. If unable to attend a meeting, the Chair will arrange for the Vice-chair to chair it. In the absence of both the Chair and the Vice-chair, those members present will elect a Chair for that meeting.

- ~~The Trust Chair shall be the Chair of the Committee except where:~~

~~— the re-appointment of the Trust Chair or the appointment of a new Trust Chairman is being considered~~

~~— the Chair's appraisal or objectives are being considered~~

~~— any of the remuneration functions above are being considered~~

- In the above instances the Committee's Vice Chair will become Chair for these items.

The Trust Chair will not participate in the Committee's discussions on the following matters unless invited to do so by the Chair of the Committee:

~~- the re-appointment of the Trust Chair or the appointment of a new Trust Chair is being considered~~

~~- the Chair's appraisal or objectives are being considered~~

~~- any of the remuneration functions relating to the Trust Chair above are being considered~~

~~se matters unless invited to do so by the Vice Chair of the Committee~~

It will be at the discretion of the Committee as to whether the Trust Chair~~man~~ is invited to be present when these matters are discussed. The Trust Chair will have no voting rights on these matters.

- The quorum for the Council of Governors Nom/Rem Committee will be a minimum of 4 members
- The Committee will circulate an agenda to all members at least three working days prior to the next meeting

Agenda Setting

The Chair of the Committee will decide with the Director of Corporate Governance the items to be added to the Committee meeting agenda with due regard to the views of the wider membership.

Meeting frequency

The Committee will meet as and when required to allow it to discharge its functions but this will be no less than annually.

Performance evaluation

These Terms of Reference will be reviewed every two years, or earlier at the request of the Committee.

Reporting arrangements

The Committee will report to the Council of Governors as required.

Date of approval:	May 2018
Date of approval by sponsoring group:	May 2018 Council of Governors
Date of next review:	May 2020
Executive Lead:	Paul Martin, Director of Corporate Governance