

**Council of Governors' Meeting: 4<sup>th</sup> September 2013****C****Nominations and Remuneration Committees: Potential amalgamation**

This paper proposes the merger of the Nominations and Remuneration Committees of the Council of Governors. A draft Terms of Reference for a merged Nominations and Remuneration Committee is enclosed. The idea was raised at the 13<sup>th</sup> May 2013 Corporate Assessment Group meeting and mirrors the arrangements in place in respect of the Board of Directors' Nominations/ Remuneration Committee.

The Chairs Sub Group discussed and supported the proposal at its 7<sup>th</sup> August 2013 meeting. The draft Terms of Reference (attached at appendix 1) reflect the outcome of the Sub Group's discussions.

With regard to the membership of the Nom/Rem Committee, implementation of the proposed membership as set out in the draft ToR would take some time to establish. This issue needs to be seen in the context of the Council of Governors' decision to proceed with the recruitment to the existing NED vacancy which would of course be led by the Nom/Rem Committee. Having discussed the matter with the Chairman, a potential solution to this timescale issue would be to merge the two existing memberships (attached at appendix 2) to establish an inaugural membership of Nom/Rem. This membership would remain in place until the annual Chair/Vice Chair and membership review which takes place in May/June and therefore would lead the NED recruitment process. This membership arrangement was discussed and supported by the Chairs Sub Group.

**Recommendation**

The Council of Governors is asked to:

- Consider and endorse the proposal to amalgamate the Nominations and Remuneration Committees of the Council of Governors
- Endorse the draft Terms of Reference of the Committee
- Endorse the Committee membership proposal outlined in the paper

Paul Martin  
Company Secretary  
21<sup>st</sup> August 2013

## **COUNCIL OF GOVERNORS' NOMINATIONS AND REMUNERATION COMMITTEE**

### **DRAFT TERMS OF REFERENCE**

#### **1. AIMS AND RESPONSIBILITIES**

- 1.1. 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.
- 1.2. The Committee will also act in accordance with the relevant provisions of Monitor's Code of Governance.
- 1.3. Nominations Functions
  - 1.3.1. To ensure there is a formal, rigorous and transparent procedure for the appointment of Non Executive Directors<sup>1</sup>
  - 1.3.2. 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
  - 1.3.3. To ensure there is a formal and transparent procedure for setting the annual objectives for the Non Executive Directors
  - 1.3.4. To develop, in conjunction with the Trust Chairman, and agree the annual objectives of the Trust Chairman, for approval by the Council of Governors
  - 1.3.5. To contribute, through the Trust Chairman, to the setting of the annual objectives of the Non Executive Directors
  - 1.3.6. To ensure there is a formal and transparent procedure for the appraisal of Non Executive Directors' performance
  - 1.3.7. To regularly review, in conjunction with the Board of Directors Nominations and Remuneration Committee, the structure, size and composition of the Board of Directors
  - 1.3.8. 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
  - 1.3.9. 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
  - 1.3.10. To appoint executive search consultants in respect of Non Executive Director recruitment as required

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<sup>1</sup> Although not expressly stated Non-Executive Directors include the Chair of the Trust.

## 1.4. Remuneration Functions

- 1.4.1. To ensure there is a formal and transparent policy on Non Executive Director remuneration
- 1.4.2. To set the structure and levels of remuneration of Non Executive Directors
- 1.4.3. To determine and review the terms and conditions of Non Executive Directors
- 1.4.4. 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
- 1.4.5. To appoint, if deemed appropriate, independent consultants to advise on Non Executive Director remuneration.

## 2. **STRUCTURE AND QUORUM ARRANGEMENTS**

- 2.1. The Trust Chairman shall be the Chair of the Committee except where:
  - 2.1.1. the re-appointment of the Trust Chairman or the appointment of a new Trust Chairman is being considered
  - 2.1.2. the Chairman's appraisal or objectives are being considered
  - 2.1.3. any of the remuneration functions as per 1.4 above are being considered
- 2.2. In the above instances the Committee's Vice Chair will become Chair for these items. The Trust Chairman will not participate in the Committee's discussions on these 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 Chairman is invited to be present when these matters are discussed. The Trust Chairman will have no voting rights on these matters.
- 2.3. The quorum for the Council of Governors Nom/Rem Committee will be a minimum of 4 members
- 2.4. The Committee will meet as and when required to allow it to discharge its functions but this will be no less than annually
- 2.5. The Committee will circulate an agenda to all members at least three working days prior to the next meeting

### **3. MEMBERSHIP<sup>2</sup>**

3.1. The Committee will consist of the following nominated persons:-

- Trust Chairman
- 4 Elected Governors
- 2 Appointed Governors
  
- Executive Lead (in attendance): Company Secretary/Director of HR and OD

3.2. In the case of the appointment process for the Trust Chairman, 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.

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

August 2013

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<sup>2</sup> This membership will apply after the next round of Sub Group Chair/Vice Chair elections and Sub Group Membership Review scheduled to take place in May/June 2014. The Committee membership until this date will comprise the merged membership of the two existing Committees

## **Appendix 2**

### **Current memberships:**

#### **Nominations Committee:**

Paul Bertin, Chair  
Rosemary Herring  
Ian Watts  
Michael Darling  
Wendy Steele

NB: Vice Chair vacant

#### **Remuneration Committee:**

Anthony Bagot-Webb, Vice Chair  
Gail Sutherland  
Eileen Hales  
Rosemary Herring

NB: Chair vacant