

Remuneration and Nomination Committee Terms of Reference

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Review	Remuneration and Nominations Committee
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1. Constitution

- 1.1. The Trust Board hereby resolves to establish a Committee to be known as the Remuneration and Nominations Committee (The Committee) in accordance with the requirements of the National Health Service Trusts (Membership and Procedure) Regulations 1990 (as amended) (“The Regulations”).
- 1.2. The Committee is constituted as a standing committee of the Trust Board. Its constitution and terms of reference shall be as set out below; and will be subject to amendments approved by the Trust Board.

2. Authority

- 2.1 The Committee is authorised to seek information it requires from any employee of the Trust. All members of staff are directed to co-operate with any request made by the Committee. The Committee is authorised to obtain legal or other independent professional advice and to secure the attendance of advisors with such expertise that it considers necessary.
- 2.2 The Committee is authorised by the Board to make decisions within its terms of reference, including matters specifically referred to it by the Board.

3. Membership

- 3.1 The Committee shall comprise the Chair and all Non-Executive Directors.
- 3.2 The Committee will be chaired by a Non-Executive Director. The Committee Chair will not be the Chair of the Trust Board.
- 3.3 In the absence of the appointed Committee Chair, another Non-Executive Director will chair the meeting.

- 3.4 The Chief Executive shall be a voting member of the Committee for the appointments or removal of executive directors only.

4. Attendance at Meetings

- 4.1 The Chief Executive, Director of People and Transformation (or equivalent executive lead for the Trust with responsibility for the human resources functions of the Trust) and the Director of Corporate Governance/Trust Secretary will be in attendance at its meetings, as and when appropriate and necessary.

- 4.2 The Committee can request the attendance of any other Director or senior manager if an agenda item requires it.

5. Quorum

- 5.1 The quorum necessary for the transaction of business shall be three Non-Executive Directors, including the Committee Chair.

- 5.2 For matters relating to the executive board appointments (other than the appointment of the Chief Executive), the quorum shall include the Chief Executive.

6. Frequency of Meetings and Conduct

- 6.1 The Committee shall meet at least every six months. Further meetings can be called at the request of the Committee Chair.

- 6.2 Meetings will be held whenever there is a proposal for: a board appointment, removal of an executive director, a board restructuring, salary reviews for executive directors and senior managers not on agenda for change or clinical contracts.

- 6.3 Three meetings of the Committee will be set in advance as part of the planning of the Trust Board and Committee meetings annual calendar of business.

- 6.4 An agenda of items to be discussed and supporting papers will be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting.

- 6.5 Decisions may be taken by written resolution upon the agreement of the majority of members of the Committee in attendance, subject to the rules on quorum.

7. Responsibilities

7.1 Nominations

- 7.1.1 Review annually the structure, size, composition and diversity of the Board, and provide input to the formal board evaluation process.

- 7.1.2 Provide assurance to the Board that there is appropriate succession planning in place for executive directors and the organisational level below.

- 7.1.3 Before any appointment is made to the executive team, evaluate the balance of skills, knowledge, experience and diversity and in the light of the evaluation, review a description of the role and capabilities required for a particular appointment.
- 7.1.4 Ensure that the appointment process is designed to attract the best candidates, through the use of a range of open advertising or the services of external advisers to facilitate the search. The Committee will seek to provide assurance that candidates fully reflect a wide range of backgrounds and the Trust's commitment to equality, diversity and inclusion and that the recruitment process will consider candidates on merit and against objective criteria.
- 7.1.5 The Committee will be consulted with regarding any temporary or interim arrangements for appointing executive directors.
- 7.1.6 The Committee will approve any matters relating to the continuation in office of any executive director at any time including the suspension or termination of service of an executive director as an employee of the Trust subject to the provisions of the law and their service contract.
- 7.1.7 The Committee will ensure there is a process in place that proposed Board appointees disclose any business interests that may result in a conflict of interest prior to the appointment and that any future business interests that could result in a conflict are reported.
- 7.1.8 The Committee will ensure that the Trust has an appropriate policy in place to check that proposed Board appointees and existing Board members comply with the requirements under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 Fit and Proper Persons Test.

7.2 *Remuneration and Terms of Service*

- 7.2.1 The Committee will have responsibility for setting the remuneration policy for all executive directors and senior managers not on Agenda For Change or clinical contracts, including pension rights, other emoluments including performance related pay, provision of other benefits, including cars and allowances, including relocation allowances and any compensation payments. No director shall be involved in any decision as to their own remuneration.
- 7.2.2 When setting the remuneration policy for executive directors, ensure it is in line with pay and employment conditions across the Trust and the wider NHS, and that it is benchmarked against other trusts of comparable scale and complexity.
- 7.2.3 Review the ongoing appropriateness and relevance of the Remuneration Policy.
- 7.2.4 Within the terms of the agreed policy and in consultation with the Chief Executive, approve the total individual remuneration package of each executive director.

- 7.2.5 Approve the performance targets for any performance related pay schemes and authorise payments against those targets.
- 7.2.6 The Committee will receive a report from the Chair of the Trust Board on the outcome of the annual assessment of the performance of the Chief Executive prior to its submission to NHS Improvement. The Committee will consider this outcome when reviewing changes to the Chief Executive's remuneration.
- 7.2.7 The Committee will receive a report from the Chief Executive on the outcome of the annual assessment of the performance of the individual executive directors and will consider this outcome when reviewing changes to individual director's remuneration levels.
- 7.2.8 Ensure that the contractual arrangements for executive directors, including but not limited to termination payments, are fair to both the individual and the organisation, and that poor performance is not rewarded.
- 7.2.9 Review and agree the policy for authorising claims for expenses from the directors.
- 7.2.10 Where appropriate, authorise any severance payments including redundancy payments, settlements and compromise agreements as determined within current NHS rules,, ensuring that they are fair to both the individual and the organisation.
- 7.2.11 Oversee compliance when appointing board members at salaries above the upper limits as set out in national NHS guidance.
- 7.2.12 When appointing interim board members and senior officials to fill roles with significant responsibility, ensure compliance with national NHS guidance.

8. Reporting

- 8.1 Formal minutes of Committee meetings will be recorded.
- 8.2 Full minutes will be sent in confidence to all members of the Committee and shall be made available on request to NHS Improvement and the Trust's internal and external auditors.
- 8.3 The Committee shall report to the Trust Board on its proceedings after each meeting to provide assurance and to escalate issues as appropriate.
- 8.4 The Committee will provide an annual report to the Board setting out how it has discharged its responsibilities as set out in these terms of reference.
- 8.5 The Committee shall ensure compliance by the organisation with the requirements for disclosure of directors' remuneration in the annual report and accounts.

8.6 The Committee shall declare the relationship between the remuneration of the highest paid director and the median remuneration of the organisation's workforce in its annual report and accounts.

9. Monitoring and Effectiveness

9.1 The Committee shall have access to sufficient resources to carry out its duties, including access to company secretarial assistance as required.

9.2 It shall be provided with appropriate and timely training, both in the form of an induction programme for new members and an on-going basis for all members.

9.3 It will review its own performance, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Trust Board for approval.

10. Administrative Support

10.1 The Director of Corporate Governance/Trust Secretary will provide administrative support to the Committee and will be the Secretary to the Committee.

10.2 Duties in this respect will include:

- Agreement of agendas with the Chair and Members.
- Collation and distribution of papers.
- Minute taking.
- Keeping a record of matters arising and issues to be carried forward within an action log.
- Advising the Committee on pertinent issues/areas.
- Provision of a highlight report of the key business undertaken to the Trust Board following each meeting.