

NOMINATIONS AND REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. CONSTITUTION

- 1.1 The Board of Directors has established a committee of the Board known as the Nominations and Remuneration Committee. It is a Non-Executive committee and has no executive powers, other than those specifically delegated in these Terms of Reference. These Terms of Reference can only be amended with the approval of the Board of Directors.

2 PURPOSE

- 2.1 The Nominations and Remuneration Committee is a Committee of the Board and fulfils the role of the Nominations and Remuneration Committee for executive directors described in the Trust's constitution and the NHS Foundation Trust Code of Governance.
- 2.2 The Trust chairman and other non-executive directors and chief executive (except in the case of the appointment of a chief executive) are responsible for deciding the appointment of executive directors.
- 2.3 The purpose of the committee will be to decide on the appropriate remuneration, allowances and terms of and conditions of service for the chief executive and other executive directors including:
- (i) all aspects of salary (including performance related elements/bonuses)
 - (ii) provisions for other benefits, including pensions and cars
 - (iii) arrangements for termination of employment and other contractual terms
- 2.4 To appoint and set the terms and conditions for subsidiary Board members and review any Key Performance Indicators/objectives/performance bonus. Receive a recommendation from the subsidiary Board and Nominations and Remuneration Committee on achievement against these.
- 2.5 To recommend the level of remuneration for executive directors and monitor the level and structure of remuneration for very senior management.
- 2.6 To agree and oversee, on behalf of the Board of Directors, performance management of the executive directors, including the chief executive.
- 2.7 Any proposed changes to the terms of reference will be approved by the Board.
- 2.8 The appointment of a chief executive requires the approval of the Council of Governors.

3. OBJECTIVES

The Nominations and Remuneration Committee is responsible for:

- 3.1 Establishing a process to identify suitable candidates to fill executive director vacancies as they arise and making recommendations to the chairman, the other non-executive directors and chief executive. Recommendations in relation to the chief executive position will be to non-executive directors only.
- 3.2 Considering nominations for executive directors and chief executive positions.
- 3.3 To set the remuneration and terms of service for the chief executive and executive directors with the support of independent advice as appropriate.
- 3.4 To ensure that individual executive directors have performance objectives and personal development plans, that are reviewed twice yearly. The review will also consider the capability of the executives as a team as well as at the level of individuals identifying any team development needs.
- 3.5 To include in its decisions all aspects of salary (including any performance related elements) and provisions for other benefits (including pensions and cars).
- 3.6 To decide on the appropriate contractual arrangements for executive directors, including a proper calculation and scrutiny of termination payments, taking account of legislation and such national guidance as is appropriate.
- 3.7 To ensure the Trust achieves proper control of the total remuneration paid to the executive directors by developing appropriate pay and reward policies for these posts. The Committee will ensure it has a clear statement of the responsibilities of the individual posts and their accountabilities for meeting the objectives of the organisation, a person specification for each post, a means of assessing the comparative job “weight”, with comparative salary information from the NHS and other areas and criteria and mechanisms for assessing performance.
- 3.8 To ensure the publication, in annual reports, of the total remuneration from NHS sources of the chief executive and executive directors.
- 3.9 To recommend and monitor the level and structure of remuneration for senior management. The definition of senior management for this purpose will be determined by the Board and described in the Pay Policy for Very Senior Managers.
- 3.10 To receive an annual report on the application of the Pay Policy for Very Senior Managers from the chief executive
- 3.11 Approve any non-contractual termination payments to staff in-line with the Trust's Special Severance Pay Policy.
- 3.12 Annually reviewing the structure, size and composition of the board of directors and to make recommendations for change, where appropriate.

- 3.13 Evaluating the balance of skills, knowledge and experience of the board of directors and, in the light of this evaluation, preparing a description of the role and capabilities required for the appointment of executive directors and the chief executive.
- 3.14 Ensuring that appointments to the board of directors are based on merit and objective criteria as well as meeting the “fit and proper” persons test described in the Provider Licence.
- 3.15 Appointing a shortlisting and appointments panel for the appointment of executive directors and the chief executive.
- 3.16 Succession planning, taking into account the future challenges, risks and opportunities facing the Trust and the skills and expertise required on the Board to meet them.

4. MEMBERSHIP AND ATTENDANCE

Members

- 4.1 The committee will be comprised of the non-executive directors, chairman and chief executive (except in the case of appointment of a chief executive). **Interview panel membership** will be determined by the Nominations and Remuneration Committee who will appoint from its members a selection panel, with the addition of the chief executive, where executive director appointments are being made. It may invite others as suitably qualified advisors as it sees fit.

Chair

- 4.2 The Chair of the committee will be the Trust chairman or non-executive director as determined by the Nominations and Remuneration Committee of the Board.

Attendees

- 4.3 The Chief People Officer (or representative) will attend in an advisory capacity.
- 4.4 The Chief Executive will attend (except when their own post is under discussion) and should attend when executive directors remuneration is discussed.

Quorum

- 4.5 Business will only be conducted if the meeting is quorate. The Committee will be quorate with four non-executive directors present. If the Chair is in attendance, this will count towards the quorum.
- 4.6 If the meeting is not quorate the meeting can progress if those present determine. However, no business decisions shall be transacted and items requiring approval may be approved virtually by members and ratified at the subsequent meeting of the Committee.

Attendance

- 4.7 The Chair, or their nominated deputy, of the Committee will be expected to attend 100% of the meetings. Other Committee members will be required to attend a minimum of 80% of all meetings.

Attendance by Officers

- 4.8 The Committee will be open to the Group Company Secretary to attend.
- 4.9 Other staff, or external advisors, may be co-opted to attend meetings as considered appropriate by the Committee on an ad hoc basis.

Voting

- 4.10 When a vote is requested, the question shall be determined by a majority of the votes of the members present. In the event of an equality of votes, the person presiding shall have a second or casting vote. Advisors to appointment panels do not have a vote.

5. FREQUENCY OF MEETINGS

- 5.1 Meetings of the Committee shall be generally held up to four times a year, as determined by the work of the Committee. The likely timetable of meetings is as shown below:

Date	Purpose
End May	Sign off Executive Director performance appraisal for preceding financial year and performance objectives for current financial year. Identify personal and team development needs for the Executives as individuals and as team members.
July	Review salaries of Executive Directors as appropriate
Oct / Nov	Review mid-year performance of Executive Directors. Make a final decision on any appeals from Executive Directors on access to annual pay uplift Review progress against personal development plans where appropriate.
Feb / Mar	Review policies for remuneration of Executive Directors and senior managers not covered by National terms and conditions

6. AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.

- 6.2 Reference should be made as appropriate, to the Standing Orders and Standing Financial Instructions of the Trust.
- 6.3 The Committee may set up permanent groups or time limited working groups to deal with specific issues. Precise terms of reference for these shall be determined by the Committee. However, Board Committees are not entitled to further delegate their powers to other bodies, unless expressly authorised by the Trust Board (Standing Order 5.5 refers).
- 6.4 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience if it considers this necessary or advantageous to its work.

7 SERVICING ARRANGEMENTS

- 7.1 A member of the Board Secretariat shall attend meetings and take minutes.
- 7.2 Agendas and papers shall be distributed in accordance with deadlines agreed with the Committee Chair.
- 7.3 Members will be encouraged to comment via correspondence between meetings as appropriate.
- 7.4 The Committee will maintain a rolling annual work programme that will inform its agendas and seek to ensure that all duties are covered over the annual cycle. The planning of the meetings is the responsibility of the Chair.

8. ACCOUNTABILITY AND REPORTING

- 8.1 The Committee is accountable to the Board of Directors.
- 8.2 Chair reports will be provided to the Board of Directors to include: Committee activity by exception; decisions made under its own delegated authority; any recommendations for decision; and any issues of significant concern.
- 8.3 Approved minutes will be circulated to the Board of Directors. Requests for copies of the minutes by a member of public or member of staff outside of the Committee membership will be considered in line with the Freedom of Information Act 2000.

9. RELATIONSHIPS WITH OTHER COMMITTEES

- 9.1 Council of Governors' Nominations and Remuneration Committee.
- 9.2 The Committee will receive Chair reports from the Board Committees as required. To review and consider findings of significant assurance functions and the implications for the governance of the organisation.

10. MONITORING EFFECTIVENESS AND REVIEW

- 10.1 The Committee will provide an annual report outlining the activities it has undertaken throughout the year.
- 10.2 A survey will be undertaken by the members on an annual basis to ensure that the terms of reference are being met and where they are not either; consideration and agreement to change the terms of reference is made or an action plan is put in place to ensure the terms of reference are met.
- 10.3 The terms of reference will be reviewed and approved by the Board of Directors on an annual basis.
- 10.4 The Committee will report on an annual basis to the Board of Directors on the work it has undertaken in the year and describe its work in the Annual Report.

Date Approved by Board: 12 May 2022