

## Terms of Reference - Remuneration, Nominations and Appointments Committee

Version Tracking				
Version	Date	Revision Description	Editor	Approval Status
1.0	March 2009	Existing version	N/A	N/A
1.1	28/02/2012	Major review for consideration by the Trust Board of Directors	TSec	Draft
2.0	27/03/2012	Minor revisions to the purpose of the Committee following direction of the Trust Board of Directors	TSec	Approved
3.0	14/11/14	Revisions in line with FTN Good Governance compendium and best practice. With a view to combining Remuneration Committee and Nomination and Appointments Committee	Director of Workforce & OD /Trust Sec	TBC
4.0	28/04/16	Annual review for consideration by the Trust Board of Directors	Trust Secretary	Approved
5.0	12/05/2017	Annual review for consideration by the Trust Board of Directors. Minor amendment to section 3.3 ensuring clarity of the reporting on the annual statement on remuneration.	Trust Secretary	Approved
6.0	18/04/2018	Annual review for consideration by the Committee and the Board of Directors. Minor amendments for clarity/consistency and to: <ul style="list-style-type: none"> <li>a) Change the Chair of the Committee from the Vice-Chair of the Board of Directors to the Chair of the Board of Directors</li> <li>b) Clarify that the Trust Secretary <u>or their nominated deputy</u> may minute meetings of the committee.</li> </ul>	Deputy Trust Secretary	Approved
7.0	25/11/2019	Annual review for consideration by the Committee and the Board of Directors. Amended to include stakeholder information and analysis (paragraph 2).	Director of Corporate Governance	

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## 1. Purpose

- 1.1. To be responsible for identifying and appointing candidates to fill all the Executive Director positions on the Board and for determining their remuneration and other conditions of service.
- 1.2. When appointing the Chief Executive, the committee shall be the committee described in Schedule 7, 17(3) of the National Health Service Act 2006 (the Act). When appointing the other Executive Directors the committee shall be the committee described in Schedule 7, 17(4) of the Act.

## 2. Context

### Stakeholder Community

- 2.1. The Remuneration, Nominations and Appointments Committee's primary responsibility is to the Board of Directors, as detailed above. However, in order to discharge these responsibilities appropriately the Committee must work in close partnership with a number of internal and external Stakeholders. These Stakeholders influence the work of the Committee by:
  - establishing external benchmark standards and requirements
  - providing / receiving assurance on the suitability and efficacy of the Trust's approach.
- 2.2. The Stakeholders of the Remuneration, Nominations and Appointments Committee are identified below:

#### Internal (accountable to)

- Board of Directors
- Council of Governors

#### External

- NHS Improvement
- HM Treasury
- NHS Business Authority.

### Stakeholder Analysis

- 2.3. The Terms of Reference and the responsibilities of the Remuneration, Nominations and Appointments are dependent on an accurate understanding of the Stakeholder community and their associated requirements, especially any deliverables that are required, either from or by the Committee.
- 2.4. The following table provides an analysis of the requirements and dependencies associated with the Remuneration, Nominations and Appointments Stakeholder Community.
- 2.5. **Requirements from Remuneration, Nominations and Appointments Committee** - Explains what the Committee is required to do based on the requirements of the stakeholder.
- 2.6. **Inputs into Remuneration, Nominations and Appointments Committee** - Explains what needs to be provided into the Committee to allow it to fulfil the requirements of the stakeholder.

Stakeholder	Requirements from RN&AC		Inputs to RN&AC	
	General	Formal Deliverables	General	Formal Deliverables
Board of Directors and Council of Governors	Identifying and appointing candidates to fill all the Executive Director positions on the Board and for determining their remuneration and other conditions of service.			Job descriptions for roles Proposed salary for roles Description of the recruitment process Advice on the appointment of executive recruitment support (All section 8.1)

Stakeholder	Requirements from RN&AC		Inputs to RN&AC	
	General	Deliverables	General	Deliverables
NHS Improvement	Guidance on pay for Very Senior Managers in NHS Trusts and Foundation Trusts	Review of salaries on appointment and annually thereafter		Annual salary review with benchmarking information (8.2)
NHS Improvement	Best practice principles and processes to help Board of Directors to maintain good quality corporate governance. (NHS Foundation Trust Code of Governance)			Annual review of Board skills and knowledge mix. (8.1.1)
HM Treasury	Guidance about the appointment of 'office holders'			Report on proposed off-payroll appointments at VSM (8.1.9)
NHS Business Authority	Guidance on the administration of the NHS Pension Scheme			NHS pensions and disclosure of Senior Managers' Remuneration (Greenbury) (9.2)

### 3. Authority

- 3.1. The Remuneration, Nominations and Appointments Committee (the Committee) is constituted as a standing committee of the Trust's Board of Directors (the Board). Its constitution and terms of reference shall be as set out below, subject to amendment at future Board meetings.
- 3.2. The committee is authorised by the Board to act within its terms of reference. All members of staff are directed to co-operate with any request made by the committee.
- 3.3. The committee is authorised by the Board to instruct professional advisors and request the attendance of individuals and authorities from outside the Trust with

relevant experience and expertise if it considers this necessary for or expedient to the exercise of its functions.

3.4. The committee is authorised to obtain such internal information as is necessary and expedient to the fulfilment of its functions

#### **4. Reporting**

4.1. The committee Chair shall report to the Trust Board of Directors on all proceedings undertaken within its duties and responsibilities.

4.2. The committee shall make whatever recommendations to the Trust Board of Directors it deems appropriate on any area within its remit where action or improvement is needed.

4.3. The Committee Chair (on behalf of the Remuneration, Nominations and Appointments Committee) shall make a statement in the annual report about its activities and the process used to decide remuneration.

4.4. The Committee shall make information available regarding the attendance of all members at Committee meetings.

#### **5. Membership**

5.1. The membership of the committee shall consist of:

- The Trust Chair
- The other Non-Executive Directors of the Board

5.2. And in addition, when appointing Executive Directors other than the Chief Executive:

- The Chief Executive

5.3. The Trust Chair shall Chair the Committee.

5.4. Only members of the Committee have the right to attend Committee meetings.

5.5. At the invitation of the Committee, meetings shall normally be attended by the:

- Chief Executive Officer
- Director of People

5.6. Other persons may be invited by the Committee to attend a meeting so as to assist in deliberations, at the discretion of the Chair.

5.7. Any non-member, including the secretary to the Committee, will be asked to leave the meeting should their own conditions of employment be the subject of discussion.

#### **6. Quorum**

6.1. The quorum necessary for the transaction of business shall be the Chair of the Committee and three independent Non-Executive Directors.

6.2. A duly convened meeting at which a quorum is present shall be competent to exercise all or any of the powers and discretions exercisable by the Committee.

#### **7. Secretary**

7.1. The Trust Secretary shall be secretary to the Committee.

## **8. Duties**

### **8.1. Appointments**

The Committee will:

- 8.1.1. Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, making use of the output of the board evaluation process as appropriate, and make recommendations to the Board, and Nomination Committee of the Council of Governors, as applicable, with regard to any changes.
- 8.1.2. Give full consideration to and make plans for succession planning for the Chief Executive and other Executive Directors taking into account the challenges and opportunities facing the trust and the skills and expertise needed on the Board in the future.
- 8.1.3. Keep the leadership needs of the Trust under review at executive level to ensure the continued ability of the trust to operate effectively in the health economy.
- 8.1.4. Be responsible for identifying and appointing candidates to fill posts within its remit as and when they arise.
- 8.1.5. When a vacancy is identified, evaluate the balance of skills, knowledge and experience on the Board, and its diversity, and in the light of this evaluation, prepare a description of the role and capabilities required for the particular appointment. In identifying suitable candidates the Committee shall use open advertising or the services of external advisers to facilitate the search; consider candidates from a wide range of backgrounds; and consider candidates on merit against objective criteria.
- 8.1.6. Ensure that a proposed Executive Director's other significant commitments (if applicable) are disclosed before appointment and that any changes to their commitments are reported to the Board as they arise.
- 8.1.7. Ensure that proposed appointees disclose any business interests that may result in a conflict of interest prior to appointment and that any future business interests that could result in a conflict of interest are reported.
- 8.1.8. Consider any matter relating to the continuation in office of any Board Executive Director including the suspension or termination of service of an individual as an employee of the trust, subject to the provisions of the law and their service contract.
- 8.1.9. Ensure that guidance from HM Treasury is considered where any off payroll appointments are proposed.

### **8.2. Remuneration**

The Committee will:

- 8.2.1. Establish and keep under review a remuneration policy in respect of Executive Board Directors.
- 8.2.2. Consult the Chief Executive about proposals relating to the remuneration of the other Executive Directors.

- 8.2.3. In accordance with all relevant laws, regulations and trust policies, decide and keep under review the terms and conditions of office of the trust's Executive Directors, including:
- Salary, including any performance-related pay or bonus;
  - Provisions for other benefits, including pensions and cars;
  - Allowances;
  - Payable expenses;
  - Compensation payments.
- 8.2.4. In adhering to all relevant laws, regulations and trust policies establish levels of remuneration which are sufficient to attract, retain and motivate Executive Directors of the quality and with the skills and experience required to lead the trust successfully, without paying more than is necessary for this purpose, and at a level which is affordable for the Trust;
- 8.2.5. Use national guidance and market benchmarking analysis in the annual determination of remuneration of Executive Directors, while ensuring that increases are not made where trust or individual performance do not justify them;
- 8.2.6. Be sensitive to pay and employment conditions elsewhere in the Trust.
- 8.2.7. Monitor and assess the output of the evaluation of the performance of individual Executive Directors, and consider this output when reviewing changes to remuneration levels.
- 8.2.8. Advise upon and oversee contractual arrangements for executive directors, including but not limited to termination payments to avoid rewarding poor performance.

## **9. Notice and Conduct of Meetings**

- 9.1. The Secretary shall call meetings of the Committee at the request of the Chair not less than ten clear days prior to the date of the meeting.
- 9.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be available to each member of the Committee and where appropriate, other persons required to attend, no later than three working days before the date of the meeting,
- 9.3. Supporting materials shall be provided to Committee members and to other attendees as appropriate, at the same time.

## **10. Minutes of Meetings**

- 10.1. The Trust Secretary, or their nominated deputy, shall minute the proceedings and resolutions of the Committee, including the names of members present and others in attendance. Draft minutes shall be distributed to Committee members for approval after each meeting.
- 10.2. The Committee shall receive and agree a description of the work of the Committee, its policies and all executive director emoluments in order that these are accurately reported in the required format in the trust's annual report and accounts.

## **11. Frequency of Meetings**

- 11.1. The Committee shall meet at least three times per annum and at such other times as the Chair of the Committee shall require.

## **12. Review of Terms of Reference**

- 12.1. At least once a year, the Committee shall review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.