



## Terms of Reference

<b>Title:</b>	Nomination & Remuneration Committee
<b>Date approved, and approving body:</b>	May 2016 Board of Directors
<b>Next review date:</b>	May 2017
<b>Purpose:</b>	<p>To review and make recommendations to the Board of Directors on the composition, balance, skill mix and succession planning of the Board.</p> <p>To set the policy and authorise the remuneration packages and contractual terms for the Chief Executive and Executive Directors that are sufficient to attract, retain and motivate Executive Directors whilst remaining cost effective.</p> <p>To appoint the Chief Executive* and Executive Directors, ensuring that there is a formal, rigorous and transparent process for such appointments and that the process is followed.</p> <p>To ensure the Trust's compliance with legislative, mandatory and regulatory requirements in terms of the Committee's scope.</p> <p><i>*The appointment of the Chief Executive requires the approval of the Council of Governors</i></p>
<b>Membership:</b>	<p>The Committee should be composed of all Non-Executive Directors. When appointing or removing the Chief Executive, the Committee shall be the Committee described in Schedule 7, 17(3) of the National Health Service Act 2006 as amended by the Health and Social Care Act 2012 (the Act) (that is all the Non-Executive Directors).</p> <p>When appointing or removing the other Executive Directors the Committee shall be the Committee described in Schedule 7, 17(4) of the Act (that is the Trust Chair, the Chief Executive and the Non-Executive Directors).</p> <p>The Trust Chair shall chair the Committee.</p>
<b>Deputies:</b>	Not required
<b>Chair:</b>	Chairman
<b>Vice Chair:</b>	Deputy Chairman
<b>Quorum:</b>	The Trust Board Chairman plus three Non-Executive Directors

<b>Secretary:</b>	Trust Secretary
<b>Frequency of Meetings:</b>	Not less than annually
<b>Rules as to Meetings &amp; Proceedings:</b>	<p>The Standing Orders and Standing Financial Instructions of the Trust as appropriate apply to formally established Committees. As such members of this Committee may requisition a meeting in writing in line with Standing Orders, Section 3.4</p> <p>Agenda and supporting papers will be circulated to members at least three days prior to any meeting and minutes shall be prepared and submitted to the next meeting of the Committee and reported to the Board. The Committee will be supported administratively by the Trust Secretary who will:</p> <ul style="list-style-type: none"> <li>• Agree the agenda with the Chairman (and attendees) and collate papers</li> <li>• Ensure Minutes are taken and keep a record of matters arising and issues to be carried forward</li> <li>• Advise the Committee on pertinent areas</li> </ul>
<b>Attendance at meetings:</b>	<p>Only members of the Committee have the right to attend meetings.</p> <p>The Chief Executive should normally attend meetings at the invitation of the Committee (but not for discussion of issues affecting the remuneration or terms of service of the Chief Executive).</p> <p>The Head of HR may be asked to attend in a professional advisory capacity.</p> <p>Other persons may be invited by the Committee to attend a meeting so as to assist in deliberations.</p> <p>Any non-members will be asked to leave the meeting should their own conditions of employment be the subject of discussion.</p> <p>Where Executive Directors or senior management are involved in advising or supporting the Committee, care should be taken to recognise and avoid conflicts of interest. No Director should be involved in deciding his or her own remuneration.</p>
<b>Authority/Tolerances:</b>	<p>The Nomination and Remuneration Committee (the Committee) is constituted as a standing committee of the Trust's Board of Directors (the Board).</p> <p>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.</p> <p>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.</p> <p>The Committee is authorised to obtain such internal information as is</p>

	necessary and expedient to the fulfilment of its functions.
<p><b>Duties – appointments role:</b></p>	<p>Regularly review the <b>structure, size and composition</b> (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 and Remuneration Committee of the Council of Governors, as applicable, with regard to any changes.</p> <p>Give full consideration to the <b>succession planning</b> for the Chief Executive and other Executive Directors taking into account the challenges and opportunities facing the Foundation Trust, making plans as appropriate.</p> <p>Keep the <b>leadership needs</b> of the Trust under review at Executive level to ensure the continued ability of the Trust to operate effectively in the health economy.</p> <p>Be responsible for <b>identifying and appointing candidates</b> to fill posts within its remit as and when they arise. 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;</p> <p>To <b>appoint the Chief Executive* and Executive Directors</b> in accordance with the NHS Act 2006 (as amended by the Health &amp; Social Care Act 2012), having due regard to compliance with regulatory authorities and legal requirements.</p> <p>To decide upon the <b>appointment process</b> for the Chief Executive and Executive Directors and ensure that due process has been followed in respect of the appointment to such positions.</p> <p>To oversee the stages of the <b>recruitment and selection process</b>, including:</p> <ul style="list-style-type: none"> <li>• Arrangements for advertising</li> <li>• Arrangements for short-listing candidates</li> <li>• Arrangements for interviewing</li> </ul> <p>This includes seeking assurance that candidates meet the requirements of paragraph 5(3) of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 (as amended or substituted from time to time) or the conditions of any NHS Provider licence (fit and proper person test).</p> <p>To ensure that a proposed Executive Director's other <b>significant commitments</b> (if applicable) are disclosed before appointment and that any changes to their commitments are reported to the Board as they arise.</p> <p>To ensure that proposed appointees disclose any <b>business interests</b> 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.</p>

	<p>To consider and agree the <b>arrangements for termination of employment</b> of senior executives. This includes the determination and approval of a specific policy on the payment for loss of office.</p> <p>To follow due diligence and process in order to arrive at a fully informed decision when considering <b>proposals for either voluntary or compulsory redundancy</b> of senior executives which includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• Legal and other advice, including observations from auditors</li> <li>• Evidence to show that every effort has been made to secure suitable alternative employment by both employer and employee</li> <li>• Confirmation that the skills and experience of volunteers could not be better placed within the new organisation</li> <li>• Provision is in place for full capitalised costs (i.e., total costs including employers' contributions) for any proposed redundancies or premature retirements.</li> </ul> <p>Details of the individual's contractual entitlement including the above matter, where necessary, on both the date of the actual departure and that which it would have cost if the individual were to remain in employment up to the end of the notice period where that would be later.</p> <p>To consider and decide on any matter relating to the <b>continuation in office of any Executive Director at any time</b>, including the suspension or termination of service of an individual as an employee of the Foundation Trust. The removal of an Executive Director will require the approval of the Board.</p>
<p><b>Duties – remuneration role:</b></p>	<p>To determine and approve a <b>policy on Executive pay and contractual terms</b> (including locally determined senior management pay) in line with national guidance and legislation on necessary and publicly justifiable payments.</p> <p><b>Consult the Chief Executive</b> about proposals relating to the remuneration of other Executive Directors.</p> <p><b>To determine and agree all aspects of salary for the Chief Executive and Executive Directors</b>, including any performance-related elements/bonuses and provisions for other benefits including pensions and cars, having proper regard to the Trust's circumstances, performance and taking account of comparative information from within the NHS, other public sector organisations and other service organisations. The Committee should be sensitive to pay and employment conditions elsewhere within the Trust when setting Executive pay and conditions.</p> <p>In accordance with all relevant laws, regulations and Trust policies, decide and keep under review the <b>terms and conditions</b> of office of the Trust's Executive Directors, including:</p> <ul style="list-style-type: none"> <li>• salary, including any performance-related pay or</li> <li>• bonus;</li> </ul>

	<ul style="list-style-type: none"> <li>• provisions for other benefits, including pensions</li> <li>• and cars;</li> <li>• allowances;</li> <li>• payable expenses;</li> <li>• compensation payments.</li> </ul> <p>In adhering to all relevant laws, regulations and Trust policies:</p> <ul style="list-style-type: none"> <li>• establish levels of remuneration which are <b>sufficient to attract, retain and motivate Executive Directors</b> 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;</li> <li>• decide whether a proportion of Executive Director remuneration should be structured so as to <b>link reward to corporate and individual performance</b>;</li> <li>• make sure that any <b>performance-related elements of Executive remuneration are stretching</b> and promote the long-term sustainability of the Trust, and take as a baseline for performance any competencies required and specified within the job description for the post;</li> <li>• consider all relevant and current directions relating to <b>contractual benefits</b> such as pay and redundancy entitlements;</li> <li>• use <b>national guidance and market benchmarking</b> 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; and</li> <li>• monitor procedures to ensure that existing Directors are and remain <b>'fit and proper' persons</b> as defined in law and regulation.</li> </ul> <p>Oversee the <b>performance review arrangements</b> for Executive Directors', ensuring that each Director receives regular appraisals and that <b>annual assessments</b> of continued compliance with the requirements of paragraph 5(3) of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 (as amended or substituted from time to time) or the conditions of any NHS Provider licence (fit and proper person test).</p> <p>Consider a report, annually, from the Chairman on the <b>performance of the Chief Executive</b>, and from the Chief Executive, on the <b>performance of the Executive Directors</b> and determine any adjustment to salary.</p> <p>To <b>take independent advice</b>, where relevant, on:</p> <ul style="list-style-type: none"> <li>• Remuneration levels elsewhere in the NHS</li> <li>• Trends and development in non-pay benefits and terms and conditions</li> </ul>
<p><b>Duties – Standing Agenda Items</b></p> <ul style="list-style-type: none"> <li>• <b>Every meeting:</b></li> </ul>	<ul style="list-style-type: none"> <li>• Apologies for absence</li> <li>• Minutes of the last meeting</li> <li>• Matters Arising</li> <li>• Date and time of next meeting</li> <li>• Risks Emerging from business discussed</li> </ul>

<ul style="list-style-type: none"> <li>• <b>Annually:</b></li> </ul>	<ul style="list-style-type: none"> <li>• “Review of Matters Discussed” (<i>at this meeting</i>)</li> <li>• Review of Chief Executive and Executive Directors performance</li> <li>• Review Terms of Reference</li> <li>• Review of remuneration policies, including the appropriateness of the policies in relation to changing legislation, as well as compliance with the policy itself</li> <li>• Review of Board composition and skill mix</li> <li>• Review of succession plans</li> </ul>
<b>Subgroups:</b>	None
<b>Accountability:</b>	Board of Directors
<b>Reporting responsibilities:</b>	<p>The Chairman will report formally to the Board of Directors on its proceedings after each meeting; drawing attention to any issues that require disclosure to the Board. The minutes of the meeting will be circulated to the Board unless it would be inappropriate to do so.</p> <p>The Committee will ensure that sufficient and appropriate information is given to the Council of Governors to enable it to carry out its statutory duty of approving the appointment of the Chief Executive.</p> <p>The Committee will make a statement in the Annual Report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.</p> <p>Details of Board members’ total remuneration and other benefits will be reported in the Annual Report.</p>
<b>Risks:</b>	The Committee shall identify all emerging risks from the business transacted at each of its meetings and report these as appropriate to the Board.
<b>Self Assessment:</b>	The Committee will review its performance annually against its Terms of Reference.