

Council of Governors: 18.01.2018

Agenda Item: CGo.1.18.8

Nominations and Remuneration Committee Terms of Reference Review

Presented by:	Fiona Ritchie, Trust Secretary	Author:	Jacqui Maurice, Head of Corporate Governance
Previously considered by:	The Nominations and Remuneration Committee (NRC) on 8 December 2017.		

Key points	Purpose:
1. The NRC Terms of Reference are due to be reviewed.	To discuss and note
2. The NRC reviewed the Terms of Reference at the meeting of the Committee held on 8 December 2017.	To note and gain assurance
3. The Terms of Reference are attached; The proposed amendments are presented in 'track changes'.	To discuss and note
4. The Council of Governors is asked to approve the amendments to the NRC Terms of Reference.	To discuss and approve

Executive Summary:
<p>The NRC Terms of Reference are required to be reviewed at least annually. The Terms of Reference were reviewed by the NRC at their meeting held on 8 December 2017 and the proposed amendments are presented in 'track changes' in the attached document.</p> <p>The amendments seek to align the NRC Terms of Reference with other corporate documents so that there is:</p> <ul style="list-style-type: none"> a) Consistency with regard to the grammatical style in use at the Foundation Trust and, b) Consistency with regard to the corporate terminology in use at the Foundation Trust. <p>The Council of Governors is asked to approve the amendments to the NRC Terms of Reference.</p>

Financial implications:
No

Regulatory relevance:

Monitor:	Code of Governance
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Equality	
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Impact / Implications:	<p>Is there likely to be any impact on any of the protected characteristics? (Age, Disability, Gender, Gender Reassignment, Pregnancy and Maternity, Race, Religion or Belief, Sexual Orientation, Health Inequalities, Human Rights)</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, what is the mitigation against this?</p>
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Other:	
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Strategic Objective:	To provide outstanding care for patients
<i>Reference to Strategic Objective(s) this paper relates to</i>	

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Terms of Reference for the Council of Governors Nominations and Remuneration Committee

Please note that all references in these Terms of Reference to Non-Executive Directors are to be taken to include the Chairperson, unless specifically indicated otherwise.

1 Authority

- 1.1 The Council of Governors' Nominations and Remuneration Committee (the Committee) is constituted as a Committee of the Council of Governors. Its constitution and Terms of Reference shall be as set out below, subject to amendment at future meetings of the Council of Governors.
- 1.2 The Committee is authorised by the Council of Governors to act within its Terms of Reference.
- 1.3 The Committee is authorised by the Council of Governors, subject to funding approval by the Director of Governance and Operations, to request professional advice and request the attendance of individuals and authorities from outside the Foundation Trust with relevant experience and expertise if it considers this necessary for or expedient to the exercise of its functions.
- 1.4 The Committee is also authorised to request such internal information as is necessary and expedient to the fulfilment of its functions.

2 Conflicts of interest

- 2.1 The Chairperson of the Foundation Trust, or any Non-Executive Director present at Committee meetings, will withdraw from discussions concerning their own re-appointment, remuneration or Terms of Service.

3 Membership

- 3.1 The membership of the Committee shall consist of at least six Governors including at least three Public/Patient Governors. Members will be appointed by the Council of Governors.
- 3.2 In the first year following the establishment of the Committee a rolling length of tenure shall apply whereby:

Two Governors – will have a one year length of tenure
Two Governors – will have a two year length of tenure
Two Governors – will have a three year length of tenure

Further appointments to the Committee following the first year shall be for three years for each Governor or, until their period as Governor comes to an end (whichever occurs first). Governors are able to serve more than one three year length of tenure.

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3.3 The Committee will normally be chaired by the Foundation Trust Chairperson. Where the Chairperson has a conflict of interest, for example when the Committee is considering the Chairperson's re-appointment or remuneration, the Committee will be chaired by the Governor agreed by the Committee.

3.4 A quorum shall be three members, two of whom must be Governors.

4 Secretary

4.1 The Trust Secretary shall be available to advise the Committee.

5 Attendance

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

5.2 At the invitation of the Committee, meetings shall normally be attended by the Chief Executive, Director of Governance and Operations and Director of Human Resources.

5.3 Other persons may be invited by the Committee to attend a meeting so as to assist in deliberations.

6 Frequency of meetings

6.1 Meetings shall be held as required, but at least twice in each financial year.

6.2 At the request of the Chairperson, the Committee may hold meetings by telephone, video link or by email exchange. Normal rules relating to quoracy will apply to the functioning of such a meeting. These meetings will be deemed as standard meetings of the Committee and shall be minuted accordingly.

7. Remit of the Council of Governors Nominations and Remuneration Committee

With regard to nominations the Committee will:

7.1 Periodically review the balance of skills, knowledge, experience and diversity of the Non-Executive Directors and, having regard to the views of the Board of Directors and relevant guidance on Board composition, make recommendations to the Council of Governors with regard to the outcome of the review.

7.2 Take into account the views of the Board of Directors on the qualifications, skills and experience required for each position.

7.3 Review annually the time commitment requirement for Non-Executive Directors.

7.4 Give consideration to succession planning for Non-Executive Directors, taking into account the challenges and opportunities facing the Foundation Trust and the skills and expertise needed on the Board of Directors in the future and make recommendations to the Council of Governors concerning plans for succession, particularly for the key role of Chairperson.

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- 7.5 Agree with the Council of Governors a clear process for the nomination of a Non-Executive Director.
- 7.6 For each appointment of a Non-Executive Director, agree a description of the role and capabilities and expected time commitment required.
- 7.7 Make recommendations for suitable NED/Chair candidates to fill vacant posts within the ~~Ce~~ommittee's remit, for appointment by the Council of Governors.
- 7.8 Ensure that on appointment Non-Executive Directors receive a formal Terms of Engagement which will set out clearly what is expected of them and include the remuneration, allowances and other ~~T~~erms and ~~Ce~~onditions.
- 7.9 Make recommendations to the Council of Governors in respect of the re-appointment of any Non-Executive Director. Any term beyond six years must be subject to a particularly rigorous review.
- 7.10 Make recommendations to the Council of Governors in regard to any matters relating to the removal of office of a Non-Executive Director.
- 7.11 To be consulted by the Board of Directors on the appointment of the Senior Independent Director and to report on this consultation to the ~~full-Ce~~council of ~~gG~~overnors
- 7.12 Review the annual appraisal process for the Chair~~person~~ with the Board of Directors.

With regard to remuneration the ~~Ce~~ommittee will:

- 7.13 In accordance with all relevant laws and regulations, recommend to the Council of Governors the remuneration, allowances and other ~~T~~erms and ~~Ce~~onditions for Non-Executive Directors; taking into account the views of the ~~Ce~~hair~~person~~ (except in respect of his or her own remuneration, allowances and other ~~T~~erms and ~~eC~~onditions), ~~and the~~ ~~Ce~~hief ~~eE~~xecutive and any external advisers.

In adhering to all relevant laws and regulations establish levels of remuneration which:

- 7.13.1 Reflect the time commitment and responsibilities of the roles;
- 7.13.2 Take into account appropriate benchmarking and market-testing, while ensuring that increases are not made where Foundation Trust or individual performance do not justify them; and;
- 7.13.3 Are sensitive to pay and employment conditions elsewhere in the Foundation -Trust.

- 7.14 Oversee other related arrangements for Non-Executive Directors.

8 Minutes and reporting

- 8.1 Formal minutes shall be taken of all ~~Ce~~ommittee meetings and once approved by the ~~Ce~~ommittee, circulated to all members of the Council of Governors unless a conflict of interest or matter of confidentiality exists.

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- | **8.2** The **Ce**ommittee will report to the Council of Governors after each meeting.

9 Performance evaluation

- | **9.1** The **Ce**ommittee shall review annually its collective performance.

10 Review

- | **10.1** The Terms of Reference of the **Ce**ommittee shall be reviewed by the Council of Governors at least annually.