

## **NOMINATIONS AND REMUNERATION COMMITTEE – TERMS OF REFERENCE**

### **1 MEMBERSHIP**

#### **1.1 Introduction**

The Nominations and Remuneration Committee is established under the Trust's Standing Order – Arrangements for the Exercise of Functions by delegation and is constituted as a standing committee of the Board of Directors.

The Nominations and Remuneration Committee is authorised by the Board of Directors to act within its terms of reference.

#### **1.2 Membership**

The Nominations and Remuneration Committee will consist of the Chairperson and all Non-Executive Directors. The Chief Executive will attend in an advisory capacity. The Director of Human Resources will service the Committee and provide specialist advice and information as necessary.

#### **1.3 Quorum**

This will be the Chairperson and three other Non-Executive Directors.

Conflicts of Interest

The Chairperson, any Non-Executive Director present or Executive Director in attendance at a committee meeting will withdraw from discussions concerning their own appointment, remuneration or terms and conditions of service.

### **2. ROLE**

2.1 To regularly review the structure, size and composition (including skills, knowledge and experience) required of the Board of Directors and make recommendations to the Board with regard to any changes.

2.2 To give full consideration to and make plans for succession planning for the Chief Executive and other Executive Director posts

2.3 To agree the Non-Executive membership of an Appointments Panel to appoint any Executive Director. The panel will automatically include the Chairperson and Chief Executive. The panel will have delegated authority to appoint an Executive Director.

2.4 To be responsible for agreeing an Appointments Panel to include the Chairperson which will then have delegated authority to identify and recommend a suitable candidate for approval by the Council of Governors to fill the position of Chief Executive.

2.5 To agree the job description for any Executive Director taking into account the role and capabilities required.

2.6 To determine on behalf of the Board of Directors the terms and conditions of employment and salary levels of Executive Directors in the Trust and any other Senior Managers not covered by Agenda for Change terms and conditions. The remuneration of the Chief Executive will be proposed by the Chairperson and approved by the whole body of Non-

Executive Directors. The remuneration of Executive Directors will be proposed by the Chief Executive and approved by the whole body of Non-Executive Directors.

In undertaking this function it will:-

- 2.6.1 Observe all statutory and contractual obligations as they affect individual postholders.
- 2.6.2 Act in accordance with the Foundation Trust's standing orders.
- 2.6.3 Have regard to any directions made by the Secretary of State in so far as they apply to Bradford Teaching Hospitals as a Foundation Trust.
- 2.6.4 Have regard to the guidance in any directives on pay and conditions of employment in respect of very senior managers so far as they apply to Bradford Teaching Hospitals as a Foundation Trust.
- 2.6.5 Ensure that in considering any starting salary over £150,000 there is a clear and documented rationale for the level of salary awarded and that an opinion from NHSI are sought before confirming any appointment.
- 2.6.6 Consider the pension consequences and associated costs to the Foundation Trust of basic salary increases and any other changes in pensionable remuneration, especially for directors close to retirement.
- 2.6.7 Take into account the financial state of the Foundation Trust.
- 2.6.8 Have regard to legislation on discrimination and the gender pay gap when considering levels of pay/terms and conditions.
- 2.6.9 Ensure that remuneration is sufficient to recruit, retain and motivate Executive Directors at the level of skills appropriate to the role.
- 2.6.10 Consider the relationship between the remuneration of these posts and that of other grades of staff employed in Bradford Teaching Hospitals in particular the layer below Board level. This may include reference to the level of pay awards granted under national pay systems e.g. Agenda for Change.
- 2.6.11 Consider any matter relating to the continuation in office of any Executive Director including the suspension or termination of service.
- 2.6.12 Consider any proposal for a severance payment to be made to a Senior Manager. A 'Senior Manager' is defined as the Chief Executive or any Director who reports to the Chief Executive, whether or not they are an executive member of the Board. The Remuneration Committee will either reject the proposal or approve a business case to be sent to NHSI if they propose/approve a payment to be made.
- 2.6.13 Approve the running of any MARS or Voluntary Redundancy Scheme.
- 2.6.14 Make recommendations on any local pay arrangements not covered by national terms.
- 2.6.15 Recommend the scope and detail to be included in the annual report concerning basic salary and elements relating to performance including an explanation of the criteria on which performance is based where necessary.
- 2.6.16 Review appraisal outcomes for Executive Directors where there is a performance related pay element.

- 2.6.17 Be satisfied that a risk assessment has been carried out when it is agreed that an Executive Director can leave the Foundation Trust without serving their full contractual notice.
- 2.6.18 Work within the principles contained in the HM Treasury guidance on how to manage public funds in respect of 'special payments' and the Code of Governance for NHS Foundation Trusts.

### **Role in respect of Bradford Healthcare Facilities Management [BHFML].**

- 2.6.19 To review and agree the structure, size and composition of the Board of Directors of BHFML.
- 2.6.20 To agree the job descriptions, appointments process, remuneration and associated terms and conditions of senior board appointments within BHFML.
- 2.6.21 To consider any matter relating to continuation of office of any senior officer including suspension or termination of office.
- 2.6.22 To agree how the appointment process would be carried out for senior Board appointments within BHFML.

## **3 REPORTING ARRANGEMENTS**

The Nominations and Remuneration Committee will meet in private and record the reasons for all decisions and report these decisions to the Board of Directors as required.

## **4 ADMINISTRATIVE ISSUES**

### **4.1 Communicating Decisions**

The responsibility is vested in the Director of Human Resources as secretary to communicate the decision of the Nominations and Remuneration Committee in writing to each postholder where it affects their pay or terms and conditions.

### **4.2 Timing of Annual Review**

All salaries will be reviewed annually to take effect from their incremental date.

## **5 PROGRAMME OF MEETINGS**

**5.1** For the purpose of the Annual Review of Executive Directors the Nominations and Remuneration Committee will meet within the first four months following the 1 April each year.

**5.2** The Nominations and Remuneration Committee will meet at other times for the following purposes as determined by the Chairman of the Nominations and Remuneration Committee:-

- To keep up to date with relevant developments.
- To review remuneration policies.
- To consider proposals for changes in terms and conditions of employment.
- To consider any in-year variation of salaries and terms and conditions of employment of Executive Directors.
- To agree process and salaries for new appointments.

**6 REVIEW**

The Terms of Reference will be reviewed in 2 years' time.