

<b>Meeting Title</b>	<b>Council of Governors</b>		
<b>Date</b>	<b>16 July 2020</b>	<b>Agenda item</b>	<b>CGo.7.20.11</b>

## Review of the Nominations and Remuneration Committee Terms of Reference

<b>Presented by</b>	Tanya Claridge, director of governance and corporate affairs		
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<b>Governance responsibility</b>	council of governors		
<b>Purpose of the paper</b>	For the council of governors to review and approve the NRC terms of reference in line with any recommendations from the nominations and remuneration committee.		
<b>Action required</b>	For approval		
<b>Previously discussed at/informed by</b>	Governors' nominations and remuneration committee held 2 July 2020		
<b>Previously approved at:</b>	<b>Committee/Group</b>	<b>Date</b>	
	Council of Governors	January 2020	

### Background

The nominations and remuneration committee terms of reference are required to be reviewed at least annually by the committee and then presented to the council of governors for approval.

The terms of reference were last reviewed and approved by the council in January 2020.

At the nominations and remuneration committee meeting held on 10 March the committee approved its work programme for 2020 to 2023 and determined that the terms of reference review should be brought forward in the year to align with other annual reviews conducted by the nominations and remuneration committee.

The terms of reference are attached at appendix 1.

The committee reviewed the terms of reference and considered in particular the membership of the committee and term length. The committee determined that no changes were required as there were benefits from having experienced governors as members and, there were at least annual opportunities presented for new members to join the committee.

### Recommendation/s

The governors' nominations and remuneration committee recommends that the council of governors approves the nominations and remuneration committee terms of reference.

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## Appendix 1

### 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 Chair, 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 Corporate Affairs, 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 Chair 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** Appointments to the Committee 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.
- 3.3** The Committee will normally be chaired by the Foundation Trust Chair. Where the Chair has a conflict of interest, for example when the Committee is considering the Chair's re-

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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 Officer, Director of Governance and Corporate Affairs 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 Chair, 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

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the Council of Governors concerning plans for succession, particularly for the key role of Chair.

- 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, capabilities and, expected time commitment required.
- 7.7** Make recommendations for suitable Non-Executive Director / Chair candidates to fill vacant posts within the Committee'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 Terms and Conditions.
- 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 Council of Governors
- 7.12** Review the annual appraisal process for the Chair with the Board of Directors.

**With regard to remuneration the Committee will:**

- 7.13** In accordance with all relevant laws and regulations, recommend to the Council of Governors the remuneration, allowances and other Terms and Conditions for Non-Executive Directors; taking into account the views of the Chair (except in respect of his/her own remuneration, allowances and other Terms and Conditions), the Chief Executive Officer 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.

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## **8 Minutes and reporting**

- 8.1** Formal minutes shall be taken of all Committee meetings and once approved by the Committee, circulated to all members of the Council of Governors unless a conflict of interest or matter of confidentiality exists.
- 8.2** The Committee will report to the Council of Governors after each meeting.

## **9 Performance evaluation**

- 9.1** The Committee shall review annually its collective performance.

## **10 Review**

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