

## Council of Governors

### Nomination and Remuneration Committee

#### Terms of Reference

*(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' Nomination & Remuneration Committee (the Committee) is constituted as a standing 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. All members of staff are requested to co-operate with any request made by the Committee.
- 1.3 The Committee is authorised by the Council of Governors, subject to funding approval by the Board of Directors, to request professional advice 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.
- 1.4 The Committee is also authorised to request such internal information as is necessary and expedient to the fulfilment of its functions.
- 1.5 These terms of reference shall, at all times, be subject to the provisions of the Constitution and/or the Standing Orders. In the event of there being any inconsistency between the provisions of these terms of reference, on the one hand, and/or the provisions of the Constitution and/or the Standing Orders, on the other hand, the provisions of the Constitution and/or the Standing Orders shall prevail.

#### 2. Conflicts of interest

- 2.1 The chair of the trust, or any non-executive director present at a meeting of the Committee, will withdraw from discussions concerning their own re-appointment, remuneration or terms of service.

#### 3. Nomination role

The Committee will:

- 3.1 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 and Board of Directors with regard to the outcome of the review.
- 3.2 Review annually the time commitment requirement for non-executive directors.
- 3.3 Give consideration to succession planning for non-executive directors and the Chair, taking into account the challenges and opportunities facing the Trust and

the skills and expertise needed on the Board of Directors in the future, making recommendations in this regard.

- 3.4 Keep the leadership needs of the Trust under review at non-executive level to ensure the continued ability of the Trust to operate effectively in the health economy.
- 3.5 Keep up to date and fully informed about strategic issues and commercial changes affecting the Trust and the environment in which it operates.
- 3.6 Agree with the Council of Governors a clear process for the nomination of a non-executive director.
- 3.7 Take into account the views of the Board of Directors on the qualifications, skills and experience required for each position.
- 3.8 For each appointment of a non-executive director, agree a description of the role and capabilities and expected time commitment required.
- 3.9 Identify and nominate suitable candidates to fill vacant posts within the committee's remit, for appointment by the Council of Governors.
- 3.10 Ensure that a proposed non-executive director's other significant commitments are disclosed to the Council of Governors before appointment and that any changes to their commitments are reported to the Council of Governors as they arise.
- 3.11 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.
- 3.12 Ensure that on appointment non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board of Director meetings.
- 3.13 Advise the Council of Governors in respect of the re-appointment of any non-executive director.
- 3.14 Advise the Council of Governors in regard to any matters relating to the removal of office of a non-executive director.
- 3.15 Make recommendations to the Council of Governors on the membership of committees as appropriate, in consultation with the chairs of those committees.
- 3.16 members of the committee shall ordinarily form the appointments panel established for chair and non-executive director recruitment but may be complemented by other Governors at the discretion of the Lead Governor.

#### **4. Remuneration role**

The Committee will:

- 4.1 Recommend to the Council of Governors a remuneration and terms of service policy for non-executive directors, taking into account the views of the Chair (except in respect of his own remuneration and terms of service), the Chief Executive and any external advisers.
- 4.2 In accordance with all relevant laws and regulations, recommend to the Council of Governors the remuneration and allowances, and the other terms and conditions of office, of the non-executive directors.
- 4.3 Agree the process and receive and evaluate reports about the performance of

individual non-executive directors and consider this evaluation output when reviewing remuneration levels.

- 4.4 In adhering to all relevant laws and regulations establish levels of remuneration which:
- 4.4.1 are sufficient to attract, retain and motivate non-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;
  - 4.4.2 reflect the time commitment and responsibilities of the roles;
  - 4.4.3 take into account appropriate benchmarking, while ensuring that increases are not made where trust or individual performance do not justify them; and
  - 4.4.4 are sensitive to pay and employment conditions elsewhere in the Trust.
- 4.5 Oversee other related arrangements for non-executive directors.

## **5. Membership**

- 5.1 The membership of the Committee shall comprise:
- The Lead and Deputy Lead Governor
  - 4 additional Governors ideally to include 1 Governor from each Governor group (Public, Patient, Service User & Carer; Staff; Partner) though this over-ridden by the possession of the necessary skills and competence to fulfil the responsibility
  - The Trust Chair (or in absence Vice Chair)
- 5.2 The committee will be chaired by the Lead Governor and in his / her absence by the Deputy Lead Governor

## **6. Quorum**

- 6.1 A quorum shall be 4 members to include:
- The Lead (or Deputy Lead) Governor
  - 2 further Governors
  - The Trust Chair (or Vice Chair)
- 6.2 Where the Committee proceeds to hold a meeting without the necessary quorum specified in section 6.1 above, any decisions made by the Committee at such a meeting shall not, for that reason only, be invalid but shall, instead, be subject to ratification by the Council of Governors.

## **7. Attendance**

- 7.1 Meetings of the committee may be attended at the invitation of the committee by the Chief Executive, Director of Finance, Director of Human Resources, the Company Secretary and any other person who has been invited to attend a meeting by the committee so as to assist in deliberations.

## **8. Secretary**

8.1 The Trust`s Company Secretary shall be secretary to the Committee.

**9. Training:**

9.1 The Trust will ensure the availability of and access to appropriate training to enable members of the committee to fulfil their roles and responsibilities.

**10. Frequency of meetings**

10.1 Meetings shall be held at least once per annum but as often as necessary in order for the committee to discharge its functions.

**11. Minutes and reporting**

11.1 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.

11.2 The Committee will report to the Council of Governors after each meeting. The Trust Chair will brief the Board of Directors.

11.3 A summary of the role, process and activities of the Committee shall be contained within the Trust's annual report in accordance with national requirements.

11.4 Representatives of the committee shall attend the Annual Members Meeting to answer questions from Trust members and the wider public.

**12. Review**

12.1 The terms of reference of the committee shall be reviewed by the Council of Governors at least annually.

**Approved by:** Council of Governors

**Date:** .....