

Nomination and Remuneration Committee

Terms of Reference

1. Authority

- 1.1 The Remuneration Committee (the Committee) is constituted as a standing committee of the Trust's Board of Directors (the Board). Its constitution and terms of reference shall be as set out below, subject to amendment at future Board meetings.
- 1.2 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.
- 1.3 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.
- 1.4 The Committee is authorised to obtain such internal information as is necessary and expedient to the fulfilment of its functions.

2. Main Purpose

- 2.1 To be responsible for identifying and appointing candidates to fill all Executive Director positions on the Board and for determining their remuneration and other conditions of service. When appointing the Chief Executive, the committee shall be the committee described in Schedule 7, 17(3) of the National Health Service Act 2006 (the Act): *'It is for the Non-Executives to appoint or remove the Chief Executive'*.

When appointing the other Executive Directors the Committee shall be the committee described in Schedule 7, 17(4) of the Act: *'It is for a committee of the Chairman, CEO and other NEDs to appoint or remove the Executive Directors'*

3. Appointments Role

The committee will:

- 3.1 Regularly review the structure, size and composition (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 the Council of Governors, as applicable, with regard to any changes.
- 3.2 Give full consideration to and make plans for succession planning for the Chief Executive and other Executive Directors taking into account the challenges and opportunities facing the Trust and the skills and expertise needed on the Board in the future.
- 3.3 Keep the leadership needs of the Trust under review at executive level to ensure the continued ability of the Trust to operate effectively in the health economy.
- 3.4 Be responsible for identifying and appointing candidates to fill posts within its remit as and when they arise.
- 3.5 When a vacancy is identified in respect of those posts within its remit, evaluate the balance of skills, knowledge, experience and diversity on the Board, and in the light of this evaluation, prepare a description of the role and capabilities required for the particular appointment. 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.

- 3.6 Ensure that a proposed Executive Director's other significant commitments (if applicable) are disclosed before appointment and that any changes to their commitments are reported to the Board as they arise.
- 3.7 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.
- 3.8 Consider any matter relating to the continuation in office of any Executive Director including the suspension or termination of service of an individual as an employee of the Trust, subject to the provisions of the law and their service contract.

4. Remuneration role

The remuneration committee has delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments. The Committee should also recommend and monitor the level and structure of remuneration for senior managementⁱ (normally the first layer of management below board level) however decisions regarding the remuneration for individual senior managers should be made by the Executive Directors.

The committee will:

- 4.1 Establish and keep under review a remuneration policy in respect of Executive Directors.
- 4.2 Consult the Chief Executive about proposals relating to the remuneration of the other Executive Directors and senior managers on locally determined pay.
- 4.3 In accordance with all relevant laws, regulations and trust policies, decide and keep under review the terms and conditions of office of the Trust's Executive Directors.

including:

- salary, including any performance-related pay or bonus;
- provisions for other benefits, including pensions and cars;
- allowances;
- payable expenses; and
- compensation payments.

- 4.4 In adhering to all relevant laws, regulations and Trust policies:
 - 4.4.1 Establish levels of remuneration which are sufficient to attract, retain and motivate 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 Trustⁱⁱ;
 - 4.4.2 Use national guidance and market benchmarking 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;

4.4.3 Be sensitive to pay and employment conditions elsewhere in the Trust.

4.5 Monitor, and assess the output of the evaluation of the performance of individual Executive Directors, and consider this output when reviewing changes to remuneration levels.

4.6 Advise upon and oversee contractual arrangements for Executive Directors, including but not limited to termination payments to avoid rewarding poor performance.ⁱⁱⁱ

5. Membership

5.1 The membership of the committee shall consist of:

- the Trust's Chair
- the other Non-Executive Directors
- and in addition, when appointing Executive Directors (other than the Chief Executive), the Chief Executive.

5.2 The Trust's Chair shall chair the Committee.

5.3 To be quorate the meeting must have at least three Non-Executive directors in attendance, one of whom should be the Chair or Vice Chair of the Trust.

6. Secretary

6.1 The Trust Secretary shall be secretary to the Committee.

7. Attendance

7.1 Only members of the committee have the right to attend Committee meetings.

7.2 At the invitation of the Committee, meetings may be attended by the Director of Strategic and Organisational Development.

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

7.4 Any non-member, including the secretary to the Committee, will be asked to leave the meeting should their own conditions of employment be the subject of discussion.

8. Frequency of Meetings

8.1 Meetings shall be called as required. This must be of sufficient regularity to ensure the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board is regularly reviewed. This frequency should be at least annually when these ToR should also be reviewed.

9. Minutes and Reporting

9.1 Formal minutes shall be taken of all Committee meetings.

10. Performance Evaluation

As part of the board's annual performance review process, the committee shall review its collective performance

11. Review

The terms of reference of the committee shall be reviewed by the board when requested but at least annually.

ⁱ Code of Governance provision D.2.2

ⁱⁱ Code of Governance provision D.1.1

ⁱⁱⁱ Code of Governance provision D.1.4.