

<b>Trust Board meeting</b>	<b>Date:</b>	<b>31 May 2017</b>
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<b>Agenda item</b>	<b>Title</b>	<b>Executive Director lead and presenter</b>	<b>Report author</b>
<b>BD/17/056</b>	<b>Nominations and Remuneration Committees: Terms of Reference Membership of the Audit and Risk Committee</b>	<b>Sarah Knight, Interim Company Secretary</b>	<b>Sarah Knight, Interim Company Secretary</b>

**This report is for:**

Decision	
Discussion	
To Note	
Approval	X

**History**

*Not applicable.*

**The following impacts have been identified and assessed within this report**

Equality	x
Quality	x
Privacy	x

**Executive summary of key issues**

**Nomination and Remuneration Committees**

The Nomination and Remuneration Committees agreed revised Terms of Reference on 26 April 2017. The Committees discussed and agreed a proposal that both functions are merged into one Committee – Nominations and Remuneration Committee.

The revised Terms of Reference attached. Please note:

- Additions to the Terms of Reference are highlighted in red.
- The scope of the Committee has been extended to include non-voting Directors who attend Trust Board meetings.
- The Terms of Reference more accurately reflect the Trust Standing Orders and Standing Financial Instructions.

**Audit and Risk Committee**

The membership of the Audit and Risk Committee has been increased from two to three members, following discussion with the Chair of the Committee and the Chair.

**The Board is asked to:**

- Approve the creation of a single Nominations and Remuneration and the Terms of Reference.
- Approve the attached Terms of Reference.
- To formally approve the increase in membership of the Audit and Risk Committee from two to three members.

Please note: the Standing Orders will be amended to reflect the changes, if the proposal is approved.

#### This report addresses these strategic priorities:

We will deliver the best care	X
We will support and develop our staff	X
We will continually improve what we do	X
We will use our resources wisely	X
We will be future focussed	X

## Nominations and Remuneration Committee

Appointed by Trust Board

Reports and accountable to the Trust Board

(Statutory)

Approved by the Trust Board on 31 May 2017

### Overview

The Nomination Committee (the Committee) is a formally constituted Committee of the Board of Directors (Trust Board).

### Summary of purpose and objectives

The Committee is required to:

- Ensure a formal, rigorous and transparent procedure for the appointment of Executive Directors to the Trust Board **and Directors (non-voting) who attend the Board.**
- Develop, maintain and implement a remuneration policy that will enable the Trust to attract and retain the best candidates **for Executive Directors and Directors (non-voting) who attend Trust Board meetings.**

### Role and duties

#### Nominations

- To keep under review the structure, size and composition (including the skills, knowledge and experience) required of the Board and make recommendations to the Board with regard to any changes.
- To give full consideration to succession planning for all board members in the course of its work, taking into account the challenges and opportunities facing the Trust, and what skills and expertise are therefore needed on the Board in the future.
- Before any appointment is made by the Board, to evaluate the balance of skills, knowledge and experience on the Board and, in light of this evaluation, prepare a

description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall monitor the appropriate:

- Use of open advertising or the services of external advisers to facilitate the search
- Consideration of candidates from a wide range of backgrounds
- Completion of eligibility checks and taking of references which have been found to be satisfactory
- **To ensure that Executive Directors and Directors (non-voting) meet the requirements of the 'Fit and Proper' Persons Test.**
- To review the job descriptions of the director roles as required.
- To keep under review the leadership needs of the Trust, with a view to ensuring the continued ability of the organisation to deliver services effectively.
- To review annually the performance evaluation process for Executive Directors, ensuring it is fit for purpose and in line with national guidelines.
- To make recommendations to the Trust Board concerning formulation of plans for succession for Executive Directors and **Directors (non-voting)**
- **To consider the engagement or involvement of any suitable qualified third party or advisors to assist with any aspects of its responsibilities.**

## Role and duties

### Remuneration

- To develop a policy for the employment and remuneration of the Chief Executive and other Executive Directors / **Directors (non-voting)** including but not limited to salary, including variable pay, pension, and other allowances. The objective of such policy shall be to ensure that the Trust will be able to attract and retain individuals with the skills, qualifications and experience required by the Trust and to ensure that members of the executive management of the Trust are provided with appropriate incentives to encourage enhanced performance and are, fairly rewarded for their individual contributions to the success of the Trust.
- Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, to determine the total individual remuneration package of each executive director including bonuses, incentive payments and other awards **having proper regard to any national arrangements for such staff.**
- To consider and agree any matter relating to the continuation in office of any Board Executive Director/**Director (non-voting)** including removal from office, suspension or termination of employment by the Trust.
- To set on an annual basis individual remuneration arrangements for the Chief Executive, other Executive Directors/**Director (non-voting)** in accordance with policy and having regard to individual performance.
- To ensure that in the event of loss of office and/or termination of employment of the Chief Executive or any Executive Director the contractual terms and any payments made, are appropriate and consistent with all relevant Government guidelines.
- To monitor and evaluate the performance of the Chief Executive.
- To engage the services of or take advice from any suitably qualified third party or advisors to assist with any aspects of its responsibilities provided that the financial and other implications of seeking outside advisers have been discussed and agreed by the Chief Executive.
- **To approve contractual payments over £50 000 to all staff.**

- To approve non-contractual severance payments to all staff.
- To receive regular reports regarding redundancy payments (at least annually) approved by the Chief Executive and not requiring Committee approval.

## **Responsibility/delegated authority**

The Committee is authorised by the Board to investigate any activity within its terms of reference.

The Committee is authorised to seek any information it requires from any officer of the Trust, and all officers are directed to co-operate with any request made by the Committee.

The Committee may obtain whatever professional advice it requires (as advised by the Company Secretary), and may require Executive Directors or other officers to attend meetings.

## **Limitations of authority**

Save as is expressly provided in the Terms of Reference, the Group shall have no further power or authority to exercise, on behalf of the Board, any of its functions or duties.

## **Accountability / reporting requirements**

This Committee is accountable to the Trust Board.

Minutes will be prepared after each meeting of this Committee and circulated to members of the Committee and others as necessary.

The Committee will report to the Board after each meeting by way of the Chair of the Nomination Committee providing a verbal summary.

The Chair of the Committee shall draw to the attention of Trust Board any issues that require disclosure to the full Board, or require Executive action.

The Committee shall make a statement in the annual report about its activities and the process used to make appointments.

The Committee will draw to the attention of any other Committee or the Board, any issues which it believes requires that committee's consideration.

## **Membership**

The Committee shall comprise the Chair of the Board, and all Non-Executive Directors. The Chief Executive shall be a member but will withdraw from the meeting during any discussions regarding his/her terms of condition and remuneration.

All appointments to the Committee shall be made by the Board.

The Board shall appoint the Committee Chair who should be either the Chair of the Board or an independent Non-Executive Director (i.e. shall not have been employed by the Trust in the three years preceding their appointment as Non-Executive Director).

In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting as and when appropriate and where no conflict of interest exists.

## Meeting requirements

### Quorum

The quorum necessary for the transaction of business shall be four which must include the Chair and three Non-Executive Directors.

### Alternates

There is no provision for alternates on this Committee.

### Invitees

The Company Secretary will attend meetings of the Committee and the **Director of Human Resources will attend the Committee in an advisory capacity.**

### Frequency of Meetings

The Committee shall meet at such times as the Chair of the Committee shall require as advised by the Company Secretary.

### Administration of Committee

The Company Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

### Agendas

The format and content of the agenda will be agreed by the Chair of the Committee.

### Lead contact

Chair of the Committee

### Monitoring effectiveness

The Company Secretary shall, at least once a year, review the performance, constitution and terms of reference of the Committee to ensure it is operating at maximum effectiveness in order to support the continual improvement of governance standards, committees, sub-committees and groups.

The Company Secretary shall produce an annual report to the Board of Directors detailing the results of the Committee Review and recommend any changes considered necessary for approval by the Board.

### Review

The Terms of Reference of this Committee must be reviewed and subsequently approved by the Trust Board at least every two years.

**Reviewed April 2017**