

Meeting Title	Council of Governors		
Date	21 January 2021	Agenda item	CGo.1.21.8

Review of the Nominations and Remuneration Committee (NRC) Terms of Reference

Presented by	Laura Parsons, Associate Director of Corporate Governance / Board Secretary		
Author	Jacqui Maurice, Head of Corporate Governance		
Governance responsibility	Council of Governors		
Purpose of the paper	For the Council of Governors to review and approve the NRC terms of reference in line with recommendations from the NRC.		
Action required	For approval		
Previously discussed at/ informed by	Governors' NRC held 1 December 2020		
Previously approved at:	Committee/Group	Date	
	N/A		

Background

At their meeting held on 1 December, the NRC discussed membership of the committee and considered where a governor is unable to attend meetings of the NRC for an indefinite period, then they may need to be stood down from the NRC.

Following detailed discussion the NRC confirmed that they would support the addition of appropriate wording within the terms of reference to clarify the process to be taken in these circumstances.

The NRC was however clear that where there was a new vacancy then any governor (subject to the qualifying criteria) would be free to submit a self-nomination to join the NRC in line with the process established with the Board Secretary for the submission of self-nominations.

The NRC also requested that reference to the Chief Executive Officer being 'routinely' invited to the NRC be removed. The NRC noted that if / when the Chief Executive Officer was required to attend they would receive a specific invitation.

The NRC also requested that reference to the 'Director of Governance and Corporate Affairs' be removed as this role no longer existed and, that reference to Trust Secretary be changed to 'Board Secretary' to reflect the job designation of the new Associate Director of Corporate Governance / Board Secretary.

The terms of reference – including track changes - are attached at appendix 1.

Recommendation/s

The NRC recommends that the council approves the revised NRC 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~~ Associate Director of Corporate Governance / Board Secretary, 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.

~~3.4.3.5~~ **3.5** Where a member is unable to attend meetings of the NRC for an indefinite period for any reason, the Council of Governors will be asked to consider whether that member should be removed from the membership of the NRC, taking into account the individual circumstances in each case. Where a member of the NRC is found to be in breach of the council of governors code of conduct they will immediately be stood down as a member of the NRC. Where it is agreed that the member will be removed from the NRC, a search will then commence from amongst the Council of Governors to fill the vacancy.

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4 Secretary

4.1 The ~~Trust~~ **Associate Director of Corporate Governance / Board 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 routinely~~ be attended by the ~~Associate Director of Corporate Governance / Board Secretary~~ **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

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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 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

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- 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;

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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.

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.