

Council Of Governors The Nomination & Remuneration Committee for Non-Executive Directors

Terms of Reference

(v2.01/04 2014)

Adopted January 2014

Reference to "the Committee" shall mean The Nomination & Remuneration Committee for Non-Executive Directors.

Reference to "the Council" shall mean The Council of Governors unless otherwise specified.

Reference to "the Trust" shall mean the University Hospitals Birmingham Foundation NHS Foundation Trust.

1. Preamble

1.1 Paragraph 7.23.1 of the Trust's Constitution states that "the Council of Governors may appoint but not delegate its powers to committees consisting of its Members (and others) to assist it in carrying out its functions. A committee appointed under this section may appoint a sub-committee".

1.2 Paragraph 7.23.3 of the Constitution states that "A committee, chaired by the Chairman, shall be established to assist the Council of Governors with the nomination, appointment and remuneration of the Non-Executive Directors (the "Nomination and Remuneration Committee for Non-Executive Directors"). In the case of the nomination, appointment or remuneration of the Chairman the Nomination and Remuneration Committee for Non-Executive Directors shall be chaired by the Governor Vice Chairman"..

1.3 These Terms of Reference are intended to ensure that the Trust's procedures for the nomination, appointment and remuneration of the Chairman and Non-Executive Directors reflect this principle. It is considered essential that the Committee be properly constituted with a clear remit and identified authority.

1.4 Monitor has published a Code of Governance for Foundation Trusts. These Terms of Reference are based, in part, on best practice as set out in that guidance and have been drafted referring to the provisions in the Code. The Code states as two of its principles that:

"There should be a formal, rigorous and transparent procedure for the appointment of directors"

and

“There should be a formal and transparent procedure for ... fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.”

- 1.5 As appointments to the Board of Directors are public appointments, these Terms of Reference also take account of the relevant Reports of the Committee on Standards in Public Life (in particular the 'Nolan' Principles - attached as Annex 1 to these Terms)¹; and guidance from the Commissioner for Public Appointments².
- 1.6 Statutory requirements as enacted by the National Health Service Act 2006 are incorporated in these Terms of Reference and any necessary interpretations are based on the Department of Health's *NHS Foundation Trusts - a guide to the governance arrangements* (September 2003).

2. **The Role of the Committee**

2.1 The Committee is to:

- 2.1.1 oversee the recruitment and selection process including the preparation of a description of the role and capabilities required for the appointment of the Chairman and Non-Executive Directors (noting that the Board of Directors must include a majority of Non-Executive Directors excluding the Chairman) and make recommendations to the Council of Governors for its final approval; and
- 2.1.2 Determine and agree with the Council the framework or broad policy for the remuneration of the Non-Executive Directors (including the FT Chairman). No Non-Executive Director shall be involved in any decisions as to his or her own remuneration.

2.2 The Board of Directors' Executive Appointments and Remuneration Committee (EARC) is to undertake the formal process of reviewing the continuing balance and effectiveness of the Board of Directors, identifying the competencies needed, and any skills needs. The Nomination and Remuneration Committee for Non-Executive Directors will liaise closely with the EARC to ensure that its recommendations to the Council of Governors take account of these competency requirements and any identified skills gaps.

2.3 In determining remuneration policy, the Committee shall:

- 2.3.1 take into account all factors which it deems necessary. The objective of such policy shall be to ensure that Non-Executive Directors are provided with appropriate incentives to encourage performance and are, in a fair and responsible manner having proper regard for the

¹ Notably the First and Fourth Reports

² Code of Practice for Appointments to Public Bodies, July 2001

Trust's circumstances and performance, rewarded for their contributions;

2.3.2 Review Non-Executive remuneration levels in comparable organisations to help ensure recruitment and retention;

2.3.3 Determine the level of the annual cost of living uplift for Non-Executive Directors;

2.3.4 Advise the Council of Governors on these matters.

3. Membership and Attendance

3.1 The Membership of the Committee shall be:

3.1.1 In the event of the nomination, appointment or remuneration of the Chairman, the Governor Vice Chairman, 1 Governor from the Public/Patient Governors, 1 Staff Governor and 1 Stakeholder Governor. The Governor Vice Chairman shall chair the Committee.

3.1.2 In the event of the nomination, appointment or remuneration of a Non-Executive Director, the Chairman, the Governor Vice Chairman, 1 Public or Patient Governor, 1 Staff Governor and 1 Stakeholder Governor shall form the Committee. The Chairman shall chair the Committee.

3.2 If more candidates for this Committee present themselves than places available, selection will be done on a first past the post election from those Governors within the relevant constituency or class of constituency, as appropriate, attending the meeting at which appointments are being made.

3.3 With regard to nominations/appointments, in their deliberations, the Committee shall appoint at least one external independent assessor in a relevant discipline who should be involved throughout the recruitment and selection process.

3.4 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.

3.5 The Chief Executive shall have the right to address any meeting of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

4. Quorum

The quorum necessary for the transaction of business shall be three. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. **Secretary**

The Foundation Secretary or his/her nominee shall act as the Secretary of the Committee.

6. **Frequency of Meetings**

The Committee shall meet in June of each year and at such other times as the Chairman or the Governor Vice Chairman, in relation to the nomination, appointment or remuneration of the Chairman, shall require.

7. **Notice of Meetings**

7.1 Meetings of the Committee shall be summoned by the Secretary of the Committee, on the instruction of the Chairman or, in the case of the nomination, appointment or remuneration of the Chairman, the Governor Vice Chairman.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend, no fewer than five working days prior to the date of the meeting.

8. **Minutes of Meetings**

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

8.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

8.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and to the Chairman.

8.4 Proceedings of the Committee shall be reported by the Chairman/Governor Vice Chairman to the Council at its next meeting.

9. **Annual General Meeting**

The Chairman and the Governor Vice Chairman shall attend the Foundation Trust's Annual General Meeting prepared to respond to questions on the Committee's activities.

10. **Authority**

10.1 The Committee is authorised by the Council:

- 10.1.1 to seek any information it requires from any employee of the Trust in order to perform its duties; and
- 10.1.2 in connection with its duties, to obtain, at the Trust's expense, outside legal or other professional advice on any matters within its Terms of Reference.

Annex 1

Committee on Standards in Public Life

The Seven Principles of Public Life

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must resolve any conflict of interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly, and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions to the public and must submit themselves to the necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support these principles and be willing to challenge wherever it occurs.

These principles apply to all aspects of public life.

The Committee has set them out here for the benefit of all who serve the public in any way.