

WRIGHTINGTON, WIGAN AND LEIGH TEACHING HOSPITALS NHS FOUNDATION TRUST

NOMINATION AND REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. AUTHORITY

- 1.1. The Nomination and Remuneration Committee (“the Committee”) is constituted as a standing committee of the foundation trust’s Council of Governors (“the Council”). Its constitution and terms of reference shall be as set out below, subject to amendment at future Council meetings.
- 1.2. The Committee is authorised by the Council to act within its terms of reference. All members of staff are requested to cooperate with any request made by the Committee.
- 1.3. The Committee is authorised by the Council, subject to funding approval, 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 obtain 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 meetings of the Committee, will withdraw from discussions concerning his/her own reappointment, remuneration or terms of service.

3. MAIN PURPOSE

- 3.1. The main purpose of the Committee is to be responsible for identifying and making recommendations to the Council for appointing candidates to fill all the non-executive director positions on the Board of Directors (“Board”), including the Chair, and for determining their remuneration, allowances and other conditions of service.

4. APPOINTMENTS ROLE

The Committee will:

- 4.1. Periodically review the balance of skills, knowledge, experience and diversity of the non-executive directors and, having regard to the views of the Board and relevant guidance on board composition, make recommendations to the Council with regard to the outcome of the review.
- 4.2. Review the results of the Board’s performance evaluation process that relate to the composition of the Board of Directors.

- 4.3. Review annually the time commitment requirement for non-executive directors.
- 4.4. Give consideration to succession planning for non-executive directors, taking into account the challenges and opportunities facing the foundation trust and its plans to address them, and consulting with the Board as to the skills and expertise needed on the Board in the future.
- 4.5. Make recommendations to the Council concerning plans for succession.
- 4.6. Keep the leadership needs of the foundation trust under review at non-executive director level to ensure the continued ability of the foundation trust to operate effectively in the health economy.
- 4.7. Keep up to date and fully informed about strategic issues and commercial changes affecting the foundation trust and the environment in which it operates.
- 4.8. Agree with the Council a clear process for the nomination of a non-executive director.
- 4.9. Take into account the views of the Board on the qualifications, skills and experience required for each position.
- 4.10. For each appointment of a non-executive director, prepare a description of the role and capabilities and expected time commitment required.
- 4.11. Identify and nominate suitable candidates to fill vacant posts within the committee's remit, for appointment by the Council.
- 4.12. Ensure that a proposed non-executive director is a "fit and proper person" as defined in law and regulation.
- 4.13. Ensure that a proposed non-executive director's other significant commitments are disclosed to the Council before appointment and that any changes to their commitments are reported to the Council as they arise.
- 4.14. Ensure that proposed appointees disclose any business interests that may result in a conflict of interests prior to appointment and that any future business interests that could result in a conflict of interest are reported.
- 4.15. Determine whether or not any non-executive director proposed for appointment is independent, in accordance with the definition within the NHS Foundation Trust Code of Governance and the foundation trust's constitution.
- 4.16. 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 meetings.
- 4.17. Carefully consider what compensation commitments non-executive directors' terms of appointment would give rise to in the event of early termination to avoid rewarding poor performance.

- 4.18. Advise the Council in respect of the reappointment of any non-executive director in accordance with the foundation trust's constitution. Any term beyond six (6) years must be subject to a particularly rigorous review.
- 4.19. Advise the Council in regard to any matters relating to the removal from office of a non-executive director.

5. REMUNERATION ROLE

The Committee will:

- 5.1. Recommend to the Council a remuneration and terms of service policy for non-executive directors, taking into account the views of the Chair (except in respect of his/her own remuneration and terms of service), the Chief Executive and any external advisors.
- 5.2. In accordance with all relevant laws and regulations, recommend to the Council the remuneration and allowances, and the other terms and conditions of office, of the non-executive directors.
- 5.3. 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.
- 5.4. In adhering to all relevant laws and regulations, establish levels of remuneration which:
- (a) are sufficient to attract, retain and motivate non-executive directors of the quality and with the skills and experience required to lead the foundation trust successfully, without paying more than is necessary for this purpose and at a level which is affordable for the foundation trust;
 - (b) reflect the time commitment and responsibilities of the roles;
 - (c) take into account appropriate benchmarking and market-testing, while ensuring that increases are not made where organisational or individual performance do not justify them; and
 - (d) are sensitive to pay and employment conditions elsewhere in the foundation trust, especially when determining annual salary increases.
- 5.5. Monitor procedures to ensure that existing directors remain "fit and proper persons" as defined in law and regulation.
- 5.6. Oversee other related arrangements for the non-executive directors.

6. MEMBERSHIP

- 6.1. The membership of the Committee shall consist of five (5) governors appointed by the Council which shall be drawn one (1) from each of the public membership constituencies along with one (1) appointed governor.

6.2. The Chair of the foundation trust shall normally chair the Committee. Where the Chair has a conflict of interest, for example when the Committee is considering his/her reappointment or remuneration, the Committee will be chaired by the Senior Independent Director.

6.3. A quorum shall be three members, at least two of whom must be public governors.

7. SECRETARY

7.1. The Company Secretary shall be secretary to the Committee.

8. ATTENDANCE

8.1. Only members of the Committee have the right to attend meetings of the Committee.

8.2. At the invitation of the Committee, meetings may be attended by the Director of Workforce.

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

9. FREQUENCY OF MEETINGS

9.1. Meetings shall be called as required, but at least once in each financial year.

10. MINUTES AND REPORTING

10.1. Formal minutes shall be taken of all Committee meetings.

10.2. Once approved by the Committee, the minutes should be circulated to all members of the Council unless it would be inappropriate to do so.

10.3. The Committee will report to the Council after each meeting.

11. PERFORMANCE EVALUATION

11.1. The Committee shall review its collective performance regularly.

12. REVIEW

12.1. The terms of reference of the Committee shall be reviewed by the Council when required, but at least every three years.