

APPOINTMENTS AND REMUNERATION COMMITTEE
TERMS OF REFERENCE
(June 2018)

1. CONSTITUTION

- 1.1 The Board ~~of Directors~~ hereby confirms the constitution of a Committee of the Board to be known as the Appointments and Remuneration Committee (The Committee), which is directly accountable to the Board ~~of Directors~~.
- 1.2 The Committee is authorised to act within these terms of reference.
- 1.3 All procedural matters in respect of conduct of meetings shall follow the Standing Orders of the Board ~~of Directors~~.

2. MEMBERSHIP

- 2.1 The Committee shall be appointed by the Board and shall be composed as follows:
- Three Non-Executive Directors, one of whom will be the Committee Chair
 - Trust Chair
 - Chief Executive
- 2.2 A quorum shall be three members, one of whom must be the Committee Chair or the Trust Chair
- 2.3 In the absence of the Committee Chair, the Committee will be chaired by the Trust Chair.
- 2.4 The Chief Executive will not be present during the discussion of their appointment, performance evaluation or remuneration
- 2.5 Members will serve on the Committee for the duration of their appointments.
- 2.6 The ~~Director of Corporate Affairs~~ Planning and Performance or Associate Director of Corporate Governance, and/or Director of Human Resources will attend each meeting. The Deputy Chief Executive shall attend if the Chief Executive is not able to as a non-voting attendee.

3. ATTENDANCE AT MEETINGS

- 3.1 All members are expected to attend each meeting.
- 3.2 Only members of the Committee have the right to attend meetings. Other individuals or external advisors may be invited by the Chair to attend for all or part of any meeting, when appropriate.
- 3.3 The Trust Secretary shall act as the Secretary to the Committee.

4. FREQUENCY OF MEETINGS

- 4.1 The Committee shall normally meet bi-monthly and as required to fulfil its duties as the Committee Chair shall decide.

5. AUTHORITY

- 5.1 The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.
- 5.2 The Committee is authorised by the Board of Directors to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6. DUTIES

The duties of the Committee can be categorised as follows:

6.1 Board composition and remuneration – strategic issues

At an annual meeting:

- Review strategic issues and commercial changes affecting the Trust and the market in which it operates, and the implications for the Board composition
- Review the leadership in the organisation, ensuring the continued ability of the Trust to compete effectively in the marketplace, including reviewing the Trust's talent management and succession planning strategies.
- Review the structure, size, diversity and composition of the Board of Directors and make recommendations to the Board of Directors for changes where appropriate. Give full consideration to succession planning, taking into account the challenges and opportunities facing the Trust and the skills and expertise required on the Board, and to advise the Chief Executive
- Review the level and structure of remuneration of executive directors and senior management, and to advise the Chief Executive. The definition of 'senior management' for this purpose will be determined by the Committee, but is normally the first layer of management below Board level (if there are managers at this level who are not on national terms and conditions)
- Review the Trust's adherence to national terms and conditions. If the Trust moves away from national terms and conditions, the Committee will review policies and procedures for the pay and remuneration of all staff, and to make recommendations to the Board

~~• Review the policy for use of independent management consultants by the organisation, and to advise the Chief Executive~~

6.2 Annual performance review

- Review the performance of individual executive directors and other senior management

6.3 Appointment

- Be responsible for selecting and appointing candidates to fill Executive vacancies.
- Ensure that the selected candidate meets all eligibility requirements for executive directors, as set out in the Constitution.
- Before any appointment is made, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation approve a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - Use open advertising or the services of external advisors to facilitate the search;
 - Consider candidates on merit and against objective criteria;
 - Ensure that the process set out in Appendix A is followed.
- Additionally, for the appointment of the Chief Executive:
 - Keep the Council of Governors informed of the progress of the campaign;
 - Report the appointment of the Chief Executive to the first general meeting of the Council of Governors after the appointment, for their approval.
 - The Trust Chair will convey the decision to the successful candidate.

6.4 Remuneration

- The Committee will ensure that levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the Trust successfully, but should avoid paying more than is necessary for this purpose. This will be achieved by:
 - Determining (on an individual basis) remuneration (including pension rights and any compensation payments) for all Executive Directors (Board Directors) having proper regard to the organisation's circumstances and to appropriate national arrangements.
 - Advising the Chief Executive on the contractual obligations of individual Executive Directors and other senior management with due regard to comparative information from within the NHS, other public sector organisations and other service organisations; to ensure that they are reviewed, honoured and remain competitive (including the proper calculation and scrutiny of termination payments taking account of such national guidance as appropriate) taking account of geographical and other relevant factors.
 - Approving material terms and conditions in respect of all new Executive Director contracts and material changes to existing Executive Director contracts, all such approvals to be formally minuted.
 - At the time of appointment, considering what compensation commitments (including pension contributions and all other elements) the contractual obligations would entail in the event of early termination.
 - Ensuring the satisfactory resolution of problems or reservations arising from the review of the remuneration of Executive Directors and other senior management.
 - Ensuring that details of Board members' total remuneration and other benefits are published in the annual report.

- Recommending sound policies and procedures for the pay and remuneration of all staff, if planning to depart from national terms and conditions

6.5 Other strategic issues

- The Committee shall review the development and implementation of strategies related to the workforce on behalf of the Board.
- The Committee shall discuss other strategic matters as deemed appropriate by the Chief Executive and/or the Committee.

7. REPORTING

- 7.1 The minutes of the Committee meetings shall be formally recorded and submitted to the following meeting in private of the Board of Directors.
- 7.2 The Committee shall also report to the Board of Directors by means of reports setting out the matters discussed and the Committee's recommendations to the Board of Directors.
- 7.3 The Committee will report to the Board of Directors annually on its work. The Committee will make a statement in the annual report about its activities and the process used to make appointments.
- 7.4 The Committee will receive minutes from the Workforce Committee.
- 7.5 The Committee shall review its own performance and terms of reference on an annual basis and recommend any changes to the Board of Directors.

8. COMMITTEE SECRETARY

- 8.1 The Committee will be supported administratively by the Trust Secretary, whose duties in this respect will include:
- Agreement of agenda with Chair and attendees and collation of papers
 - Taking the minutes and keeping a record of matters arising and issues to be carried forward
 - Advising the Committee on pertinent areas
 - Under the direction of the Chair, drafting the Committee's annual report
 - Keeping a record of attendance at meetings
- 8.2 The Trust Secretary will ensure that these terms of reference are compliant with NHSLA risk management standards, and monitor compliance with the standards.

Date approved: ~~27 April 2017~~ 13 June 2018
Approved by: Trust Board
Next review date: ~~June March~~ 2018 by the Committee / ~~July April~~ 2018 by the Board

APPENDIX A: Process for executive director appointments

1. Once a vacancy is identified, the CEO will report this to the Appointments & Remuneration Committee
2. Prior to the placement of an advertisement, the Committee shall receive and discuss:
 - a. A draft job description/person specification
 - b. Any proposal to use an external search agency
 - c. An outline of the recruitment timetable
 - d. The proposed composition of the interview panel
 - e. Proposed remuneration
3. As a general rule, the interview panel will normally comprise the following:
 - a. Trust Chair~~man~~
 - b. Chief Executive
 - c. Relevant NED with expertise in the proposed portfolio
 - d. External assessor
 - e. Service user representative
4. Following interview, the successful candidate will be offered the post, subject to usual HR procedures as well as approval of the appointment by the Committee. The Chief Executive will make the offer in relation to executive director appointments, and the Trust Chair~~man~~ for CEO appointments.
5. A report will be submitted to the Committee summarising the process and the outcome, in order for the Committee to approve the appointment and decide the level of remuneration and contract.
6. Following the Committee's decision, formal announcement and communication of the appointment shall take place.

APPENDIX B: Process for the appointment of Deputy Chief Executive from the executive team

1. Once a vacancy is identified, the CEO will report this to the Appointments & Remuneration Committee.
2. The Chief Executive will circulate the Job Description to all the Executive Directors inviting expressions of interest.
3. Executive Directors interested in the role, must reply to the Chief Executive in writing explaining why they are interested in and the reasons they believe they are suitable for the role.
4. The Chief Executive will meet individually with each Executive Director who expressed interest in the role.
5. If more than one person expresses interest, a process for selection will be undertaken.
6. The Chief Executive will inform the other Executive Directors of the preferred candidate.
7. A report will be submitted to the Committee summarising the process and the outcome, in order for the Committee to approve the appointment and decide the level of remuneration.
8. Following the Committee's decision, formal announcement and communication of the appointment shall take place.
9. The appointment will be reviewed every three years.