

Report from the Nominations and Remuneration Committee

Council of Governors	Item: 13
21st January 2020	Enclosure: I
Purpose of the Report: To provide the Council with a summary of discussion held at the meeting of the Nominations and Remuneration Committee held on 13 th November 2019 and to confirm the outcome of recommendations made at that meeting.	
For: Information <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Discussion and input <input type="checkbox"/> Decision/approval <input type="checkbox"/>	
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Recommendations: Council members are asked to: a) note the report from the meeting of the Nominations & Remuneration Committee held on 13 th November 2019; and b) acknowledge the outcome of the vote reappointing Jonathan Guppy as a Non-Executive Director for a term of office of 3 years from 1 st April 2020; and c) approve revised terms of reference for the Committee.	

Nominations & Remuneration Committee
Key Issues, Actions and Recommendations to the Council of Governors

Committee meeting held on 13th November 2019

	Agenda item	Outcome
1.	NHS Improvement/ England guidance on Role and Remuneration of Chairs and NEDs in NHS Trusts	<p>The Committee reviewed the latest guidance, as had been requested of all NHS Trusts. The Committee supported the principles behind the new framework for development of NHS Provider Chairs and for conducting their annual appraisal, much of which was in line with current practice at KHFT.</p> <p>The guidance on Non-Executive Director remuneration was intended to bring NEDs at NHS Trusts up to the levels of remuneration of NEDs in Foundation Trusts and, whilst the Committee supported the principle behind this aim, the implementation of the new pay structure will require further discussion when the time comes to appoint a new NED.</p>
2.	NED succession planning	<p>The Committee considered the reappointment of Jonathan Guppy as a Non-Executive Director and unanimously supported a recommendation to the Council of Governors that Jonathan be reappointed for a term of office of three years with effect from 1st April 2020.</p> <p>An online vote of the Council of Governors closed on 13th January 2020 and has supported this recommendation with 22 of 23 votes cast in favour and 1 abstention. The Council of Governors is asked to note the outcome of the vote and the reappointment of Jonathan Guppy as a Non-Executive Director.</p>
3.	Annual Review of Committee Terms of Reference	<p>The Committee reviewed the terms of reference and rephrased a number of its responsibilities in order to reflect the NHSI/E guidance considered earlier in the meeting.</p> <p>The Council of Governors is asked to approve the revised terms of reference shown at Appendix A.</p>

Nominations and Remuneration Committee Council of Governors

Terms of Reference

1 AIM / PURPOSE

The Council of Governors shall appoint a Nominations and Remuneration Committee, to consider, in relation to Non-Executive Directors, including the Chair:-

- 1.1 Nomination and recruitment arrangements
- 1.2 Remuneration, allowances and other terms and conditions of office
- 1.3 Arrangements for appraisal and performance assessment.

The Nomination and Remuneration committee shall have such terms of reference and powers as agreed by the Council of Governors

2 AUTHORITY

- 2.1 The Council of Governors' Nominations & Remuneration Committee will regularly review the process for making appointments to the position of Non-Executive Director and Chair and will recommend appointments to such positions to the Council of Governors for approval.
- 2.2 The committee shall annually consider the remuneration, allowances and other terms and conditions of office, of the Chair and other Non-Executive Directors, taking into account NHSE and other guidance and, where appropriate, benchmarking against other similar organisations including NHS Foundation Trusts and taking specialist advice where appropriate.
- 2.3 The committee will regularly review, monitor and seek feedback on the process for the evaluation of performance and contribution on the part of the Non-Executive Directors and the Chair.
- 2.4 The committee will receive summarised reports of the performance of the Non-Executive Directors (from the Chair) and of the Chair (from the Senior Independent Director) on an annual basis.
- 2.5 The committee will provide assurance on these matters to the Council of Governors.

3 SPECIFIC RESPONSIBILITIES

- 3.1 To regularly review, monitor and (where appropriate and necessary) amend the process for the selection of candidates for office as Chair or other Non-Executive Director appointments of the Foundation Trust.
- 3.2 With every appointment of a Non-Executive Director, including the Chair, to assure itself that the Board of Directors has evaluated the balance of skills, knowledge and experience on the Board, and in light of this evaluation, ensure that a description of the role and capabilities required for any

particular appointment of Non-Executive Director, including the Chair has been prepared.

- 3.3 To seek candidates for office and to assess, shortlist and select for interview such candidates as are considered appropriate. In doing so, the Committee shall seek advice and assistance from the Chair and Chief Executive in the case of Non-Executive Vacancies and the Chief Executive, Senior Independent Director and an Independent Assessor (who shall be the Chair of another Trust) in the case of Chair vacancies.
- 3.4 To make recommendations to the Council of Governors in respect of candidates selected for appointment as Chair or other Non-Executive Director roles.
- 3.5 To consider and make recommendations to the Council of Governors, as to the remuneration, allowances and other terms and conditions of office of the Chair and Non-Executive Directors.
- 3.6 To regularly review, monitor and (where appropriate and necessary) amend the process for assessing the performance of the Chair and other Non-Executive Directors (in line with the Trust's evaluation processes), monitor its application and receive summarised feedback on its outcome.

4 COMMUNICATION

The committee will receive reports as required on the areas under discussion.

5 PERMANENCY

The Committee is a permanent Committee of the Council of Governors, as required by the Trust's Constitution.

6 MEMBERSHIP (To include nominated deputies where appropriate)

- 6.1 The committee will comprise the Chair of the Foundation Trust, who shall normally Chair the meetings, (or the Senior Independent Director, when matters associated with the Chair's nomination are being considered), the Lead Governor, Deputy Lead Governor, one other elected governor, one appointed governor and three other governors.
- 6.2 When the Chair's performance or remuneration is being considered the Chair shall withdraw from the meeting and the Chair of the meeting shall be determined by the Committee. Similarly where discussions are taking place which present a conflict of interests for any NEDs in attendance they will withdraw from the meeting.
- 6.3 Only members of the Committee are entitled to attend Committee meetings. However, the committee can invite members of the Board of Directors to attend for specific discussions.

- 6.4 The Company Secretary, acting as committee secretary will be in attendance.
- 6.6 The Senior Independent Director will attend when matters associated with the Chair's performance are being discussed.
- 6.7 The committee may invite others to attend for the purpose of receiving specialist and/or independent advice on any matter, relevant to its scope and function.
- 6.8 Appointments to the committee (other than the Chair of the Foundation Trust) shall be for a period of up to three years (or for the term of office of the Governor, where this is less than three years), which may be extended where governors are re-appointed following the end of their term in office.
- 6.9 Recruitment training will take place at an appropriate time.

7 QUORUM

Four members of the Committee will be present in order for the meeting to be declared quorate, one of whom must be the Chair of the Foundation Trust (or Senior Independent Director as appropriate) and two Governors.

8 ATTENDANCE

Members will be required to attend minimum of 50% of the meetings per calendar year.

9 PAPERS

Distributed 1 week prior to meeting.

10 FREQUENCY OF MEETINGS

Meetings will be held as often as required (and at least annually) to facilitate the decision, by the Council of Governors, on the remuneration, allowances and terms and conditions of office and to receive assurance regarding the performance of the Chair and other Non- Executive Directors

11 ACCOUNTABLE TO

The Council of Governors.

12 REPORTING LINES

The Committee will provide reports to the Council of Governors after each meeting.

13. SECRETARIAT SUPPORT

The Company Secretary will provide secretariat support and will act as the central point of contact for the Committee.

14 EFFECTIVENESS OF THE COMMITTEE/GROUP

The effectiveness of the Committee will be reviewed annually by the Committee in line with the Trust's evaluation processes.

15 REVIEW OF TERMS OF REFERENCE

The Terms of Reference will be reviewed annually by the Committee and the Council of Governors.

Date Approved:	21 st January 2020
Approved By:	Council of Governors
Next Review Due:	November 2021