

Terms of reference

for the merger of the Council of Governors’

Remuneration and Nominations Committee

with the function of the

Appointment Panel

THE COUNCIL OF GOVERNORS’

REMUNERATION, NOMINATIONS AND APPOINTMENT COMMITTEE [“RNAC”]

Please note that all references in these terms of reference to non-executive directors are to be taken to include the Chairman, unless specifically indicated otherwise.

1. Authority

- 1.1 The Council of Governors’ Remuneration, Nominations and Appointment Committee (the Committee) is constituted as a sub-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. All members of staff are requested to co-operate with any request made by the Committee.
- 1.3 The Committee (and any Appointment Panel established under the provisions of section 4.9 *et seq* below) is authorised by the Council of Governors, subject to funding approval by the Trust Board, to request professional advice and request the attendance of individuals and authorities from outside the 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 Chairman of the 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. Remuneration role

The Committee will:

- 3.1 Periodically review and make recommendations to the Council of Governors in respect of a remuneration and terms of service policy for non-executive directors, taking into account the views of the Chairman (except in respect of his or her own remuneration and terms of service) and the views of the Chief Executive and any external advisers.

- 3.2 In accordance with all relevant laws and regulations, make recommendations to the Council of Governors in respect of the remuneration and allowances, and the other terms and conditions of office, of the non-executive directors.
- 3.3 In adhering to all relevant laws and regulations the Committee's recommendations to the Council of Governors should seek to establish levels of remuneration for non-executive directors which:
 - 3.3.1 are sufficient to attract, retain and motivate non-executive directors of the quality and with the skills and experience required to lead the Trust successfully, without paying more than is necessary for this purpose, and at a level which is affordable for the Trust;
 - 3.3.2 reflect the time commitment and responsibilities of the roles;
 - 3.3.3 take into account appropriate benchmarking and market-testing, while ensuring that increases are not made where Trust or individual performance do not justify them; and
 - 3.3.4 are sensitive to pay and employment conditions elsewhere in the Trust.
- 3.4 Oversee other related arrangements for non-executive directors.

4. Nomination 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 of directors and relevant guidance on board composition, make recommendations to the Council of Governors with regard to the outcome of the review;
- 4.2 Periodically review the time commitment requirement for non-executive directors;
- 4.3 Give consideration to succession planning for non-executive directors, taking into account the challenges and opportunities facing the Trust and the skills, knowledge, experience and diversity needed on the Board of Directors in the future.
- 4.4 Make recommendations to the Council of Governors concerning plans for succession, particularly for the key role of Chairman.
- 4.5 Keep the leadership needs of the trust under review at non-executive director level to ensure the continued ability of the trust to operate effectively in the health economy.
- 4.6 Keep up to date and be fully informed about strategic issues and commercial changes affecting the Trust and the environment in which it operates.
- 4.7 Advise the Council of Governors in respect of the re-appointment of any non-executive director. Under the terms of the OUH NHS Foundation Trust's Constitution¹, re-appointment upon first renewal may be made without a process of open competition, if the Committee considers that this is

¹ Found at <http://www.ouh.nhs.uk/about/foundation-trust/documents/constitution.pdf> Section 2.3

appropriate. Re-appointment for any term beyond six years must be subject to a particularly rigorous review.

- 4.8 Advise the Council of Governors in regard to any matters relating to the removal from office of a non-executive director.

In respect of the Committee's role in nomination to a specific vacancy that arises for a non-executive director, the Committee will:

- 4.9 Adhere to the requirements of the OUH NHS Foundation Trust's Constitution² to convene an Appointment Panel/Nominations Committee (hereafter to be referred to as an "Appointment Panel") to make a recommendation to the Council of Governors for appointment to a vacancy in the post of non-executive director;
- 4.10 In the case of the Appointment Panel for non-executive directors other than the Chairman, membership must comprise³:
- The Trust's Chairman (who will chair the committee);
 - Two elected public governors;
 - One elected staff governor; and
 - One appointed governor.
- 4.11 In the case of the Appointment Panel for the Chairman, membership must comprise⁴:
- The Vice Chairman (who will chair the committee);
 - Two elected public governors;
 - One elected staff governor; and
 - One appointed governor.
- 4.12 It is expected that membership of the Appointment Panel for any specific vacancy that arises for a non-executive director (including the Chairman) will be drawn from the membership of the Remuneration, Nominations and Appointment Committee, by agreement of the Committee members.
- 4.13 If the number of governors wishing to serve in any category is greater than the number of places available in that category, then selection is to be determined by secret ballot of all members of the Committee.
- 4.14 In the case of deadlock, the Chairman of the Appointment Panel will have a casting vote.
- 4.15 In the event that there are not sufficient volunteers from amongst the membership of the Committee, then expressions of interest will be invited from other governors to join the Appointment Panel. If, in that case, the number of governors wishing to serve in any category is greater than the number of places available in that category, then selection is to be determined by secret ballot of all members of the Council of Governors.

² Found at <http://www.ouh.nhs.uk/about/foundation-trust/documents/constitution.pdf>

³ Ibid, section 2.9

⁴ Ibid, section 2.8

- 4.16 Each of the members of the Appointment Panel shall have one vote on making a recommendation to the Council of Governors as to potential candidates for appointment. The Chairman of the Appointment Panel will have a casting vote.
- 4.17 The Chief Executive may attend at request of the Appointment Panel in an advisory capacity only, and it is expected that the Appointment Panel will be supported by the Director of Workforce, or equivalent.
- 4.18 In coming to its recommendation to the Council of Governors on the appointment of a non-executive director, the Appointment Panel shall take into account the views of members of the Board on the qualifications, skills and experience required for each position.
- 4.19 For each vacancy in the post of non-executive director, the Appointment Panel shall prepare a description of the role and capabilities and expected time commitment required.
- 4.20 For each vacancy in the post of non-executive director, the Appointment Panel shall make a recommendation on the appointment to be made by the Council of Governors.
- 4.21 Upon recommending appointment to a vacancy in the post of non-executive director, the Appointment Panel shall
- 4.21.1 ensure that a proposed non-executive director's other significant commitments are disclosed to the Council of Governors before appointment and that the proposed appointee understands that any changes to his or her commitments should be reported to the Council of Governors as they arise;
 - 4.21.2 ensure that the proposed appointee discloses any business interests that may result in a conflict of interest prior to appointment and understands that any future business interests that could result in a conflict of interest must be reported;
 - 4.21.3 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 attendance at meetings of the Trust Board.

5. Membership

- 5.1 The membership of the Committee shall consist of governors appointed by the Council of Governors.
- 5.2 The term of membership should be specified upon appointment.
- 5.3 The Lead Governor will be a member of the Committee.
- 5.4 Membership must include at least
- Two elected public governors;
 - One elected staff governor; and
 - One appointed governor.

5.5 The Committee will normally be chaired by the Trust Chairman. Where the Chairman has a conflict of interest, for example when the Committee is considering the Chairman's re-appointment or remuneration, the Committee will be chaired by the Senior Independent Director.

5.6 A quorum shall be three members, two of whom must be public governors.

6. Secretary

6.1 Secretariat support to the Committee shall be provided through the office of the Head of Corporate Governance and Trust Board Secretary.

7. Attendance

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

7.2 At the invitation of the Committee, meetings shall normally be attended by the Director of Workforce or equivalent.

7.3 Other persons, including the Chief Executive, may be invited by the Committee to attend a meeting so as to assist in deliberations.

8. Frequency of meetings

8.1 Meetings shall be held as required, but at least twice in each financial year.

9. Minutes and reporting

9.1 Formal minutes shall be taken of all Committee meetings and once approved by the Committee these will be circulated to all members of the Council of Governors, subject to redaction where required to maintain confidentiality.

9.2 The Committee will report to the Council of Governors after each meeting.

9.3 The Council shall receive and agree a description of the work of the Committee, its policies and all non-executive director emoluments in order that these are accurately reported in the required format in the Trust's annual report.

10. Performance evaluation

10.1 The Committee shall review annually its collective performance.

11. Review

11.1 The terms of reference of the Committee shall be reviewed by the Council of Governors at least annually.

Date adopted: October 2017
Approved by: Council of Governors
Next review date: October 2018