

CAMBRIDGE UNIVERSITY HOSPITALS NHS FOUNDATION TRUST

REMUNERATION AND NOMINATION COMMITTEE

TERMS OF REFERENCE

1. Authority

- 1.1 The Remuneration and Nomination Committee is constituted as a standing committee of the Board of Directors and has no executive powers, other than those specifically delegated in these terms of reference. Its constitution and terms of reference are set out below and can only be amended with the approval of the Board of Directors.
- 1.2 The Committee is directly accountable to the Board of Directors and is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or contractor of the Trust and all employees and contractors are directed to cooperate with any request made by the Committee.
- 1.3 The Committee is authorised by the Board of Directors to secure 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.

2. Purpose

- 2.1 The Remuneration and Nomination Committee will act under the delegated authority of the Board of Directors to approve and oversee the arrangements for the appointment, termination and remuneration of the Chief Executive and all Executive Directors (as defined at Appendix 1). In addition, the Committee will be responsible for agreeing the remuneration for any other posts with remuneration outside the Agenda for Change pay framework.

3. Membership

- 3.1 The members of the Remuneration and Nomination Committee will comprise the Chair of the Trust and all Non-Executive Directors.
- 3.2 One Non-Executive Director (including the Chair of the Trust) shall be appointed as the Chair of the Remuneration and Nomination Committee by the Board of Directors.
- 3.3 The Chief Executive will identify an Executive lead for the Committee.
- 3.4 A quorum shall be three Non-Executive Director members.
- 3.5 Members should make every effort to attend all meetings of the Committee and will be required to provide an explanation to the Chair of the Committee if they fail to attend more than two meetings in a financial year. If a member fails to attend more than three meetings in a financial year, the Chair of the Committee will consider with the Chair of the Trust the appropriate action to be taken. The

Committee Secretary will monitor attendance by members and report this to the Chair of the Committee on a regular basis.

4. Attendance and secretariat

- 4.1 The Chief Executive and the Director of Workforce will attend all meetings except for any items relating to their own positions, performance or remuneration. Other Trust staff will be invited to attend for specific agenda items with the agreement of the Chair of the Committee. No director will be present when his or her position, performance or remuneration is being discussed.
- 4.2 The Director of Corporate Affairs will ensure that the Trust Secretariat provides a Secretary to the Committee and appropriate administrative support to the Chair and committee members. This will include agreement of the agenda with the Chair and Executive leads, collation and circulation of papers, producing the minutes of the meetings, keeping a record of agreed actions and follow up, and advising the Chair and members of the Committee as appropriate.

5. Frequency of meetings

- 5.1 Meetings will be held at least annually.
- 5.2 The Chair may convene additional meetings of the Committee if necessary to consider business that requires urgent attention.

6. Reporting

- 6.1 The Remuneration and Nomination Committee will receive regular exception reports from any sub-committee it establishes.
- 6.2 An oral exception report will be presented to the next meeting of the Board of Directors following each Committee meeting to draw attention to any matters that require disclosure or escalation to the Board.
- 6.3 A separate section of the Trust's Annual Report will describe the work of the Committee in discharging its responsibilities.

7. Review

- 7.1 The terms of reference will be reviewed by the Committee and approved by the Board of Directors at least every two years.

8. Specific duties

Remuneration

- 8.1 Determine the policy and framework for the remuneration of the Chief Executive, Executive Directors and senior managers whose remuneration is greater than the upper pay point of Agenda for Change Band 9, having due regard to national benchmarking information, all relevant laws and regulations, and all relevant national policy requirements and guidance. In doing so, have due regard to the need to attract, retain and motivate directors whilst remaining cost effective.
- 8.2 Within this framework, agree and review the remuneration and terms and conditions of office of the Chief Executive, Executive Directors and senior managers whose remuneration is greater than the upper pay point of Agenda for Change Band 9, including:

- Contractual and/or non-contractual remuneration, including any performance-related pay or bonus.
 - Provisions for other benefits, including pensions and allowances.
 - Any termination and/or severance payments.
- 8.3 To agree, on the recommendation of the Chief Executive, the level of responsibility allowance for the Medical Director, and to agree, on the recommendation of the Director of Workforce, the level of responsibility allowances for medical staff undertaking senior leadership roles including but not limited to the following posts:
- Divisional Directors
 - Clinical Directors
 - Deputy/Associate Medical Directors

Performance and objective setting

- 8.4 To receive and review a report from the Chair of the Trust on the annual appraisal of the Chief Executive in relation to his/her objectives for the past year, to comment on the objectives set for the Chief Executive for the forthcoming year and the extent to which their objectives for the past year have been achieved.
- 8.5 To receive and review a report from the Chief Executive on the annual appraisals of Executive Directors in relation to their objectives for the past year, to comment on the objectives set for Executive Directors for the forthcoming year and the extent to which their objectives for the past year have been achieved.

Appointments

- 8.6 To keep under review the leadership needs of the Trust, with a view to ensuring the continued ability of the organisation to develop and succeed.
- 8.7 To review the structure, size and composition (including skills, knowledge and experience) required of the Executive Directors compared to its current position and make decisions with regard to any changes. In doing so, ensure that the views of other members of the Board and key stakeholders are taken into account. In the light of this evaluation, prepare a description of the role and capabilities required for Executive Director appointments.
- 8.8 To consider succession planning and talent management arrangements for Executive Directors and other senior leaders, taking into account the challenges and opportunities facing the Trust and what skills and expertise are therefore needed on the Board in the future.
- 8.9 Agree and oversee the recruitment and selection process, including the preparation of a description of the role and capabilities required and the composition of the appointments panel, for the appointment of the Chief Executive, in consultation with the Council of Governors.
- 8.10 Make a recommendation to the Council of Governors on the appointment of the Chief Executive¹.
- 8.11 Agree and oversee the recruitment and selection process, including the preparation of a description of the role and capabilities required and the composition of the appointments panel, for the appointment of Executive Directors (see Appendix 1).

¹ The National Health Service Act 2006 states that “the appointment of a Chief Executive requires the approval of the Council of Governors”.

- 8.12 Approve the appointment of Executive Directors based on the recommendation of the appointments panel agreed by the Committee.
- 8.13 Ensure that the appointment of acting or interim directors, for absent/vacant Executive Directors, complies with constitutional and any other relevant requirements.
- 8.14 The Committee may delegate the duties outlines in paragraphs 8.11 to 8.13 and the agreement of salaries for newly advertised and appointed Executive Director posts to the Committee Chair (or another nominated Non-Executive Director) and the Chief Executive (working with the Director of Workforce). Where such actions are taken, these will be reported to the next meeting of the Committee.
- 8.15 Approve the contracts of employment for the Chief Executive and all Executive Directors, including termination arrangements and compensation commitments.
- 8.16 Ensure that the Chief Executive and all Executive Directors meet the Fit and Proper Persons requirements in accordance with national regulations and guidance.

Other

- 8.17 Undertake an effectiveness review every two years which will inform the Committee's forward work plan.
- 8.18 Undertake any other responsibilities as delegated by the Board of Directors.

Date approved: 11 November 2020
Approved by: Board of Directors
Next review date: November 2022

Appendix 1: Posts covered by the remit of the Remuneration and Nomination Committee

Executive Director posts:

Chief Executive

Medical Director

Chief Nurse

Chief Finance Officer

Chief Operating Officer

Director of Workforce

Director of Corporate Affairs

Director of Strategy and Major Projects

Director of Improvement and Transformation