

**AIREDALE NHS FOUNDATION TRUST  
APPOINTMENTS AND REMUNERATION COMMITTEE  
TERMS OF REFERENCE**

**1. AUTHORITY**

The Committee is authorised by the Council of Governors to carry out any activity within its Terms of Reference.

**2. PURPOSE**

2.1 The Appointments and Remuneration Committee (ARC) is a sub-committee of the Council of Governors.

2.2 The committee is responsible for advising and / or making recommendations to the Council of Governors relating to:

- i) the evaluation of the performance of the Chairperson and Non-Executives;
- ii) the remuneration, allowances and other terms and conditions of the Chairperson and Non Executives; and to
- iii) determining and directing the process for recruitment, re-appointment or removal of the office of Chairperson and other Non-Executive Directors.

Guidelines extracted from Monitor's Code of Governance is attached in Appendix A.

**3.DUTIES**

3.1 The Committee will:

- i) Regularly review the performance of the Chairperson and other Non-Executive Directors and make recommendations to the Council of Governors. ;
- ii) Consider and make recommendations to the Council of Governors as to the remuneration and allowances and terms and conditions of the office of the Chairperson and Non-Executive Directors;
- iii) consider Non Executive Director's succession planning, based on an assessment of skills and knowledge of Board members.;
- iv) determine the processes for the selection of candidates for office as Chairperson or other Non-Executive Directors of the Trust having first

consulted with the Board of Directors as to these matters and having regard to such views as may be expressed by the Board of Directors.

This process will include;

- preparing a description of the role and responsibilities
  - determining the arrangement for attracting applicants
  - agreeing a selection process and other assessment arrangements
- v) engage with the Trust's HR services (or appropriate external advisors) to seek candidates for office and to advise on the recruitment and selection process. ;
- vi) to make recommendations to the Council of Governors of the candidate for appointment as Chairperson or other Non-Executive Director, as the case may be.

#### **4. MEMBERSHIP**

- 4.1 The Committee will be chaired by the Chairperson of the Trust. If the Chairperson is absent the Committee members shall select a Non-Executive Director to act as Chair.
- 4.2 The Committee will comprise the Chairperson of the Trust, Non-Executive Director, the Trust's Senior Independent Director and five Governors (the majority of which shall be Public Governors and one of these will be the Lead Governor ).
- 4.3
- 4.3 The term of office for Governor members (except Lead Governor) of the Committee shall be (3) three years.
- 4.4 The Committee may invite other Board members of the Trust to attend the meetings..
- 4.5 For the appointment of the Chairperson to the Trust, the Committee will seek the services of an Independent Assessor(s). The Independent Assessor will not be a member or have a vote on the Committee.
- 4.6 For all appointments and matters relating to remuneration, the Committee will seek advice from the professional human resources services of the Trust and/or external professional support.

#### **5. ATTENDANCE**

**In addition to the Committee members, the following are required to attend meetings of the Committee:**

- **Associate Director of Human Resources and Workforce**
- **Associate Director of Corporate Affairs (who will act as or nominate the Secretary)**

#### **6. QUORUM**

**6.1** The quorum will be at least five members, the majority of whom must be Governors and at least one must be a Non-Executive Director.

## **7. FREQUENCY**

7.1 The Committee will meet a minimum of once a year.

## **8. MINUTES AND REPORTING**

8.1 Minutes of each Committee will be formally recorded and submitted to the Private meeting of the Council of Governors. The Committee reserves the right not to publish minutes recording discussions held in private. This might include information of a sensitive or personal nature, for example discussions relating to appraisals.

8.2

8.2 The Committee will prepare an annual report on the work of the Committee for publication in the Trust's Annual Report and Accounts.

## **9. PERFORMANCE EVALUATION**

**9.1 The Committee will undertake an annual review of its performance and report the outcome to the Council of Governors.**

## **10. REVIEW**

10.1 The Terms of Reference will be reviewed on an annual basis or at the request of the Council of Governors or by the Committee making recommendations to the Council of Governors as appropriate.

## Appendix A

### APPOINTMENTS AND REMUNERATION COMMITTEE (ARC)

#### GUIDELINES RE: MONITOR CODE OF GOVERNANCE (WORKING DOCUMENT)

These guidelines support the ARC Terms of Reference. Note that references to a nominations committee relate to ARC. They reference to the Monitor NHS Foundation Trust Code of Governance, specifically the following Code Provisions:

**A.4.2** The Chairperson (of the Trust) should hold meetings with the Non-Executive Directors without the Executives present. Led by the Senior Independent Director, the Non-Executive Directors should meet without the Chairperson (of the Trust) at least annually to evaluate the (Trust) Chairperson's performance, and on such other occasions as are deemed appropriate.

#### **Process**

**The process for appraising the Chair has been agreed by ARC.**

**A.5.8** The Council of Governors should only exercise its power to remove the Chairperson or any Non-Executive Directors after exhausting all means of engagement with the Board of Directors. The Council should raise any issues regarding the Chairperson with the Senior Independent Director in the first instance.

#### **Process**

**The process for removal of any Non-Executive Director or Chairperson will be agreed by ARC for recommendation to the Council of Governors.**

**B.2.1** The nominations committee or committees, with external advice as appropriate, are responsible for the identification and nomination of Executive and Non-Executive Directors. The nominations committee should give full consideration to succession planning, taking into account the future risks and opportunities facing the NHS Foundation Trust and the skills and expertise required within the Board of Directors to meet them.

#### **Process**

**The review process will be determined and undertaken by ARC as identified in its Terms of Reference.**

**B.2.3** There may be one or two nominations committees. If there are two committees, one will be responsible for nominations for Executive and the other for Non-Executive Directors (including the Chairperson). The Nominations Committee(s) should regularly review the structure, size and composition of the Board of Directors and make recommendations for changes where appropriate. In particular the Nomination Committee(s) should evaluate the skills, knowledge and experience on the Board of Directors and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of both Executive and Non-Executive Directors, including the Chairperson.

## **Process**

**ARC is responsible for the nominations process of the Chairperson and Non-Executive Directors to the Council of Governors. (see B.2.5)**

**The Board Appointments, Remuneration and Terms of Service Committee (BART) will be responsible for the process of appointing Executive Directors, including the Chief Executive (see Appendix B)**

**B.2.4** The chairperson or an independent Non-Executive Director should chair the nomination committee(s).

## **Process**

**ARC will be chaired by the Chairperson, or in their absence a Non-Executive Director present at the meeting. This is stated in the Terms of Reference.**

**BART will be chaired by an Independent Non-Executive Director of the Trust. This is stated in the Terms of Reference.**

**B.2.5** The Governors should agree with the nominations committee a clear process for the nomination of a new Chairperson and Non-Executive Directors. Once suitable candidates have been identified the nominations committee should make recommendations to the Council of Governors.

## **Process**

**The process for the nomination of a new Chairperson and Non-Executive Directors is:**

- **ARC shall produce a person specification covering the qualifications, skills and experience required. This specification will take into account the views of the Board of Directors. (See B.2.7)**
- **For the appointment of the Chairperson, ARC will produce a job specification defining the role, the capabilities required and the time commitment (See B.3.1)**
- **ARC will use the professional Human Resource services of the Trust to advise on the recruitment selection process**
- **ARC will shortlist and interview such candidates it feels appropriate**
- **ARC will make a recommendation to the Council of Governors to appoint**

**B.2.6** Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of Non-Executive Directors should consist of a majority of Governors. If only one nominations committee exists, when nominations of Non-Executive, including the appointment of a chairperson or deputy chairperson, are being discussed, there should be a majority of Governors on the committee and also a majority Governor representation on the interview panel.

## **Process**

**The membership of ARC is made up of a majority of Governors. This is stated in the Terms of Reference.**

- B.2.7** When considering the appointment of Non-Executive Directors, the Council of Governors should take into account the views of the Board of Directors on the qualifications, skills and experience required for each position.

## **Process**

**In preparing the person and job specification, ARC will consult with the Board of Directors on the qualification, skills and experience required for each post.**

- B.2.8** The annual report should describe the process followed by the Council of Governors in relation to appointments of the chairperson and Non-Executive Directors.

## **Process**

**A report will be produced to reflect the work of both ARC and any established Executive appointment committees. This requirement is included in the ARC workplan.**

- B.2.9** An independent external adviser should not be a member of or have a vote on the nominations committee(s)

## **Process**

**The membership of ARC does not include an independent external adviser. This is stated in the Constitution and Terms of Reference.**

- B.2.10** A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments. The main role and responsibilities of the nominations committees should be set out in publicly available, written terms of reference.

## **Process**

**The Company Secretary will prepare the report for review by ARC (and BART for Executive appointments). This requirement is included in the Committee(s) workplan.**

**The nomination committee(s) Terms of Reference are published on the Trust's website.**

- B.3.1** For the appointment of a Chairperson, the nominations committee should prepare a job specification defining the role and capabilities required including an assessment of the time commitment expected, recognising the need for availability in the event of emergencies. A Chairperson's other significant commitments should be disclosed to the Council of Governors before appointment and included in the annual report. Changes to such

commitments should be reported to the Council of Governors as they arise, and included in the next annual report. No individual, simultaneously whilst being a Chairperson of an NHS Foundation Trust, should be the substantive Chairperson of another NHS Foundation Trust.

### **Process**

**For the appointment of Chairperson, the ARC will produce a job specification defining the capabilities required including an assessment of the time commitment expected. For future Chairperson appointments other significant commitments will be disclosed and appear in the Annual Report.**

**B.3.2** The terms and conditions of appointment of Non-Executive Directors should be made available to the Council of Governors. The letter of appointment should set out the expected time commitment. Non-Executive Directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the Council of Governors before appointment, with a broad indication of the time involved and the Council of Governors should be informed of subsequent changes.

### **Process**

**The terms and conditions of appointment of Non-Executive Directors are available from the Associate Director of Human Resources and Workforce.**

**ARC will consider the time commitment for each appointment and seek assurance that the Non-Executive Director has sufficient time to meet what is expected of them as part of the selection process.**

**B.6.3** The Senior Independent Director should lead the performance evaluation of the Chairperson, within a framework agreed by the Council of Governors and taking in to account the views of Directors and Governors.

### **Process**

**ARC will establish the performance appraisal process for agreement by the Council of Governors.**

**B.6.5** Led by the Chairperson, the Council of Governors should periodically assess their collective performance and they should regularly communicate to Members and the public details on how they have discharged their responsibilities, including their impact and effectiveness on:

- Holding the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors;
- Communicating with their member constituencies and the public and transmitting their views to the Board of Directors; and
- Contributing to the development of forward plans of the NHS Foundation Trust.

The Council of Governors should use this process to review its roles, structure, composition and procedures, taking into account emerging best practice. Further information can be found in Monitors publication: *Your Statutory Duties: A Reference Guide for NHS Foundation Trust Governors*.

#### **Process**

**ARC may be requested by the Council of Governors to undertake this role. This is a matter for the Council of Governors.**

- B.7.1** In the case of re-appointment of Non-Executive Directors, the Chairperson should confirm to Governors that, following formal performance evaluation, the performance of the individual proposed for re-appointment continues to be effective and to demonstrate commitment to the role. Any term beyond six years (eg two three-year terms) for a Non-Executive Director should be subject to particularly rigorous review and should take into account the need for progressive refreshing of the Board. Non-Executive Directors may in exceptional circumstances serve longer than six years (eg two three-year terms following authorisation of the NHS Foundation Trust), but this should be subject to annual re-appointment. Serving more than six years could be relevant to the determination of a Non-Executive Director's independence.

#### **Process**

**ARC will consider the above specified terms when nominating a Chairperson or Non-Executive Directors for appointment / re-appointment to the Council of Governors.**

- B.7.3** Approval by the Council of Governors of the appointment of a Chief Executive should be a subject of the first general meeting after the appointment by a committee of the Chairperson and Non Executive Directors. All other Executive Directors should be appointed by a committee of the Chief Executive, the Chairperson and Non-Executive Directors.

#### **Process**

**The Board of Directors will establish a Board Appointments Committee for the appointment of the Chief Executive and other Executive Directors**

- B.7.4** Non-Executive Directors, including the Chairperson, should be appointed by the Council of Governors for specified terms subject to re-appointment thereafter at intervals of no more than three years and subject to the 2006 Act provisions relating to the removal of a Director.

#### **Process**

**This provision is set out in the Constitution.**

- D.1.2** Levels of remuneration for the Chairperson and other Non-Executive Directors should reflect the time commitment and responsibilities of their roles.



### **Process**

**When determining, for recommendation to the Council of Governors, the levels of remuneration for the Chairperson and other Non-Executive Directors, ARC will consider the time commitment and responsibilities of the roles.**

**E.2.3** The Council of Governors should consult external professional advisers to market test the remuneration levels of the Chairperson and other Non Executives at least once every three years and when they intend to make a material change to the remuneration of a Non-Executive.

### **Process**

**The review process will be determined and undertaken by ARC as identified in the terms of reference**

Approved August 2018

