



# NHS England's People, Remuneration & Nominations Committee Terms of Reference

Approved by the Board on 17 September 2021

## 1. Purpose

1.1 The NHS England Board has established a People, Remuneration and Nomination Committee (the Committee) as a committee of the Board to meet in common with NHS Improvement's People, Remuneration and Nomination Committee (NHS Improvement's Committee) to support the exercise of the respective duties and powers of the Boards of both organisations in their joint responsibilities. These include:

### **People aspects:**

- 1.2 setting an overall people strategy and oversee the delivery of the NHS People Plan;
- 1.3 providing the Board with assurance and oversight of all aspects of strategic people management and organisational development;

### **Remuneration aspects:**

- 1.4 ensuring that the two organisations have a single formal and transparent remuneration policy;
- 1.5 ensuring that the two organisations have remuneration policies and practices to enable the recruitment, motivation and retention of staff;
- 1.6 approving the total individual remuneration package for the senior executives and certain senior employees of NHS England; and

### **Nomination aspects:**

- 1.7 assist the Board in ensuring that it maintain an appropriate structure, size, and balance of skills to support the strategic objectives of the organisation.

## 2. Composition

### **Membership**

2.1 Members of the Committee are appointed by the Board and will be made of at least three Non-Executive Directors of NHS England, one of which can be the NHS England Chair.

### **Committee Chair**

2.2 The Committee will be chaired by one of the Non-Executive Directors. In the absence of the nominated Chair, the other Non-Executive Director, but not the Chair of NHS England, will chair the meeting.

### **Secretary**

2.3 The Head of Board Governance or their nominee will act as the secretary to the Committee.

### **3. Meeting arrangements**

#### **Attendance**

- 3.1 Members of the Committee are expected to attend meetings wherever possible.
- 3.2 The Chief People Officer and the Director of Human Resources and Organisational Development will attend to advise the Committee but will not attend for discussions about their own remuneration and terms of service. At the invitation of the Committee Chair, others may also attend Committee meetings.
- 3.3 The Committee Chair may ask any person in attendance who is not a member of the Committee to withdraw from a meeting to facilitate open and frank discussion of a particular matter.

#### **Meetings**

- 3.4 The Committee will meet in common with NHS Improvement's Committee (including by telephone or video conferencing) at least four times a year or as determined by the Committee Chair. Any member of the Committee can ask for a meeting to be convened in person, by video-conference or by telephone, or for a matter to be considered in correspondence.
- 3.5 The quorum for meetings is two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.6 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda and supporting papers shall be circulated to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting.
- 3.7 The secretary will minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 3.8 Draft minutes will be sent to the Committee Chair within four business days of the meeting and submitted for formal approval at the next meeting.
- 3.9 Except as outlined above, meetings for the Committee shall be conducted in accordance with the relevant provisions of NHS England's Standing Orders.

### **4. Declarations of Interest**

- 4.1 All members and attendees of the Committee must declare any relevant personal, non-personal, pecuniary or potential interests at the commencement of any meeting. The Chair of the Committee will determine if there is a conflict of interest such that the member and/or attendee will be required not to participate in a discussion.

- 4.2 Any member at any time is entitled to ask the Chair whether an item of business should be discussed outside of a meeting in common, as it conflicts with a power or duty of an individual organisation.
- 4.3 The Head of Governance can provide advice on reporting Declarations of Interests.

## 5. People related duties

- 5.1 The Committee will, together with NHS Improvement's Committee:
  - 5.1.1 approve the final version of the NHS People Plan prior to its publication;
  - 5.1.2 oversee the implementation plan and delivery of the commitments outlined within the NHS People which include:
    - 5.1.2.1 making the NHS the best place to work to expand and develop the NHS workforce, make effective use of people's skills and experience, improving the training and development offer for NHS staff and improve staff retention;
    - 5.1.2.2 creating a compassionate and inclusive culture, working with NHS leaders and staff to deliver better patient outcomes whilst tackling the discrimination some staff face and reducing inequalities;
    - 5.1.2.3 ensuring a sustainable workforce is in place to support the NHS; and
    - 5.1.2.4 looking after and investing in the physical and mental health and wellbeing of the NHS workforce.

## 6. Remuneration related duties

The Committee will, working together with NHS Improvements' Committee:

### **Executive remuneration policy**

- 6.1 Determine and agree with the Board the framework and policy for the remuneration of NHS England's Chief Executive Officer, Executive and Regional Directors, for approval by the Secretary of State for Health and Social Care.
- 6.2 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, Treasury guidance and other best practice as appropriate. The objective of such policy shall be to ensure that NHS England's Chief Executive, Executive and Regional Directors are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the organisation.

### **Executive remuneration and other reward related matters**

- 6.3 Within the terms of the agreed remuneration policy and in consultation with the Chief Executive, as appropriate, approve for submission to the Secretary of State of Health and Social Care the total individual remuneration package of:

- 6.3.1 NHS England's Chief Executive;
  - 6.3.2 joint Executive and Regional Directors;
  - 6.3.3 all senior members of staff reporting to the Chief Executive Officer;
  - 6.3.4 other senior employees of NHS England, including CSUs, who are on the Department of Health and Social Care's Pay Framework for Very Senior Managers (VSM (referred to internally as Executive Senior Managers (ESMs)) in Arm's Length Bodies and whose proposed salary will be in excess of £150,00; and
  - 6.3.5 employees of NHS England who are on the Department of Health and Social Care's Pay Framework for ESMs in Arm's Length Bodies including bonuses, incentive payments and other benefits, earning salaries below £150,000.
- 6.4 In reviewing such arrangements give due regard to trends in decisions, any relevant legal requirements and Treasury guidance.
- 6.5 Review and note annually the remuneration trends across NHS Improvement. In doing so, obtain reliable, up-to-date information about remuneration in other organisations similar to NHS England. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help fulfil its obligations.
- 6.6 In relation to senior level appointments, keep succession planning and senior capability under continuous review.
- 6.7 Approve the performance management framework for Executive Directors, Regional Directors, ESMs and the wider workforce.
- 6.8 The Committee has delegated the duty in paragraph 6.3.5 and 6.5 to the Executive HR Group.

### **Executive termination payments**

- 6.9 Approve any policies on relating to early termination payments.
- 6.10 Approve termination payments (including contractual payments such as redundancy or early retirement provisions as well as other payments) for NHS England staff. In doing so the Committee will ensure that any payments are fair, failure is not rewarded and the duty to mitigate loss is fully considered. Payments exceeding £100,000 will require subsequent Board approval and may also be subject to Treasury approval. Decisions requiring dismissal of the Chief Operating Officer/Chief Executive of NHS Improvement shall be referred to the Secretary of State for Health and Social Care.

### **Employee policies and related remuneration**

- 6.11 Approve people and organisational development policies and ways of working designed to ensure the workforce of NHS Improvement is appropriately engaged and motivated.

- 6.12 Determine and agree with the Board the design of, and the targets for, any performance related pay schemes operated by NHS England, as well as the total annual payments made under such schemes.
- 6.13 Approve initiatives to address specific recruitment and/or retention issues.
- 6.14 Approve applications for recognition of continuity of service for staff moving to NHS England from a non-NHS body.
- 6.15 Approve transfers of employees or any TUPE transfers to NHS England.
- 6.16 The Committee has delegated the duty under paragraph 6.14 and any transfer of small number of employees covered under paragraph 6.15 to the Executive HR Group.

## **Employee engagement**

- 6.17 Review NHS England's gender pay gap and ensure that the organisation is seeking to reduce this over time by developing appropriate policies and actions.
- 6.18 Review NHS England's progress with the Workforce Race Equality Standard strategy and seek to increase BAME representation with the aspirational target of 19% BAME representation at all levels within the organisation.
- 6.19 Review initiatives relating to diversity and inclusion and review and approve NHS England's diversity policy.

## **7. Nominations related duties**

- 7.1 Form plans for succession of Executive and Non-Executive Directors, in particular for the roles of Chair and Chief Executive.
- 7.2 Before any appointments or re-appointments are made to the Board and to support the strategic direction of the organisation, evaluate the balance of required skills, knowledge, experience and diversity on the Board and agree upon a description of the role and capabilities required for a particular appointment/re-appointment.
- 7.3 Approve, in liaison with the Chair, appointments or re-appointments to the Board, including:
  - 7.3.1 keeping the Board informed of any appointments being made to the Board;
  - 7.3.2 liaising with the Department of Health and Social Care (on behalf of the Secretary of State for Health and Social Care) (DHSC) on the recruitment or re-appointment of Non-Executive Directors;
  - 7.3.3 liaising with DHSC on the recruitment of Executive Directors;
  - 7.3.4 identifying suitable candidate for the roles of the deputy chair and senior independent director;
  - 7.3.5 providing input to the Chief Executive's decisions to appoint their direct reports; and

- 7.3.6 considering any matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an Executive Director as an employee of NHS England, subject to legal and contractual considerations
- 7.4 Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment clearly outlining the terms and expectations of the appointment.
- 7.5 Review the results of the Board performance evaluation process that relate to the composition of the Board.

## **8. Supply Chain Coordination Limited**

- 8.1 In respect of the Supply Chain Coordination Limited (SCCL), the Committee shall approve any proposals to do any of the following:
  - 8.1.1 the fixing or payment of the remuneration of any director or provision of benefits of any nature whatsoever to any director, former director or any associate of any director or former director;
  - 8.1.2 the making of any provision for the benefit of any persons which is permitted by section 247 of the Companies Act 2006;
  - 8.1.3 the establishment or amendment of any pension scheme, or an increase in the amount of contributions to any director or former director or any member of any such person's family;
  - 8.1.4 the grant of any pension rights to any director or former director or any member of any such person's family; and
  - 8.1.5 the establishment or amendment of any profit-sharing, share option, bonus or other incentive scheme of any nature for directors or employees, or any increase in the amount of contributions thereto.
- 8.2 Approve proposals to, notwithstanding article 7 (1) (o) (i) to (v), save as set out in the Business Plan ((approved by the shareholder in accordance with article 7 (1) (u)), agree or vary the terms of engagement, secondment and/or removal of or the terms of any other agreement relating to any director or senior personnel (comprising all those persons, whether employees, secondees, consultants or other professionals whose remuneration exceeds £100,000 per annum) (and in providing or not prior written consent the shareholder shall have regard to HM Treasury's guidance for the approval of senior pay as amended or updated from time to time) ((including in connection with performance ("bonus") arrangements)).
- 8.3 Approve the appointment or removal of SCCL's Chief Executive Officer.
- 8.4 Approve the appointment or dismissal of any director that would be considered being of the equivalent level of an Executive and Senior Managers (ESM) in Arm's Length Bodies, the chairman of the SCCL or make any change in the scope of authority of any director at ESM equivalent level.

- 8.5 Approve the amendment to, issue or adoption of any expenses policy relating to SCCL.

## **9. Other duties**

- 9.1 The Committee will discuss any matter which any member of the Committee believes to be of such importance that it should be brought to the attention of the Committee.
- 9.2 Where the Committee considers an item of its business may give rise to a potential conflict by meeting in common, the Committee may refer that business to the Board.

## **10. Reporting responsibilities**

- 10.1 The Committee's Chair will report formally to the Board, in private session, on its proceedings after each meeting.
- 10.2 The Committee will make whatever recommendations to the Board it deems appropriate in any area within its remit where action or improvement is required.

## **11. Other matters**

The Committee will:

- 11.1 have access to sufficient resources to carry out its duties, including access to the Head of Board Governance for assistance as required;
- 11.2 consider any other matters where requested to do so by the Board; and
- 11.3 review on an annual basis its own performance and terms of reference to ensure that it is operating effectively as part of the Board's effectiveness review.

## **12. Authority**

The Committee is authorised:

- 12.1 to seek any information it requires, or request attendance at a meeting, from any employee of NHS Improvement or NHS England in order to perform its duties;
- 12.2 to obtain, at NHS England's expense, outside legal or other professional advice on any matter within its terms of reference (subject to budgets agreed by the Board). For legal advice, the Director of Governance and Legal or one of the Deputy Directors of Legal shall be consulted prior to procurement of external advice; and
- 12.3 to appoint, with the agreement of the Board, sub-committees with such membership and terms of reference as the Committee may determine and delegate any of its responsibilities to such a sub-committee.