

To: Nomination Committee

For meeting on: 1 October 2014

Agenda item: 6

Report by: Philippa Harding, Board Secretary

Report on: Review of the Terms of Reference and the operation of the
Nomination Committee

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1. The Board has agreed that the Rules of Procedure and other appropriate governance documents should be reviewed at the end of each financial year. The Terms of Reference (ToR) of each Board Committee were considered as part of this review, the outcomes of which were submitted to the Board meeting on 30 April 2014. The Nomination Committee meeting that was due to take place in April 2014 was cancelled and the Committee did not have an opportunity at that time to review its ToR.
 2. This report sets out the findings of the review of the Nomination Committee's operation that was undertaken in March 2013. It also asks the Nomination Committee to confirm that it is content with a number of proposed minor drafting amendments to its ToR, proposed as a result of this review

Role of the Nomination Committee and its operation since March 2013

3. The ToR of the Nomination Committee (attached at Annex A) were last considered by the Committee at its meeting on 3 April 2013 and subsequently by the Board, following the annual governance review, at its meeting on 25 April 2013. A number of small drafting changes are proposed (highlighted in the attached annex).
4. The Committee's ToR set out that the Nomination Committee should provide counsel to Monitor's Board with respect to Board and Committee structure and membership. The Committee should lead the Monitor process for Board appointments, by evaluating the balance of skills, knowledge and experience in existence amongst Board members.

Nomination Committee Membership and Attendees

5. The Nomination Committee currently consists of the following non-executive directors:

- Nomination Committee Chair – Heather Lawrence (until 31 October 2015)
- Remuneration Committee Chair – Iain Osborne (until 30 May 2017)
- Chief Executive – David Bennett (until 31 October 2015)

6. The following officers are generally in attendance at Nomination Committee meetings:

- Executive Director of Organisation Transformation – Fiona Knight
- Board Secretary – Philippa Harding

Business of the Nomination Committee

7. In April 2013, the following outline work programme was agreed for the Nomination Committee:

| Subject | Spring (Mar) | Ad hoc |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------|
| Give full consideration to succession planning for directors and other senior executives | X | |
| Board Committee membership | X | |
| Review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes | X | X |
| Review the leadership needs of Monitor, both executive and non-executive | X | X |
| Identify and nominate candidates to fill Board vacancies as and when they arise | | X |
| Before any appointments are made to the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in light of this | | X |

| | | |
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| evaluation, prepare a description of the role and capabilities required for a particular appointment | | |
| Review constitution and terms of reference to ensure that the Committee is operating at maximum effectiveness and recommend any changes considered necessary to the Board for approval | X | |

8. The Nomination Committee met once in 2013, on 3 April 2013. The following business was conducted by the Committee at that meeting:

- Terms of Reference and work programme;
- Progress on Chair appointment;
- Non-Executive Director recruitment; and
- Board evaluation.

9. To date, the only area of the its workplan that the Committee has not addressed is the organisation's succession plan for directors and other senior executives. This is addressed elsewhere on the agenda for this meeting.

10. Is the Nomination Committee content with the business that it has conducted over the past year? Do Committee members feel that it has fully fulfilled its ToR?

Conclusion

11. The Nomination Committee has been operating within its ToR. These are considered to be appropriate and to only require some slight drafting changes. Nomination Committee members are asked to confirm that they are content with the proposed changes.

Philippa Harding
Board Secretary

Public Sector Equality Duty:

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. In relation to the issues set out in this paper, consideration has been given to the impact that the recommendations might have on these requirements and on the nine protected groups identified by the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation).

It is anticipated that the recommendations of this paper are not likely to have any particular impact upon the requirements of or the protected groups identified by the Equality Act.

Exempt information:

None of this report is exempt under the Freedom of Information Act 2000.

ANNEX A

NOMINATION COMMITTEE TERMS OF REFERENCE

1. Purpose

- 1.1. The purpose of the Committee is to provide counsel to Monitor's Board with respect to Board and Committee structure and membership. The Committee should lead the Monitor process for Board appointments, by ~~the evaluation~~evaluating of the balance of skills, knowledge and experience in existence amongst Board members.

2. Membership

- 2.1. The Committee shall comprise at least three members. A majority of the members of the Committee shall be non-executive directors.
- 2.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the Chief Executive (if not already a member of the Committee), the Executive Director of Organisation Transformation and external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.3. Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 2.4. The Board shall appoint the Committee chair, who should be either the Chairman of the Board or a non-executive director. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship. In such cases the remaining members present should elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

3. Secretary

- 3.1. The Board Secretary or their nominee shall act as the secretary of the Committee.

4. Quorum

- 4.1. The quorum necessary for the transaction of business shall be two members, both of whom must be non-executive directors. 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.

5. Frequency of Meetings

5.1. The Committee shall meet at least once a year and otherwise as required.

6. Notice of Meetings

6.1. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair.

6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, 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. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

7.1. The secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.

7.2. Draft minutes of the Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.

8. Conduct of Meetings

8.1. Except as outlined above, meetings ~~for of~~ the Committee shall be conducted in accordance with the relevant provisions of Monitor's Rules of Procedure.

9. Duties

9.1. The Committee shall:

9.1.1. Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board and the Department of Health (on behalf of the Secretary of State for Health) with regard to any changes;

9.1.2. Give full consideration to succession planning for executive directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing Monitor, and the skills and expertise needed on the Board in the future;

9.1.3. Keep under review the leadership needs of Monitor, both executive and non-executive, with a view to ensuring the continued ability of the organisation to operate effectively;

9.1.4. ~~Be responsible for identifying and nominating candidates to fill Board vacancies as and when they arise~~ Take the lead in relation to Monitor's process for Board appointments. The Committee has the following roles in relation to senior appointments at Monitor:

9.1.4.1. advising the Board on the appointment of executive Board members;

9.1.4.2. liaising with the Department of Health (on behalf of the Secretary of State for Health) on the recruitment of non-executive Board members; and

9.1.4.3. providing input to the Chief Executive's decisions to appoint members of staff who report directly to him but are not Board members.

9.1.5. Facilitate the provision of appropriate training and development opportunities for Monitor's senior executives;

9.1.6. Before any appointments are made to the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in light of this evaluation, ~~prepare comment on~~ a description of the role and capabilities required for a particular appointment; and

9.1.7. Ensure that on appointment to the Board, 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 Board meetings.

9.1.8. Review the results of the Board performance evaluation process that relate to the composition of the Board.

9.2. The Committee shall also make recommendations to the Board concerning:

9.2.1. Formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman of the Board and Chief Executive;

9.2.2. Suitable candidates for the role of senior independent director;

9.2.3. Membership of the Audit and Risk Committee and the Remuneration Committee, in consultation with the chairs of those Committees and the Chairman of the Board;

- 9.2.4. The re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 9.2.5. 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 Monitor, subject to the provisions of the law and their service contract; and
- 9.2.6. The appointment of any director to executive or other office.

10. Reporting Responsibilities

- 10.1. The Committee's chair shall report formally in writing to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. The Committee shall produce a report to be included in Monitor's annual report about its activities.

11. Other matters

- 11.1. The Committee shall:
 - 11.1.1. Have access to sufficient resources in order to carry out its duties, including access to the Board Secretary for assistance as required;
 - 11.1.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - 11.1.3. Give due consideration to relevant legislation, Treasury guidance (in Managing Public Money) and other best practice as appropriate;
 - 11.1.4. Oversee any instigation of activities which are within its terms of reference;
 - 11.1.5. Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
 - 11.1.6. Consider any other matters where requested to do so by the Board.

12. Authority

- 12.1. The Committee is authorised to obtain, at Monitor's expense, outside legal or other professional advice on any matter within its terms of reference (subject to budgets agreed by the Board).

April ~~2013~~2014 |