

TITLE	Remuneration & Appraisal (Executive) Committee Terms of Reference
EXECUTIVE SUMMARY	<p>The Terms of Reference for the committee have been updated to more accurately reflect the purpose and objectives of the committee as a sub-committee of the Board.</p> <p>The main changes are to express more clearly:</p> <ul style="list-style-type: none">- the principles of the committee- the limits to authority of the committee- the reporting duties <p>In addition it is proposed that a review of the terms of reference is changed from annually to three yearly. This is in reflection that the committee exists as a statutory requirement with a clear role, and also as the committee meets infrequently at most three to four times per year and therefore a very small number of meetings take place between each review.</p>
ASSURANCE (RISK)/ IMPLICATIONS	The review of the terms of reference is to ensure that the objective, roles and responsibilities of the committee reflect best practice and are up to date.
STAKEHOLDER/ PATIENT IMPACT AND VIEWS	Not applicable
EQUALITY AND DIVERSITY ISSUES	Not applicable
LEGAL ISSUES	The Trust is required to have a Remuneration committee to determine directors pay and terms and conditions.
The Committee is asked to:	Review the proposed changes to the terms of reference and decide on amendments.
Submitted by:	Louise McKenzie Director of Workforce Transformation
Date:	21 November 2018

Terms of Reference

Constitution

The Trust Board hereby resolves to establish a sub-Committee of the Trust Board to be known as the Remuneration Committee (the Committee).

Authority

The Remuneration Committee is authorised by the Board to consider and determine any issues relating to the remuneration and terms and conditions of the Chief Executive and Executive Directors of the Trust. It is authorised to seek any information it requires from within and outside the Trust and all employees are directed to co-operate with any request made by the Committee. The committee is accountable to the Board.

Main Purpose

The committee's main principle is to assess and approve the appropriate remuneration and terms of service for the Chief Executive, Directors and other Very Senior Managers not on national terms and conditions. This provides a formal and transparent procedure for developing policy on executive remuneration and deciding on individual remuneration packages. No director should be involved in deciding his or her own remuneration.

Supporting principles

- The committee should consult the chief executive about the remuneration and terms of service of other executive directors, but should not be present for discussions about their own remuneration.
- The Committee may seek such independent information as may be necessary to inform their decisions and is responsible for appointing any independent consultants in respect of executive director remuneration and terms and conditions.
- Where executive directors or senior management are involved in advising or supporting the remuneration committee, care should be taken to recognise and avoid conflicts of interest.

Membership

1. Senior Independent Director (Chairman)
2. Non Executive Director
3. Non Executive Director
4. Trust Chairman

In Attendance

5. Chief Executive
6. Director of Workforce Transformation
7. Assistant Director of HR, Corporate Services (Secretary to the Committee)

Additional members will be co-opted as required for the purpose of providing advice and/or clarification to the Committee.

Attendance

Attendance at meetings is essential. In exceptional circumstances when a member cannot attend they must arrange for a fully briefed deputy of sufficient seniority to attend on their behalf. Members will be required to attend as a minimum 75% of the meetings per financial year.

The quorum necessary for the transaction of business shall be 3 members of whom at least one must be the chair of the Remuneration Committee. The Chief Executive and the Director of Workforce Transformation will normally attend, withdrawing as appropriate when matters affecting their own performance and remuneration are being discussed. 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 invested in, or exercisable, by the Committee.

Frequency and Conduct

The Committee will meet a minimum three times a year and more frequently if necessary. Items for the agenda should be submitted to the Secretary a minimum of 10 working days prior to the meeting.

Membership and terms of reference may only be changed with the approval of the Trust Board and will be reviewed and agreed with the terms of reference.

Duties

- To provide essential assurance to the Board with regard to the compliance with regulatory authorities and legal requirements.

Limits to authority include:

- The Committee has delegated authority to determine the remuneration and terms of service of the Chief Executive and Executive Directors reporting their decisions to the Board
- Any other matter in regard to the Executive Directors may be referred to the committee and presented to the Trust Board for ratification.
- The appointment of executive directors, including roles, recruitment, selection and changes to roles and responsibilities is determined by the Nominations & Appointments sub-Committee of the Board.
- The remuneration and terms of service of Non Executive Directors is determined by a sub-committee of the Council of Governors

Key Responsibilities

The objectives of the Committee are as follows:

- To determine for the Chief Executive and Executive Directors
 - the remuneration and terms of service including any performance-related elements and bonuses,
 - provision for other benefits, including pensions and cars
 - arrangements for termination of employment
- to ensure they are fairly rewarded for their individual contribution to the organisation and performance, having proper regard to the organisation's circumstances and performance and to the provisions of any national arrangements and guidance where appropriate.
- To determine termination and related arrangements for the Chief Executive and Executive Directors to ensure they are fairly treated and the Trust's position is protected and taking account of any national guidance where appropriate.

- Advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments and any other payments or arrangements taking account of such national guidance as is appropriate;
- Monitor the performance of the Chief Executive under advice from the Chairman, and of the Executive Directors under advice of the Chief Executive including receipt of reports of annual appraisals, and have sight of objectives at the start of year and performance against objectives at end of the year and that should feed into decisions about remuneration level;
- Through the Director of Workforce Transformation to receive reports on competitive salary conditions, appropriateness and relativity of remuneration packages, terms of employment and make available independent advice where appropriate;
- To review the terms of reference every three years or as required.

Management

When considering executive pay, the Remuneration Committee may wish to take account of the following when developing remuneration packages:

- Details of the responsibilities of the individual posts and their accountabilities for meeting objectives of the organisation
- A means of assessing the comparative job 'weight' e.g. by job evaluation
- Comparative salary information from NHS Foundation Trusts, other public sector organisations and other industrial and service organisations, including consultation with neighbouring NHS bodies;

The Committee must comply with current disclosure requirements for remuneration

The committee should be mindful that

- remuneration packages should enable people of appropriately high ability to be recruited, retained and motivated – within levels of affordability;
- the Trust is a Foundation Trust however it is an NHS organisation, and a public sector body and any expenditure of public funds, including the pay of their workforce, must be publicly defensible and subject to audit;

Reporting and Monitoring Responsibilities

The actions taken will be recorded in the committee minutes, which will be copied to all members of the committee and named attendees. The committee will report in writing to the Board by submission of the committee minutes (sensitive confidential information will be redacted) presented by the chair of the Committee.

The chair of the Committee shall draw to the attention of the Remuneration Committee any issues that require disclosure to the Committee or require executive action; the speed of communication should be proportionate to the seriousness and likely impact of the issue.

Chair

A Non-Executive Director shall act as the chair of the Committee. This will be the Senior Independent Director.

Secretary

The Assistant Director of HR, Corporate Services will act as Secretary to the Committee and provide advice on remuneration and terms of service, including benchmarked information as required.

Permanency

This is a permanent committee

Papers

Papers to be circulated 5 -7 days in advance of meetings

Approval

Remuneration Committee Review Date 28 November 2018

Committee Approval Date: 28 November 2018

Trust Board approval date *to be confirmed*

Next review date: 28 November 2021