Ashford and St. Peter's Hospitals NHS
NHS Trust

COUNCIL OF GOVERNORS
1st December 2010

TITLE	**Remuneration and Appraisal Committee (Non Executive Directors)**
EXECUTIVE SUMMARY	Schedule 7 of the NHS Act 2006 gives the Council of Governors the following specific powers: ▪ It is for the Council of Governors at a general meeting to decide the remuneration and allowances, and the other terms and conditions of office, of the non-executive directors. Initial terms of reference for a Remuneration and Appraisal Committee are attached.
The Council is asked to:	Agree the initial Terms of Reference and consider the membership of the Committee.
Submitted by:	Raj Bhamber Director of Workforce and Organisational Development
Date:	23rd November 2010
Decision:	For Approval

COUNCIL OF GOVERNORS
1st December 2010

Remuneration and Appraisal Committee (Non-Executive Directors)

1 Background

The Board is responsible for the remuneration of Executive Directors.

The full Council decide the remuneration and terms and conditions of the Non Executive Directors at a general meeting.

Initial Terms of Reference for the **Remuneration and Appraisal Committee** have been prepared and are attached.

The Committee will be appointed by the Council and shall consist of 5 members.

- The Lead Governor
- Four Governors, comprised as follows:
    - Two public governors (no more than one from any constituency)
    - One staff governor
    - One appointed governor

Only members of the Committee will attend Committee meetings.

The Chief Executive and the Director of Workforce and Organisational Development will be in attendance to advise the Committee.

Membership of the Remuneration and Appraisal Committee excludes a Governor from membership of the Nominations and Appointments Committee of the Council.

2 NEXT STEPS

The Council of Governors will determine the terms and conditions applying to Non Executive Directors. The Constitution (Para 30.3) allows for the terms and conditions of the applicant Trust to apply until the Council establish the Remuneration and Appraisal Committee.

The responsibility of the Board changes upon authorisation and during 2011 the Council of Governors will need to undertake a review of the terms and conditions of the Non Executive Directors. This needs to be done in support of the appointment of new Non Executive Directors.

3 RECOMMENDATION

As the Council is in the early stages of formation it is recommended:

1. That the initial Terms of Reference are agreed for a one-year period. Over the first year the Committee will review the Terms of Reference

and make recommendations to the Council in respect of their renewal or updating.

2. That membership of the Committee is also for a one-year period in the first instance. It is unlikely that a lead governor will be appointed until the Council has become more established, so an additional Governor could be added in place of the Lead Governor.

3. That Governors who are interested in serving on the Committee in the first year should express an interest to the Director of Workforce and Organisational Development.

4. The Director of Workforce and Organisational Development will then set up the Committee in the New Year and advise on next steps.

Remuneration and Appraisal Committee of the Council of Governors
Terms of Reference

1 Constitution

The Council of Governors hereby resolves to establish a sub-committee to be known as the **Remuneration and Appraisal** Committee**.**

2 Authority

The Committee is authorised by the Council of Governors to undertake any activity within its Terms of Reference and report back to the Council of Governors which is the body with statutory responsibility for the formal decision in accordance with the NHS Act 2006.

The Committee has no formal powers, other than those specifically delegated in these Terms of Reference.

The Remuneration and Appraisal Committee will act in accordance with Monitor's Code of Governance and current best practice.

3 Duties

The Remuneration and Appraisal Committee will make recommendations to the Council of Governors concerning the remuneration and terms of appointment of any Non-Executive Director.

On behalf of the Council of Governors the Committee will:

3.1.1 Develop, seeking advice and recommendations of the Chief Executive and Director of Workforce and Organisational Development, mechanisms to ensure that the Committee and the Council in general is informed of the up to date position on Non-Executive Director remuneration in the public and private sectors, in particular the practice in Foundation Trusts.

3.1.2 Recommend the overall remuneration and terms of service policy for the Non-Executive Directors, seeking the advice of the Chief Executive and Director of Workforce and Organisational Development on all recommendations.

3.1.3 Recommend levels and terms of service for individual Non-Executive Directors.

3.1.4 Produce an annual work plan, for the Council of Governors, setting out the priorities of the Committee for the coming year.

3.1.5 Agree the process for the evaluation/appraisal of the Chairman and Non-Executive Directors with the Chairman and Non Executives. This will take account of the desirability of using the Senior Independent Director in an evaluation of the Chairman.

3.1.6 Report to the Council of Governors that the appraisal process of the Non-Executive

Directors has been completed successfully having first reviewed and considered a report on Non-Executive Directors' performance against pre-defined objectives that support the delivery of the Trust's forward plan from the Chairman.

4 Membership

The Committee will be appointed by the Council and shall consist of 5 members.

- The Lead Governor
- Four Governors, comprised as follows:
    - Two public governors (no more than one from any constituency)
    - One staff governor
    - One appointed governor

Only members of the Committee as detailed above will attend Committee meetings.

The Chief Executive and the Director of Workforce and Organisational Development will be in attendance to advise the Committee.

The Trust secretary (acting as secretary to the Committee) will be in attendance.

The Committee may seek the advice of external advisors when determining the remuneration policy for Non-Executive Directors (the latter will not be a member or have a vote on the Committee). On behalf of the Council, the Committee should consult external advisors to market test the remuneration levels of the Chairman and other Non-Executive Directors when they intend to make a material change to the remuneration of a Non-Executive Director.

Membership of the Remuneration and Appraisal Committee excludes a Governor from membership of the Nominations and Appointments Committee of the Council.

Appointments to the Committee will be for a period of up to three years, which may be extended for one further one-year period. The Governors will be appointed by the Council of Governors.

Chair

The Committee Chairman will be the Lead Governor.

5 Attendance

Deputies will not be permitted.

Members are required to attend at least 50% of any meetings held in the year.

6 Quorum

The quorum necessary for the transaction of business shall be four members, which must as a minimum consist of:

- The Lead Governor.
- Two public governors.
- One governor from either the staff or appointed governor group.

7 Frequency and Conduct

The Committee shall meet at least annually or when three or more members of the Committee make a formal request and as required to fulfil its duties.

8 Secretary

The Committee will be supported administratively by the Trust Board Secretary.

Papers will be circulated 1 week in advance of meetings

Minutes of Committee meetings will be circulated promptly to all members of the Committee and will be presented to the next formal meeting of the Council.

9 Reporting lines

The Committee will make a recommendation on the terms and conditions, including remuneration and allowances, of the role of Non-Executive Director to the full Council for decision.

10 Monitoring

The Committee will, at least once a year, review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Council of Governors for approval.

November 2010