Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

COUNCIL OF GOVERNORS
4th March 2014

TITLE	**Remuneration and Appraisal Committee: Review of the Year and Review of Terms of Reference**
EXECUTIVE SUMMARY	The Council of Governors has previously agreed to establish and operate a Remuneration and Appraisal Committee in accordance with Schedule 7 of the NHS Act 2006 which gives the Council of Governors the following specific power: 'It is for the Board 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'. The Annual Report from the Committee is attached. The Terms of Reference have not been revised since approval by the Council of Governors in December 2012.
The Council is asked to:	Note the Annual Report; approve the Terms of Reference and on-going membership of the Committee.
Submitted by:	David Frank, Lead Governor, Public Governor for Surrey Health.
Date:	February 2014
Decision:	For Approval

Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

Remuneration and Appraisal Committee

Annual Review: 2013

1 Introduction

The Committee was established by the Council of Governors on 1st December 2010 in order to provide the Council of Governors with recommendations concerning:

- the remuneration and terms of appointment of any Non-Executive Director; and
- the process for the evaluation/appraisal of the Chairman and Non-Executive Directors.

2 Meetings

Meetings of the Committee were held on the following dates during the second year of the Trust's authorisation:

9th April 2013
23rd July 2013
20th December 2013

3 Membership and attendance

The membership of the Remuneration and Appraisal Committee over the year is set out below along with the number of meetings attended. The Terms of Reference note that the quorum necessary for the transaction of business is three members being the Lead Governor, one Public and one Appointed or Staff Governor. Each meeting in the year was quorate.

Name	Constituency	Meetings Attended
David Frank (Chair)	Public Governor – Surrey Heath	3 of 3
Margaret Lenton	Public Governor – Windsor and Maidenhead	2 of 3
Michele Low*	Public Governor – Hounslow	2 of 2
Barbara Mogensen**	Public Governor – Elmbridge	1 of 1
Hugh Meares	Appointed Governor – Runnymede	2 of 3
Paul Wills	Staff Governor	3 of 3

*Michele Low's term as a Governor ended on 30th November 2013.
**Barbara Mogensen was elected as a Public Governor from 1st December 2013 and joined the Committee from this date.

4 Progress/Achievements

During the year the Committee has discussed and where appropriate made recommendations to the Council of Governors on :-

- The remuneration for the Chairman and Non-Executive Directors;
- The appraisal process for the Chairman and Non-Executive Directors;
- The full year appraisal of the Chairman;
- The full year appraisal for the Non-Executive Directors; and
- Part year appraisals of those Non-Executive Directors seeking re-appointment.

5 Review of Terms of Reference

No changes have been recommended to the Terms approved by the Council of Governors in December 2012.

6 Recommendation

Note the Annual Report; approve the Terms of Reference and on-going membership of the Committee.

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 other 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.

<u>Chair</u>

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 three members, which must as a minimum consist of:

- The Lead Governor;
- One public governor in addition to the Lead Governor; and
- 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.

February 2014