

**APPENDIX 2 – PROPOSED REVISED TERMS OF REFERENCE FOR 2019/2020**

**REMUNERATION COMMITTEE**

TITLE	REMUNERATION COMMITTEE	REVIEWED BY
Date Approved	Reason for Revision	Trust Executive Group 041217
25.02.14	Update following COMMITTEE	IB
30.06.2015	Reviewed by COMMITTEE. No amendments made	IB
28.07.15	No substantive amendments Approved by Trust Board	RBa/AA
31.01.17	No substantive amendments Approved by Board of Directors	RBa/AA
10.08.17	RTSC Committee agreed subject to inclusion of definition of 'virtual meeting' (see 4.6.1)	KL/AA
31.08.17	Substantially rewritten to accord with the Board's delegated authority to RTSC Approved by Board of Directors	KL/AA
27.03.18	Approved by Board of Directors including: <ul style="list-style-type: none"> <li>i. Change of Committee title</li> <li>ii. VSM definition clarified (Sec 1.)</li> <li>iii. Add CEO to attendees (Sec 4.2)</li> <li>iv. Remove annually review the size, composition, skills etc of the Board as these are Chairman's responsibility (Sec 6.2(a))</li> <li>v. 'succession planning' replace with 'talent management' ((Sec 6.2(b))</li> </ul>	KL/AA
28.02.19	Section 2: Title of Committee reflected in TOR. Section 3: Update to state a written report will be submitted to private board outlining deliberations and decisions, rather than minutes, in order to maintain confidentiality/reference to individuals. Change also made in 8.1, 9.1d (under Head of Corporate affairs) and 11.3 to reflect same. 5.2 removed as repetition on reporting arrangements.	CB

	<p>Reference to Trust Secretary replaced with Head of Corporate Affairs to reflect change to job title/role.</p> <p>6.2 a) replaced with 6.2 d) to reflect Committees role in ensuring succession planning.</p> <p>8.2 – amended to reflect submission to private Board</p> <p>Section 11. Monitoring and review has been updated to reflect consistency with other Committees monitoring arrangements through Board.</p>	
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Author: Director of Workforce and Organisational Development  
Board Approved: 27 March 2018  
Date of Next Review: March 2019

DRAFT

## **REMUNERATION COMMITTEE**

### **1. PURPOSE**

The Remuneration Committee [the Committee] is constituted as a standing committee of the Board of Directors. Its Constitution and Terms of Reference have been established in line with the Codes of Conduct and Accountability [EL (94) 40] and the Trust's Standing Orders and Standing Financial Instructions as set out below.

The Committee is authorised by the Board of Directors [the Board] to act within its Terms of Reference. All members of staff are directed to co-operate with any request made by the Committee.

The Board is accountable for all decisions on remuneration and terms of service for the Trust's Very Senior Managers (VSMs) for which it has delegated decision making to this Committee.

VSMs are defined as the:

- i. Chief Executive Officer;
- ii. Executive Directors, i.e. those with voting rights;
- iii. other Directors reporting directly to the Chief Executive (non-voting);
- iv. interim Directors reporting directly to the Chief Executive (whether voting or not);
- v. any other manager(s) not covered by Agenda for Change Pay Terms and Conditions whose remuneration is broadly in line with VSM, howsoever procured, contracted, hired or otherwise engaged to provide services to the Trust.

The Committee is authorised by the Board to instruct professional advisors and request the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary for or expedient to the exercise of its functions.

The Committee is authorised to obtain such internal information as is necessary and expedient to the fulfilment of its functions.

### **2. CONSTITUTION**

The Board hereby resolves to establish a committee of the Board to be known as the Remuneration Committee [the Committee]. The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in these Terms of Reference.

### **3. RELATIONSHIPS**

The Committee will provide a written report to the Board (private session) at least x2 per annum on the Committee's meetings which will record the basis of deliberations and decisions. The Board will remain accountable for the decisions made. The minutes of the Board will reflect that it has received an update from the Committee and noted the decisions and recommendations of the Committee.

## **4. MEMBERSHIP AND QUORUM**

4.1 The Committee will comprise:

- The Chairman of the Board of Directors; and
- All the Non-Executive Board members.

4.2 The Chief Executive will be in attendance at the Committee save for items in which they are conflicted in which case they will withdraw from the meeting and have no further participation for a relevant item(s).

4.3 The Committee will be supported by:

- The Director of Workforce and Organisational Development (or their Deputy); and
- The Head of Corporate Affairs

These officers will service the Committee and provide specialist advice and information for the Committee to make their decisions.

4.4 The composition of the Committee will be reported in the Trust's Annual Report.

4.5 The Committee will be quorate when any three of the voting members of the Committee are present.

4.6 Should a vote be taken on any item the Chair of the Committee will have a second vote if the number of votes cast for and against the proposition is equal.

4.7 Exceptionally at the discretion of the Chair, a 'virtual' meeting would take place to deal with urgent business.

*4.7.1 A virtual meeting is defined as one where voting members, or their nominated deputy, of the Committee must be either in attendance or able to participate by using video, telephone, web link or other live and uninterrupted conferencing facilities.*

4.8 The Chair of the Committee and one of the other members, in consultation together, may also act on urgent matters arising between meetings of the Committee.

## **5. AUTHORISATION**

5.1 The Board has delegated powers to the Committee to receive and approve VSM nominations for appointment, approve appropriate remuneration and terms of service for VSMs and monitor performance of the Chief Executive, Executive Directors and other Directors reporting directly to the Chief Executive.

5.2 The Committee is authorised by the Board to instruct professional advisors and request the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary for or expedient to the exercise of its functions.

- 5.3 The Committee is authorised to obtain such internal information as is necessary and expedient to the fulfilment of its functions.

## **6. RESPONSIBILITIES**

*The remuneration and terms of service for posts not specified within these Terms of Reference will remain the operational responsibility of the Chief Executive and the Board's Executive Directors.*

*The remuneration and terms of appointment of the Chairman and Non-Executive Directors are not within the remit of this Committee but are determined by the Secretary of State for Health delegated as appropriate to the NHS Improvement Agency.*

- 6.1 The role of the Committee is to review and approve VSM:

- Nominations
- Remuneration
- Performance

### **6.2 Nominations**

The duties of the Committee are categorised as follows:

- a. Before a VSM appointment is made, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation, receive assurance of the appropriate description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall direct, as appropriate the use of open advertising or the services of external advisers to facilitate the search, consider candidates from a wide range of backgrounds, and consider candidates on merit against objective criteria.
- b. Approve VSM nominations for appointment and that appropriate approval of the NHS Improvement Agency (NHSI) is sought where necessary.
- c. Approve for new appointments, VSM remuneration and terms of service including salary package (including vehicles and other financial benefits), and that appropriate approval of the NHSI is sought where necessary.
- d. As appropriate give full consideration to succession planning to ensure continuity in the executive team, including the chief Executive, taking into account the challenges and opportunities facing the Trust and the skills and expertise particularly needed on the Board in the future.

### **6.3 Remuneration**

The duties of the Committee are broadly:

- a. To consider relevant benchmarking, policy and guidance about appropriate remuneration and terms of service for VSMs and make decisions on remuneration packages including vehicles and other financial benefits as

appropriate to the Trust context.

- b. The Committee will also make decisions on any residual local pay arrangements covered by national terms.

The duties of the Committee are categorised as follows:

- a. **Determining basic salaries**

On an annual basis, to ensure that the appropriate salary is applied for the VSMs and that appropriate approval of the NHSI is sought where necessary.

- b. **Contractual arrangements**

To ensure the appropriate contractual arrangements in respect of the VSMs and that appropriate approval of the NHSI is sought where necessary.

- c. **Development pay for Executive Directors**

To ensure any development pay for newly appointed VSMs is in place through a robust business case and that appropriate approval of the NHSI is sought where necessary.

- d. **Performance rewards scheme**

To review applications for any performance rewards scheme for VSMs and that appropriate approval of the NHSI is sought where necessary.

- e. **Local contracts**

To make recommendations on pay awards for any staff who remain on local contracts.

- f. **Exit schemes and extra contractual payments**

- i. To have strategic oversight of exit schemes and appropriate approval of the NHSI is sought where necessary;
- ii. To agree extra contractual payments, taking account of national guidance and ensuring that there are robust supporting business cases and appropriate approval of the NHSI where necessary.

- g. **Severance payments**

To consider and recommend to the NHSI for approval of any severance payment for the VSMs and for other staff any contractual severance payment of £100k or more.

- h. **Other remuneration issues**

To make decisions on remuneration issues where a variation in pay, terms and conditions is required in regard to pay terms and conditions, such as Clinical Excellence.

#### 6.4 **Performance**

The duties of the Committee are categorised as follows:

- a. Approve the Chief Executive, Executive Directors' and other Directors

reporting directly to the Chief Executive, annual objectives and a personal development plan (PDP) *before the end of Quarter 1 of each financial year.*

- b. Approve the Chief Executive, Executive Directors and other Directors reporting directly to the Chief Executive, *mid-year* review of performance against delivery of their objectives and PDP.
- c. Approve the Chief Executive, Executive Directors and other Directors reporting directly to the Chief Executive, *end-of-year* review of performance against delivery of their objectives and PDP.
- d. Approve any matter relating to the continuation in office of any VSM including the suspension or termination of service of an individual.
- e. Deliver an annual review to the Board, of the Chief Executive, Executive Directors and other Directors reporting directly to the Chief Executive of their remuneration, package and terms and conditions based on NHSI Guidance on pay for VSMs, relevant benchmarking information, and delivery of personal objectives including quality and financial sustainability.
- f. Review and receive assurance from the Director of Workforce and Organisational Development regarding process and value for money in relation to *all* Trust proposals for redundancy and the mutually agreed retirement scheme (MARS) involving any member of staff of the Trust.

## 7. ATTENDANCE

- 7.1 The Chair will preside at all meetings. In extraordinary circumstances where the Chair cannot attend, the Chair will nominate one of the other Non-Executive Directors (NEDs) to act as Vice Chair.
- 7.2 If any member has a pecuniary interest in any matter and is present at the meeting at which the matter is under discussion, (s) he will declare that interest as early possible and shall not participate in the discussions. The Chair will have the power to request that member to withdraw until the Committee's consideration has been completed.
- 7.3 Apologies must be received by the Chair in advance of the meetings. All members will be required to attend **a minimum** of two thirds of all meetings held annually.
- 7.4 The Committee may invite YAS' Officers to attend. Further attendees may be invited to contribute to key business as required. These officers and additional attendees will not have voting rights.
- 7.5 The Chief Executive and any other manager acting in an advisory capacity should not be present for discussions about their own remuneration or terms of service without the prior agreement of the Committee, which will be recorded in the Minutes, but may attend meetings to support other items.
- 7.6 Meetings shall be held regularly in line with the Committee's annual

workplan with an expectation of a minimum of two meetings a year. Additional meetings may be called at the Chair's discretion.

7.7 Exceptionally at the discretion of the Chair, a virtual meeting would take place to deal with urgent business.

7.8 The Chair of the Committee and one of the other members, in consultation together, may also act on urgent matters arising between meetings of the Committee.

## **8. REPORTING**

8.1 The Committee provide a written report to the Board in its private session at least x2 per annum recording its deliberations and decisions.

8.2 The Committee will produce an annual report, an annual self-assessment against its Terms of Reference and Workplan and submit these to these to the Board (in private session) for assurance.

## **9. ADMINISTRATION**

9.1 The Committee will receive appropriate administrative support as follows:

### **The Director of Workforce and OD will:**

- a) develop with the Chair the Committee's annual workplan;
- b) prepare with the Chair the agenda, and circulate the agenda and papers to members;
- c) maintain accurate records of attendance;
- d) issue necessary action logs within ten working days of the meeting;
- e) maintain a database of any documents discussed and / or approved and recall them to the Committee when due;
- f) organise future meetings;
- g) file and maintain records of the work of the Committee; and
- h) advise the Committee on pertinent areas.
- i) working with the Chair of the Committee and Head of Corporate Affairs review the TOR and undertake an annual self-assessment of the Committee for submission to the Committee for review

### **The Head of Corporate Affairs will ensure appropriate support from the Executive administrative team to:**

- a) draft minutes for circulation to the Chair within five working days of the meeting;
- b) maintain accurate records of key discussion points and decisions taken;
- c) follow up necessary points on the action log before the next meeting of the Committee.
- d) Ensure at least x2 per annum that a written report is submitted to private board recording deliberations and decisions of the Committee.

## **10. FREQUENCY**

10.1 The Committee will meet not less than two times per annum and more frequently at the discretion of the Chair.



## **11. MONITORING AND REVIEW**

- 11.1 The Committee will review its compliance with these terms of reference through its annual report to the Board and annual self-evaluation.
- 11.2 The Terms of Reference of the Committee will be reviewed by the Committee and submitted for approval by the Board (in private session) at least annually.

Author:	Director of Workforce and Organisational Development
Board Approved:	27 March 2019
Date of Next Review:	March 2020

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