

**Trust Board Meeting: Wednesday 10 July 2013**

**TB2013.93**

<b>Title</b>	<b>Annual Report from the Remuneration and Appointments Committee</b>
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<b>Status</b>	<p>A paper for information and agreement:</p> <ol style="list-style-type: none"> <li>1. An outline of the activities of the Remuneration and Appointments Committee during 2012-2013 and in the first quarter of 2013-2014 for noting</li> <li>2. Revised terms of reference for the Committee for agreement.</li> </ol>
<b>History</b>	This is a regular, annual report to Trust Board.

<b>Board Lead(s)</b>	Chairman of the Remuneration and Appointments Committee			
<b>Key purpose</b>	Strategy	<b>Assurance</b>	Policy	Performance

## Annual Report from the Remuneration and Appointments Committee

### 1. Introduction

- 1.1. The purpose of this paper is to inform the Trust Board on the key issues considered by the Remuneration and Appointments (R&A) Committee during 2012-2013 and in the first quarter of 2013-2014.
- 1.2. The paper also includes revised terms of reference for the R&A Committee for Trust Board consideration and approval.

### 2. Background

- 2.1. The R&A Committee is a Sub-Committee of the Trust Board. It is responsible for determining the policy on Executive Director remuneration, approving contracts of employment for Executives and agreeing the arrangements for termination of contracts.
- 2.2. Membership of the Committee is limited to the Chairman and Non-Executive Directors. The Director of Workforce provides secretariat support and is in attendance at the discretion of the Committee Chairman.

### 3. Overview

#### 3.1. Dates of meetings

- 3.1.1. During 2012-2013 the Committee met three times:
  - 3.1.1.1. 3 May 2012
  - 3.1.1.2. 19 July 2012
  - 3.1.1.3. 9 January 2013
- 3.1.2. In the first quarter of 2013-2014 the Committee has met twice:
  - 3.1.2.1. 10 May 2013
  - 3.1.2.2. 12 June 2013

#### 3.2. Key activities

- 3.2.1. The key issues considered by the Committee during the period were:
  - 3.2.1.1. Development of a Corporate Scorecard as the basis of Executive objectives
  - 3.2.1.2. Executive performance
  - 3.2.1.3. Executive remuneration arrangements
  - 3.2.1.4. Executive Performance Related Pay (PRP) Scheme
  - 3.2.1.5. Performance Appraisal for Executives
  - 3.2.1.6. Remuneration Report – Annual Report and Accounts
  - 3.2.1.7. A revised terms of reference, please see 3.3 below
  - 3.2.1.8. NHS Trust Development Agency Guidance for Trusts on processes for making severance payments
- 3.2.2. Executive Director remuneration arrangements are disclosed in the Annual Report and Accounts. Information for 2011-2012 is available

on the OUH intranet site. Details for 2012-2013 will be published shortly.

**3.3. Terms of reference**

- 3.3.1. As part of the overall review of Board Sub-Committees, the terms of reference for the R&A Committee were reviewed and agreed at the meeting on 12 June 2013.
- 3.3.2. The proposed changes are primarily to reflect the new governance requirements of the Trust Development Agency in respect of agreeing severance payments. The changes also include clarification of the remit of the R&A Committee for Executive Director remuneration in light of recent changes to the Board constitution.
- 3.3.3. The terms of reference are attached at Appendix A.

**3.4. Date of next meeting**

- 3.4.1. The date of the next meeting is 27 November 2013.

**4. Conclusion**

- 4.1. Trust Board is invited to:
  - 4.1.1. Note the activities of the Committee
  - 4.1.2. Agree the revised terms of reference

**Professor Sir John Bell**  
**Chairman of the Committee**  
**July 2013**

## TERMS OF REFERENCE

### Remuneration and Appointments Committee

#### 1. Authority

The Remuneration and Appointments (R&A) Committee is constituted as a Standing Committee of the Trust Board. Its constitution and terms of reference shall be as follows, subject to amendment at future meetings of the Trust Board.

The Committee is authorised by the Trust Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Trust Board to request the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary.

#### 2. Purpose of Committee

The R&A Committee is responsible for determining the policy on Executive Director remuneration, approving contracts of employment for Executives and agreeing arrangements for termination of contracts, **including severance payments.**

**Executive Directors shall include all Directors accountable to the Chief Executive and the Chief Executive.**

**The R&A Committee is also responsible for approving severance payments to all staff made on the termination of employment with the Trust.**

#### 3. Responsibilities and Duties

The Committee shall:

- Have delegated authority to determine the policy and management of Executive Director remuneration, including base pay, variable pay contingent on performance, contracts and terms of service, termination arrangements and pensions, ensuring they are fairly rewarded for their individual contribution to the organisation – having proper regard to the organisation's circumstances and performance, and to the provisions of any national agreements where appropriate.
- Determine remuneration for Executive Directors, review and agree:
  - overall market positioning of the remuneration package;
  - individual base salaries and increases;
  - relevant targets for performance related schemes.
- Ensure that the right performance management arrangements are in place for Executive Directors and work with the Chief Executive to relate performance judgements to pay.

- Approve the contract of employment for each Executive Director, including termination arrangements.
- **Scrutinise and agree severance terms for the termination of a contract of employment giving due regard to Treasury requirements and ensuring compliance with the NHS Trust Development Authority (TDA) guidance for NHS Trusts on processes for making severance payments.**

In determining remuneration policy and packages for Executive Directors, the Committee shall have regard to the Trust's overarching reward and benefit strategy for all staff, the arrangements in the wider NHS and any extant guidance from the TDA and HM Treasury.

The Committee shall undertake any other duties as directed by the Board.

#### **4. Membership**

Full membership of the Committee is limited to the Chairman and Non-executive Directors. The Chairman of the Committee shall be elected by the Committee.

#### **5. Attendance and Quorum**

The Chief Executive should normally be in attendance except when issues regarding their own remuneration are discussed.

All members must attend at least 50% of the meetings held in any 12 month period.

#### **6. Quorum**

The quorum shall be three Committee members, one of whom should be the Committee Chairman.

#### **7. Meetings**

Meetings of the R&A Committee shall be held as necessary but not less than twice a year and at such other times as the Chairman of the Committee shall require.

#### **8. Reporting Arrangements**

The minutes of all meetings shall be formally recorded and **an annual report** will be provided to the Trust Board by the Chairman of the Committee.

#### **9. Administration**

The Committee shall be supported by the Director of Workforce, in attendance for meetings except when issues regarding their own salary are discussed.

June 2013