

Trust Board Meeting: Wednesday 11 September 2019

TB2019.99

Title	Revised Terms of Reference for the Remuneration and Appointments Committee
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Status	For agreement
History	

Board Lead	Ms Paula Hay-Plumb, Chair of Remuneration and Appointments Committee			
Key purpose	Strategy	Assurance	Policy	Performance

Executive Summary

1. The purpose of this paper is to request Board approval for revised Terms of Reference for the Remuneration and Appointments Committee, following a review by the Committee.
2. The report identifies the areas where amendments have been made.
3. Recommendations:
 - (i) The Board is asked to approve the revised Terms of Reference for the Remuneration and Appointments Committee.

Revised Terms of Reference for the Remuneration and Appointments Committee

1. Introduction and Background

- 1.1 This paper sets out revised Terms of Reference for the Remuneration and Appointments Committee, following a review by the Committee.
- 1.2 The Remuneration and Appointments Committee reviewed the Terms of Reference for the Committee at their meeting on 30 July and agreed a number of amendments, subject to Board approval.
- 1.3 The revised Terms of Reference are attached at **Appendix 1**.

2. Amendments

- 2.1 The key amendments are as follows and the paragraphs where changes have been made are shown in red in **Appendix 1**:
 - 2.1.1 The scope of responsibility for remuneration and agreeing contractual arrangements has been extended from the Chief Executive and Executive Directors to include the Divisional Directors and all staff on Very Senior Manager (VSM) contracts as remuneration for these very senior staff was not otherwise covered elsewhere. All other groups of staff are covered by national contractual arrangements i.e. Agenda for Change or Medical and Dental Staff terms and conditions. This applies to ToR Paras 2.1.1, 2.1.2, 6.1.1, 6.1.2, 6.10 and all other paragraphs referencing 6.1.1.
 - 2.1.2 The change relating to VSMS applies to remuneration and not to agreeing contracts, objective-setting or monitoring of performance for VSM staff. The change relating to Divisional Directors applies to remuneration, contracts and performance (see para 2.1.8 below).
 - 2.1.3 The Committee's approval for severance payments continues to apply to all such payments to the Chief Executive and Executive Directors, to which the Divisional Directors have been added. This clause is amended for any other staff, where approval will only need to be sought for payments which are £100,000 or above (ToR Para 2.1.3), whereas currently all severance payments are approved for all staff. The rationale for this change is to ease the process and speed of decision-making in these cases, particularly where there is a need for such decisions to be taken urgently.
 - 2.1.4 A clause has been added at ToR Para 2.3 requiring an annual report on all staff paid or appointed during the year at salaries of £100,000 or above.
 - 2.1.5 It has been clarified that reports on all of the severance payments made (ToR Para 2.2) will be presented *annually* to the Committee.

- 2.1.6 The quorum has been amended so that the Chair or Vice-Chair has to be one of the three members for a quorum to be established.
- 2.1.7 A further paragraph (ToR Para 4.3) has been added relating to circumstances in which decisions may be made by email. This clause states that decisions should, where possible, be made at properly constituted meetings of the Committee but, on occasion, it may be necessary to make decisions outside of the Committee by email. In these circumstances, agreement needs to be reached on the item by 70% of Committee members, including both the Committee Chair and Vice-Chair.
- 2.1.8 The Committee's objective-setting and performance management arrangements have been extended to include Divisional Directors in addition to the Chief Executive and Executive Directors (ToR Para 6.1.5 and 6.1.6).
- 2.1.9 A point has been added in relation to the Committee having responsibility for succession planning and skills assessment for those groups within its remit (ToR Para 6.1.7).
- 2.1.10 A point has been added in terms of assessing relativities between the salaries of those within the Committee's remit and those on national contracts i.e. Agenda for Change and Medical and Dental terms and conditions (ToR Para 6.1.8).
- 2.1.11 A point has been added in relation to monitoring the effectiveness of action to address equity and equality, including the gender pay gap (ToR Paras 2.4, 6.1.9).

3. Recommendations

- 3.1 The Board is asked to approve the revised Terms of Reference for the Remuneration and Appointments Committee.

Ms Paula Hay-Plumb
Chair, Remuneration and Appointments Committee

Report drafted by:
Sue Miller, External Workforce Consultant

Appendix 1

Remuneration and Appointments Committee

Terms of Reference

1. Authority

- 1.1. The Remuneration and Appointments Committee (the R&A Committee) is constituted as a standing committee of the Trust Board. The Committee is a Non-Executive Committee and has no executive powers, other than those specifically delegated in these Terms of Reference. The Terms of Reference can only be amended with the approval of the Trust Board.
- 1.2. 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.
- 1.3. The Committee is authorised by the Trust Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experiences and expertise if it considers this necessary.

2. Purpose of the Committee

- 2.1. The Committee is responsible for:
 - 2.1.1. Determining the policy on remuneration for the Chief Executive, Executive Directors (which are defined as Board members); **Divisional Directors; and all other VSMs who are not covered by Agenda for Change or Medical and Dental Terms and Conditions.**
 - 2.1.2. Approving contracts of employment for the Chief Executive, Executive Directors (which are defined as Board members); **and Divisional Directors.**
 - 2.1.3. **Agreeing arrangements for termination of contracts, including severance payments at or above £100,000 paid to any member of staff.**
- 2.2. The Committee should be informed **annually** of any and all severance payments to all staff made on the termination of employment with the Trust.
- 2.3. **The Committee should be informed annually of all existing staff and all new appointments made by the Trust where remuneration exceeds £100,000.**
- 2.4. **The Committee will also play a role in monitoring the effectiveness of action to address the gender pay gap across the Trust.**

3. Membership

3.1. Full membership of the Committee is limited to the Chair and voting Non-Executive Directors of the Trust. The Chair and Vice Chair of the Committee shall be elected by the Committee.

4. Attendance and Quorum

4.1. The quorum for any meeting of the Committee shall be attendance of a minimum of three members, one of whom should be the Committee Chair or Committee Vice-Chair.

4.2. It is expected that all members will attend at least three quarters of all meetings per financial year. An attendance record will be held for each meeting and an annual register of attendance will be published.

4.3. Every effort shall be made to ensure that the decisions of the Committee are made within its properly constituted meetings. In exceptional circumstances, where very urgent and unanticipated decisions are required to be taken, these may be requested by email circulation to all Committee members. In order for a Committee decision made in this way to be effective, it shall require the prior approval of the Committee Chair that the urgent decision be made in this manner and a positive response from at least 70% of Committee members (which shall include the Committee Chair and Vice Chair) signifying their assent to the decision.

4.4. The Chief Executive should normally be in attendance except when issues regarding his or her own remuneration are discussed.

4.5. The Chair may request attendance by relevant staff at any meeting.

5. Frequency of meetings

5.1. 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 Chair of the Committee shall require.

6. Specific Duties

6.1. The Committee shall have delegated authority to:

6.1.1. Determine the remuneration policy and management of the Chief Executive; Executive Directors (which are defined as Board members); Divisional Directors; and all other VSMs that are not covered by Agenda for Change or Medical and Dental Terms and Conditions.

6.1.2. Determine the remuneration for the above individuals and groups in 6.1.1, 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.

6.1.3. Review and agree:

- overall market positioning of the remuneration package;
- individual base salaries and increases;
- relevant targets for performance related schemes.

6.1.4. Ensure that the right performance and talent management arrangements are in place for the individuals and groups in 6.1.1.

6.1.5. Oversee the setting of objectives for the Chief Executive; Executive Directors; and **Divisional Directors** on an annual basis.

6.1.6. Monitor and evaluate the performance of the Chief Executive; Executive Directors; and **Divisional Directors.**

6.1.7. Ensure that succession planning and skills assessments are applied as and when necessary.

6.1.8. Consider Agenda for Change and Medical and Dental salaries compared to the remuneration of the individuals and groups in 6.1.1 to review the relativities between them and ensure equity as far as possible.

6.1.9. Play a role in monitoring the effectiveness of action to address equity and equality, including the gender pay gap, across the Trust, taking in account equal value and equal pay principles and legislation.

6.1.10. Approve the contract of employment for the Chief Executive; Executive Directors; and **Divisional Directors**.

6.1.11. Scrutinise and agree severance terms for the termination of a contract of employment giving due regard to HM Treasury requirements and ensuring compliance with the NHS Improvement guidance for NHS Trusts on processes for making severance payments.

6.1.12. 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 NHS Improvement and HM Treasury, together with any relevant laws, codes and regulations in determining remuneration policy and packages for the individuals and groups in 6.1.1.

6.1.13. Undertake any other duties as directed by the Board.

7. Sub-Committees

7.1. The R&A Committee has no established sub-committees.

8. Administrative Support

8.1. The Committee will be supported by the Trust's most senior HR advisor, in attendance for all meetings except when issues regarding his or her own salary are discussed. The administrative support in this respect will include:

8.1.1. Agreement of the agenda with the Committee Chair.

8.1.2. Collation and distribution of papers at least five working days before each meeting.

8.1.3. Taking the minutes and keeping a record of matters arising and issues to be carried forward.

8.1.4. Providing support to the Chair and members as required.

9. Accountability and Reporting arrangements

9.1. The Committee shall be directly accountable to the Trust Board.

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

10. Monitoring Effectiveness and Compliance with Terms of Reference

10.1. The Committee will carry out an annual review of its effectiveness and provide an annual report to the Board on its work in discharging its responsibilities, delivering its objectives and complying with its Terms of Reference, specifically commenting on relevant aspects of the Board Assurance Framework and relevant regulatory frameworks.

11. Review of Terms of Reference

11.1. The Terms of Reference of the R&A Committee shall be reviewed at least annually by the Committee and approved by the Trust Board.

Date approved: Remuneration and Appointments Committee 30 July 2019
Approved by: Trust Board 11 September 2019
Next review date: September 2020