

# Remuneration Committee

## Purpose

To decide and review the terms and conditions of office of the FT's Executive Directors and comply with the requirements of Monitor's Code of Governance and any other statutory requirements.

## Membership

Chair: Trust Chair  
All Non Executive Directors

## In attendance:

Board Secretary

The CE and other Executive Directors shall not be in attendance when their own terms and conditions are discussed but may, at the discretion of the Committee, attend to discuss the terms of other staff.

## Quorum:

4 members

## Deputies:

The Trust Vice Chair to deputise for Trust Chair but no deputies for Non-Executive Directors

## Key Outputs

As per appendix A.

## Time, Frequency & Duration

At least once per year. No fixed time or duration.

## Support Arrangements

Venue:	No fixed venue with teleconference arrangements where appropriate
Secretary:	Board Secretary
Agenda:	At least 1 week prior to formal meeting
Minutes:	Draft within 1 week. Agreed by Chair within 2 weeks
Papers:	Received 8 days prior to meeting Circulated 5 days prior to meeting

## Linkages to other meetings & groups

- Trust Board

## Governance, rules and behaviours

- Due to the confidential and sensitive information concerning members of the Board of Directors, the Board shall receive a summary report of the committee meeting (rather than the committee minutes).
- Collective responsibility / decision making, arbitrated by the Chair
- Compliance with the FT's Standing Orders (where applicable) and Monitor's Code of Governance.
- Members to speak through the Chair, addressing the chairman using that title.
- All members are expected to attend – absenteeism is an exception
- Meetings will start and end on time
- Papers to be presented are to have a maximum length of 4 sides of A4; a long document may be circulated for more detailed information where appropriate
- All blackberries and mobiles must be switched off unless expressly agreed by the Chair
- Authority to cancel meeting: Chair

## Standing agenda

As per schedule of Remuneration Committee meetings.

### Appendix A – Key Outputs

- Decide upon, after taking appropriate advice and considering benchmarking data, appropriate remuneration and terms of service for the Chief Executive and other executive directors employed by the Trust including:
  - all aspects of salary (including any performance-related elements / bonuses - D1.1 provides details of provisions to be followed by the Remuneration Committee relating to performance related elements);
  - provisions for other benefits, including pensions and cars;
  - arrangements for termination of employment and other contractual terms;

Note D2.2 “The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.”

In addition to the above coverage, the Remuneration Committee will review the arrangements for local pay for Bands 8C and above in accordance with national Staff Council approved flexibilities.

- Ensure that remuneration and terms of service of executive directors of the Board takes into account their individual contribution to the Trust - having proper regard to the Trust’s circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;

Note the overriding principle in approving levels of remuneration is quoted in the Code (main principle D.1.a) as “Levels of remuneration should be sufficient to attract, retain and motivate directors of quality, and with the skills and experience required to lead the NHS foundation trust successfully, but an NHS foundation trust should avoid paying more than is necessary for this purpose and should consider all relevant and current directions relating to contractual benefits such as pay and redundancy entitlements.

- Advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate. D1.4 states: “The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors’ terms of appointments would give rise to in the event of early termination. The aim should be to avoid rewarding poor performance. Contracts should allow for compensation to be reduced to reflect a departing director’s obligation to mitigate loss. Appropriate claw-back provisions should be considered in case of a director returning to the NHS within the period of any putative notice.”

- Receive a report on the outcomes of the appraisals of the executive directors from the Chief Executive.

- Ensure compliance with Monitor’s Code of Governance by taking the lead on behalf of the Board of Directors on:
  - The Board of Directors should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity, nor the chairmanship of such an organisation (B3.3).
  - The Remuneration Committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and / or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment (B8.1).

- Ensure compliance with Monitor’s Code of Governance relating to the appointment of executive directors and the appointment and removal of the Chief Executive.
  - The Chairman, the other Non Executive Directors and – except in the case of the appointment of a chief executive – the Chief Executive, are responsible for deciding the appointment of executive directors (B2.11), i.e. All executive directors should be appointed by a committee of the Chief Executive, the Chairman and NEDs (B7.3).
  - It is for the Non Executive Directors (including the Chairman) to appoint and remove the Chief Executive. The appointment of a Chief Executive requires the approval of the Council of Governors (B2.12).
  - The roles of the Chairman and the Chief Executive must not be undertaken by the same individual (A2.2)

- Ensure compliance with the requirements of “NHS Employers: Guidance for employers within the NHS on the process for making severance payments.”

Prior to receiving agreement to make a special severance payment from Monitor and before presenting a paper to the HM Treasury for approval, the Trust must follow the steps outlined in the guidance and be satisfied that termination of the employee’s employment, together with making a severance payment, is in the best interests of the employer and represents value for money. The Remuneration Committee should consider the proposal which should contain a business case for the severance payment.

The Remuneration Committee’s role is to:

- satisfy itself that it has the relevant information before it, to make a decision
- conscientiously discuss and assess the merits of the business case
- consider the payment or payment range being proposed and address whether it is appropriate, taking into account the issues set out under initial considerations. The committee should only approve such sum or range which it considers value for money, the best use of public funds and in the public interest
- keep a written record summarising its discussions and its decision (remembering that such a document could potentially be subject to public scrutiny in various ways, for example, by the Public Accounts Committee (PAC)).

**Sub-groups:** None

### Monitoring

The committee will review its performance annually against its Terms of Reference.

Date terms of reference reviewed by Remuneration Committee: 28 October 2015

Date approved by Trust Board: 28 October 2015

Annual assessment against Terms of Reference: As per schedule of Remuneration Committee meetings.