

Remuneration Committee Terms of Reference

Constitution

The Board of Directors hereby resolves to establish a committee of the Board of Directors to be known as the Remuneration Committee (the committee). This committee has no executive powers other than those delegated in these terms of reference.

Membership

The committee will be made up of at least three independent non-executive directors.

Appointments to the committee shall be for a period of up to three years, which may be extended for one further term, provided the director remains independent.

An independent non-executive director will chair the committee. The Chair of the Board of Directors shall not be Chair of the committee.

Attendance

The following persons will be invited to attend each meeting to assist the work of the committee:

Chief Executive
Director of Human Resources

Only Board of Directors members have the authority to vote and determine decisions on behalf of the committee.

The Trust Secretary shall act as secretary to the committee.

Quorum

This shall be at least two independent non-executive directors.

Frequency

The committee will meet not less than twice a year.

Agenda and Papers

Meetings of the committee will be called by the chair. The agenda will be drafted by the secretary and approved by the committee chair prior to circulation.

Notification of the meeting, location, time and agenda will be forwarded to committee members, and others called to attend, at least five working days before the meeting. Supporting papers will also be sent out at this time. If

draft minutes from the previous meeting have not been circulated in advance then they will be forwarded to committee members at the same time as the agenda.

Minutes of the Meeting

The secretary will minute proceedings, and resolutions of all meetings of the committee, including recording names of those present and in attendance.

Approved minutes will be forwarded to the Board of Directors for information.

Authority

The committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek information it requires from any employee and all employees are directed to co-operate with any request made by the committee. The committee is authorised to obtain outside legal advice or other professional advice and to secure the attendance of outsiders with relevant experience if it considers this necessary.

Duties

The committee shall:

1. determine and agree with the Board of Directors the framework or broad policy for the remuneration of the executive directors, the Trust Secretary and such other members of the executive management as it is designated to consider (all those on Band 8 and above; and doctors employed by the trust). The remuneration of non-executive directors shall be a matter for the Chair and the executive members of the Board. No director or manager shall be present when decisions regarding their own remuneration are taken.
2. in determining such policy, take into account all factors that it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the trust are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the trust.
3. review the ongoing appropriateness and relevance of the remuneration policy.
4. approve the design of, and determine targets for, any performance related pay schemes operated by the trust and approve the total annual payments made under such schemes.

5. ensure that contractual terms on termination, and any payments made, are fair to the individual, and the trust, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
6. within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses.
7. consider the recommendations of the ACCEA Local Awards Committee and to whether to implement those recommendations.
8. in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in Monitor's Code of Governance and associated guidance.
9. review and note annually the remuneration trends across the health and social care sector.
10. oversee any major changes in employee benefits.
11. determine termination payments made to senior staff listed in 1.
12. agree the policy for authorising claims for expenses from the Chief Executive and Chair. (Apparently, the most common arrangement is for the Chair of the Board of Directors to authorise the Chief Executive's expenses and for the Chair of the Remuneration Committee to authorise the Chair's claims. An alternative would be for the committee to authorise the expenses of both.)
13. agree any variation to national pay agreements.
14. ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Code of Governance are fulfilled; and
15. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other NHS foundation trusts. The committee shall have full authority to commission any reports or surveys that it deems necessary to help fulfil its obligations.

Other Matters

At least once a year the committee will review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.

The chair of the committee shall attend the Annual General Meeting (AGM) prepared to respond to any member's questions on the committee's activities.

Sources of Information

The committee will receive and consider sources of information relating to NHS remuneration, provided by the Director of HR.

Reporting

The minutes of the committee will be formally recorded by the secretary and once approved by the committee will be submitted to the Board of Directors for information. The chair of the committee shall draw the attention of the Board of Directors to any issues in the minutes that require disclosure or executive action.

The committee will prepare and submit an annual report of the Trust's remuneration policy and practices that will form part of the Trust's Annual Report and ensure each year that it is put to members at the AGM.

The chair of the committee shall attend the Annual General Meeting (AGM) prepared to respond to any member's questions on the committee's activities.

Terms of reference approved by the Board of Directors 24th July 2007