

Meeting title:	Public Trust Board Meeting	Public paper U			
Date of the meeting:	06 October 2022				
Title:	Remuneration Committee				
Report presented by:	Becky Cassidy – Director of Corporate and Legal Affairs				
Report written by:	Becky Cassidy – Director of Corporate and Legal Affairs				
Action – this paper is for:	Decision/Approval	X	Assurance		Update
Where this report has been discussed previously	Approved by Remuneration Committee				

To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which

Impact assessment

Acronyms used:

Purpose of the Report

The purpose of this report is to provide the updated Remuneration Committee terms of reference for the Board to review and approve.

Recommendations

The Board is asked to:

- Approved the reviewed Remuneration Committee terms of reference

Summary

In line with our processes, and good practice, the Remuneration Committee reviews its terms of reference annually. These were reviewed in August and the following amendments made include:

- Chairing arrangements are fulfilled by the Chair of Audit
- Vice Chair arrangements are fulfilled by the Trust Chair
- Updated membership of NEDs
- Added the responsibilities for ratifying VSM salaries and appointments

Supporting documentation

- Appendix 1 – Remuneration Committee terms of reference

Remuneration Committee

Terms of Reference

1. Authority

- 1.1 The Remuneration Committee (the Committee) is constituted as a standing committee of the Trust's Board of Directors (the Board). Its constitution and terms of reference shall be as set out below, subject to amendment at future Board meetings.
- 1.2 The Committee is authorised by 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.
- 1.3 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.
- 1.4 The Committee is authorised to obtain such internal information as is necessary and expedient to the fulfilment of its functions.

2. Purpose

- 2.1 To be responsible for identifying and appointing candidates to fill all the Executive Director positions on the Board and for determining their remuneration and other conditions of service.
- 2.2 When appointing the Chief Executive, the Committee shall be the Committee described in Schedule 7, 17(3) of the National Health Service Act 2006 (the Act). When appointing the other Executive Directors, the Committee shall be the Committee described in Schedule 7, 17(4) of the Act.
- 2.3 To be responsible for ratifying salaries and appointments of individuals for Very Senior Manager posts (VSM)

3. Appointments Role

The Committee will:

- 3.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, making use of the output of the Board evaluation process as appropriate, and make recommendations to the Board.
- 3.2 Give full consideration to and make plans for succession planning for the Chief Executive and other Executive Board Directors taking into account the challenges and opportunities facing the Trust and the skills and expertise needed on the Board in the

future.

- 3.3 Keep the leadership needs of the Trust under review at Executive level to ensure the continued ability of the Trust to operate effectively in the health economy.
- 3.4 Be responsible for identifying and appointing candidates to fill posts within its remit as and when they arise.
- 3.5 When a vacancy is identified, evaluate the balance of skills, knowledge and experience on the Board, and its diversity, and in the light of this evaluation, prepare a description of the role and capabilities required for the particular appointment. In identifying suitable candidates the Committee shall use open advertising 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.
- 3.6 Ensure that a proposed Executive Director's other significant commitments (if applicable) are disclosed before appointment and that any changes to their commitments are reported to the Board as they arise.
- 3.7 Ensure that proposed appointees disclose any business interests that may result in a conflict of interest prior to appointment and that any future business interests that could result in a conflict of interest are reported.
- 3.8 Consider any matter relating to the continuation in office of any Board Executive Director including the suspension or termination of service of an individual as an employee of the Trust, subject to the provisions of the law and their service contract.

4. Remuneration Role

The Committee will:

- 4.1 Establish and keep under review a remuneration policy in respect of Executive Board Directors (and senior managers on locally-determined pay).
- 4.2 Consult the Chief Executive about proposals relating to the remuneration of the other Executive Directors.
- 4.3 In accordance with all relevant laws, regulations and Trust policies, decide and keep under review the terms and conditions of office of the Trust's Executive Directors (and senior managers on locally-determined pay), including:
 - 4.3.1 salary, including any performance-related pay or bonus;
 - 4.3.2 provisions for other benefits, including pensions and cars;
 - 4.3.3 allowances;
 - 4.3.4 payable expenses; and
 - 4.3.5 compensation payments.

- 4.4 In adhering to all relevant laws, regulations and Trust policies:
 - 4.4.1 establish levels of remuneration which are sufficient to attract, retain and motivate Executive Directors of the quality and with the skills and experience required to lead the Trust successfully, without paying more than is necessary for this purpose, and at a level which is affordable for the Trust;
 - 4.4.2 use national guidance and market benchmarking analysis in the annual determination of remuneration of Executive Directors (and senior managers on locally-determined pay), while ensuring that increases are not made where Trust or individual performance do not justify them;
 - 4.4.3 be sensitive to pay and employment conditions elsewhere in the Trust.
- 4.5 Monitor, and assess the output of the evaluation of the performance of individual Executive Directors, and consider this output when reviewing changes to remuneration levels.
- 4.6 Advise upon and oversee contractual arrangements for Executive Directors, including but not limited to termination payments to avoid rewarding poor performance.

5. Membership, Attendance and Secretary

- 5.1 The membership of the Committee shall consist of:
 - 5.1.1 the Trust Chair
 - 5.1.2 the Audit Chair
 - 5.1.3 two other Non-Executive Directors on the Board
 - 5.1.3.1 and in addition, when appointing Executive Directors other than the Chief Executive, the Chief Executive
- 5.2 The Chair of Audit Committee shall chair the Committee
- 5.3 The Trust Chair will be vice chair of the Committee
- 5.4 The Director of Corporate and Legal Affairs shall be secretary to the Committee.
- 5.5 Only members of the Committee have the right to attend Committee meetings.
- 5.6 At the invitation of the Committee, meetings shall normally be attended by the Chief People Officer.
- 5.7 Other persons may be invited by the Committee to attend a meeting so as to assist in deliberations.

- 5.8 Any non-member, including the Secretary to the Committee, will be asked to leave the meeting should their own conditions of employment be the subject of discussion.

6. Quorum and Frequency of meetings

- 6.1 A quorum shall be three members, to include the Chair or Vice Chair.
- 6.2 Meetings shall be called as required, but at least twice in each financial year.

7. Minutes and Reporting Procedures

- 7.1 Formal minutes shall be taken of all Committee meetings.
- 7.2 The Committee shall receive and agree a description of the work of the Committee, its policies and all Executive Director emoluments in order that these are accurately reported in the required format in the Trust's annual report and accounts.

8. Performance Evaluation and Review

- 8.1 As part of the Board's annual performance review process, the Committee shall review its collective performance (and that of its individual members).
- 8.2 The terms of reference of the Committee shall be reviewed by the Board when required, but at least annually.

Agreed and ratified by Remuneration Committee: 22 August 2022

Agreed and ratified by Board of Directors: 06 October 2022

Review date: August 2023