



Remuneration and Terms of Service Committee Terms of Reference

Constitution

The Board of Directors ("the Board") hereby resolves to establish a committee to be known as the Remuneration and Terms of Service Committee ("the Committee"). The committee is a Non-Executive Committee of the Board and has no executive powers other than those specifically delegated to it via these Terms of Reference.

Authority

The committee is authorised to investigate any matter within these Terms of Reference and to be provided with the resources to do so. It also has the right of access to all information that it deems relevant to fulfil its duties and is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request from the committee.

The committee has delegated powers to obtain any outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary¹ and to determine the Terms of Reference for any remuneration consultants who advise the committee, in compliance with trust procurement rules.

Purpose

The purpose of the committee is to appoint and determine the starting salaries of the Chief Executive² and Executive Directors³ and to review and make recommendations to the Board on its Executive composition, balance and skill mix, taking into account the future challenges, risks and opportunities facing the trust and the skills and expertise that are required within the Board to meet them. The committee is responsible for determining the remuneration packages for the Chief Executive and the Executive Directors and ensuring that adequate Executive succession planning arrangements are in place.

The committee is also responsible for maintaining oversight of special payment packages for the Chief Executive and Executive Directors ensuring that these represent value for money, and for approving exceptional and non-contractual payments⁴

¹ UK Corporate Governance Code Provision D.2.1

² Health and Social Care Act 2012

³ Executive Directors includes non-voting members of the Board of Directors.

⁴ 'Managing Public Money' – Treasury requirement for FTs to gain Treasury approval for non-contractual payments.



Membership

Membership of the committee will comprise the Non-Executive members of the Board of Directors. The Chair of the Board shall be the Chair of the committee; the Senior Independent Director may chair the meeting in his/her absence.

The Governor led Nominations and Remuneration Committee will be responsible for making recommendations regarding the appointment and remuneration of the Chair and Non-Executive Directors to the Council of Governors.

Quorum

A quorum shall be made up of four members.
No business shall be conducted unless a quorum is present.

Frequency of meetings

Meetings shall be held at least twice a year but may be held more frequently should circumstances require (to be determined by the Committee Chair).

Attendees

The following are will normally be in attendance at each meeting:

- The Head of Corporate Governance,
- The Chief People Officer
- The Chief Executive, unless this is deemed inappropriate (for example, when discussing the Chief Executive's salary).
- Other trust officers will attend as required by the committee, at the request of the Chair.

Meetings are not open to members of the public or to members of the Council of Governors.

Those in attendance do not count towards the quorum.

No independent external advisor shall be a member, nor have a vote on the committee.

Committee's Duties

The duties of the committee are to:

- Ensure that the Board is effective in terms of its governance arrangements and composition and make recommendations to the Board for necessary changes.
- To determine the starting salaries and remuneration package for the Chief Executive and Executive Directors and provide assurance that appropriate advice has been sought in so doing.



- Ensure that succession planning arrangements are in place and that necessary action is taken to ensure the continued leadership of the trust.
- Scrutinise non-contractual termination and special payment packages for the Chief Executive and Executive Directors, ensuring that these represent value for money.

The committee will execute these responsibilities through the following:

- Undertaking an annual review of the of the composition of the Board and make recommendations thereon.
- Ensuring that appraisals are undertaken for Executive members of the Board in their capacity as Board members.
- Ensuring that a robust appropriate process is in place for the appointment of the Chief Executive and Executive Directors.
- Recommending the appointment of the Chief Executive to the Council of Governors.
- Approving a description of the role and capabilities required for the appointment of Executive Directors, taking into account the views of the Board of Directors on the qualifications, skills and experience required for each position.
- Ensuring that the starting salary and remuneration of the Chief Executive and Executive Directors are sufficient to attract, retain and motivate high calibre individuals whilst ensuring that it is not more than necessary for this purpose.
- Determining the appropriate remuneration and terms of service of the Chief Executive and Executive Directors including:
 - All aspects of salary (including any performance related element/bonuses).
 - Provisions for other benefits, including pensions and cars.
 - Agreement of contracts of employment and if applicable terms of office.
 - Arrangements for termination of employment and other contractual terms, including the proper calculation and scrutiny of termination payments taking account of such national guidelines as appropriate.
- Consider any matter relating to the continuation of office of any 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.

Delegation

By approval of these Terms of Reference the Board delegates the following functions to the committee:

- Reviewing the composition and effectiveness of the Board on an annual basis and making recommendations to the Board thereon.
- Researching market rates for the purpose of determining the remuneration for the Chief Executive and Executive Directors.
- Scrutinising non-contractual termination or special payment packages for the Chief Executive and Executive Directors.



Reporting

The committee is accountable to the Board of Directors and the committee Chair will report regularly on the committee's proceedings.

The minutes of committee meetings shall be formally recorded and, as appropriate, made available to the Board of Directors.

On an annual basis, the committee will produce a Remuneration Committee Report in compliance with statutory and regulatory requirements for inclusion in the Annual Report.

Reporting Responsibilities

The committee Chair shall report to the Board on the proceedings after each meeting on all matters within its duties and responsibilities.⁵

Administration

The committee will be serviced by the Corporate Governance team who will agree the agenda with the Chair of the committee.

Review

These Terms of Reference will be reviewed on an annual basis unless there is a requirement to do so earlier.

Approved by the Board of Directors on

⁵ FRC Guidance on Board Effectiveness, paragraph 6.2