

REPORT

AGENDA ITEM: 11

To:	Board of Directors	Date:	27 May 2020
Subject:	Terms of reference for the Remuneration Committee		
Presented by:	Company Secretary	Purpose:	Approval

Executive summary
<p>The foundation trust is required to have a Remuneration Committee, whose role is set out in primary legislation.</p> <p>The terms of reference of the Remuneration Committee have been reviewed and are attached for information. They follow a template provided by NHS Providers in its <i>Compendium of Good Governance</i> publication and have been updated to reflect the new organisation identity.</p> <p>The board is requested to approve them as presented. Following approval, they will be published on our website as required by the NHS Foundation Trust Code of Governance.</p>

Risks associated with this report
<p>Approval of the terms of reference and publication on the website mitigates the risk of non-compliance with provisions B.2.10 and D.2.1 of the NHS Foundation Trust Code of Governance.</p>

Link(s) to The WWL Way 4wards			
<input type="checkbox"/>	Patients	<input checked="" type="checkbox"/>	Performance
<input type="checkbox"/>	People	<input type="checkbox"/>	Partnerships

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. AUTHORITY

- 1.1. The Remuneration Committee (“the Committee”) is constituted as a standing committee of the foundation 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 foundation 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. MAIN PURPOSE

- 2.1. The main purpose of the Committee is to be responsible for identifying and appointing candidates to fill all the executive director positions on the Board and for determining their remuneration, allowances and other conditions of service.
- 2.2. When appointing the Chief Executive, the Committee shall be the committee described in Schedule 7, paragraph 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, paragraph 17(4) of the Act.

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 and the Nomination and Remuneration Committee of the Council of Governors as applicable with regard to any changes.
- 3.2. Give full consideration to and make plans for succession planning for the Chief Executive and other executive directors, taking into account the challenges and opportunities facing the foundation trust and the skills and expertise needed on the Board in the future.

- 3.3. Keep the leadership needs of the foundation trust under review at executive level to ensure the continued ability of the foundation 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 or the services of external advisors 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 executive director, including the suspension or termination of service of an individual as an employee of the foundation 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 directors and any 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 foundation trust policies, decide and keep under review the terms and conditions of office of the foundation trust's executive directors and any senior managers on locally determined pay, including:
 - (a) salary, including any performance-related pay or bonus;
 - (b) provisions for other benefits, including pensions and cars;
 - (c) allowances;
 - (d) payable expenses; and
 - (e) compensation payments.

- 4.4. In adhering to all relevant laws, regulations and foundation trust policies:
- (a) 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 foundation trust successfully, without paying more than is necessary for this purpose, and at a level which is affordable for the foundation trust;
 - (b) 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 either the foundation trust's performance or individual performance do not justify them; and
 - (c) be sensitive to pay and employment conditions elsewhere in the foundation 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.
- 4.7. Monitor the level and structure of remuneration for the first layer of management below board level and make associated recommendations to the Chief Executive for consideration.

5. MEMBERSHIP

5.1. The membership of the Committee shall consist of:

- (a) The foundation trust Chair;
- (b) The other non-executive directors;

And in addition, when appointing executive directors other than the Chief Executive,

- (c) The Chief Executive.

5.2. The foundation trust Chair shall chair the Committee.

6. SECRETARY

6.1. The Company Secretary shall be secretary to the Committee.

7. ATTENDANCE

- 7.1. Only members of the Committee have the right to attend meetings of the Committee.
- 7.2. At the invitation of the Committee, meetings shall normally be attended by the Director of Workforce.

7.3. Other persons may be invited by the Committee to attend a meeting so as to assist in deliberations.

7.4. 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.

8. FREQUENCY OF MEETINGS

8.1. Meetings shall be called as required, but at least once in each financial year.

9. MINUTES AND REPORTING

9.1. Formal minutes shall be taken of all Committee meetings.

9.2. Once approved by the Committee, the minutes should be circulated to the Board unless it would be inappropriate to do so.

9.3. The Committee will report to the Board after each meeting.

9.4. 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 foundation trust's annual report and accounts.

10. PERFORMANCE EVALUATION

10.1. As part of the Board's annual performance review process, the Committee shall review its collective performance.

11. REVIEW

11.1. The terms of reference of the Committee shall be reviewed by the Board when required, but at least annually.