

## Remuneration Committee Terms of Reference

### Constitution

The Board hereby resolves to establish a Committee of the Board to be known as the Remuneration Committee. The Committee is a non-executive Committee of the Board and has no executive powers other than those specifically delegated in these Terms of Reference.

### Membership

The membership of the Committee will vary according to the nature of the business to be discharged at a particular meeting, as follows;

1. Where a meeting or part-meeting of the Committee is convened for the purpose of considering any question relating to:
  - the structure, size and composition of the Board of Directors;
  - succession planning
  - the appointment, remuneration and performance of Executive and Associate Board Directors (other than the Chief Executive)
  - organisational development
  - the appointment of Non-Executive Directors
  - local variations to national terms and conditions and locally-determined pay awards
  - terminations
  - any other ad hoc items relating to remuneration, terms and conditions of employment, incentives and reward

the Committee shall consist of the Trust Chairman and all Non-Executive Directors. The Chief Executive will attend as a non-voting member of the Committee.

2. Where a meeting or part meeting is convened for the purpose of considering any question relating to the appointment of a Chief Executive, or the remuneration or performance of the Chief Executive the Committee shall consist of the Trust Chairman and all Non - Executive Directors.

**Quorum** – at least three Non Executive Directors

### Attendance

Other officers of the Trust may attend the meetings at the invitation of the Committee Chairman.

### Frequency of meetings

Not less than three times a year.

## Authority

The Committee is authorised to investigate any activity within its terms of reference. It is authorised to seek any 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 or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## Reporting

The Chairman of the Committee will report to the next meeting of the Board following the Committee, summarising the main issues of the discussion and drawing the Board's attention to any issues that require disclosure to the full Board or require executive action. The approved or draft minutes will also be submitted to that meeting, excluding any private minutes.

## Key Responsibilities

### Board structure, size and composition

- Reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board as a whole compared to its current position;
- Determining any changes and development needs.

### Succession planning

- Considering succession planning for Executive Directors and other very senior managers, taking into account the challenges and opportunities facing the Trust and the skills and expertise needed on the Board in the future.

### Appointment of the Chief Executive, and other Executive and Associate Board Directors

- Where a new Chief Executive, Executive or Associate Board Director is to be appointed, being responsible for the selection and appointment process on behalf of the Board.

### Board Remuneration

- Setting the remuneration of all Executive and Associate Directors, including salary, any performance-related elements/bonuses or allowances and provision for other benefits including cars
- Ensuring the contractual terms of the Executive and Associate Directors are in accordance with national policy and guidance, particularly in relation to the termination of employment, notice periods and pensions benefits
- Determining whether a proportion of an Executive or Associate Director's remuneration should be linked to corporate and individual performance and, if so, approving an appropriate scheme of performance – related remuneration
- In developing contractual terms and remuneration packages, the Committee will have:
  - a. a clear statement of the responsibilities of the individual posts and their accountabilities for meeting objectives of the organisation;
  - b. a fair means of assessing the comparative job "weight";
  - c. comparative salary information from the NHS and other sector organisations and other industrial and service organisations.

### Board Performance

- Reviewing the performance of the Executive and Associate Directors, noting the assessments of the Chief Executive

### Organisational Development

- Reviewing and advising on major organisational development and reconfigurations proposals.

### Appointment of Non-Executive Directors

- Where a new Non-Executive Director is to be appointed, communicating views on the balance of skills, knowledge and experience required on the Board and its description of the role and capabilities required for the particular appointment.

### Local Pay Awards

- Sanctioning the parameters for negotiations for all local pay and reward structures.

### Terminations

- Reviewing all proposed termination payments to be made to the Chief Executive and other Board Executive and Associate Directors, prior to submission to other bodies in accordance with the national guidelines in existence at the time
- Reviewing all proposed termination payments to be made to other staff, in accordance with national guidelines in existence at the time. The Chief Executive has discretion to approve payments of up to £25,000 in cases where prompt action is required to settle an agreement. The Remuneration Committee and other bodies, as required by national guidance, will be informed in all cases where this discretion has been used.

### Ad Hoc items

- Reviewing and scrutinising specific matters relating to remuneration, terms and conditions of employment incentives and reward as the Committee feels appropriate.

Agreed by the Remuneration Committee on 2 December 2010.