

REMUNERATION COMMITTEE

TERMS OF REFERENCE

(Approved by the Board on 4 September 2012)

All powers and authorities exercisable by the Board, together with any delegation of such powers or authorities to any committee or individual, are subject to any limitations imposed by the Constitution or by Monitor or by the National Health Service Act 2006. Due regard will also be had to any Code of Governance issued from time to time by Monitor.

Any reference to “Director” shall be to formally appointed directors of the Trust Board and, unless otherwise specified, not to personnel who carry the word “Director” as part of their title.

1. MEMBERSHIP

- 1.1 Members of the Committee shall be appointed by the Board and shall comprise of all the non-executive directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals, including external advisers, may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 The Chairman of the Board shall be the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

2. SECRETARY

- 2.1 The Company Secretary or their nominee shall be Secretary to the Committee and shall attend all meetings and provide appropriate support to the Chairman and Committee members.
- 2.2 The Secretary's duties will include:
 - 2.2.1 agreement of the agenda with the Chairman, collation and circulation of papers;
 - 2.2.2 minuting the proceedings and resolutions of all meetings of the Committee including recording the names of those present and in attendance. Minutes shall be circulated promptly to all members of the Committee;
 - 2.2.3 keeping a record of matters arising and issues to be carried forward; and
 - 2.2.4 advising the Committee on pertinent areas.

3. QUORUM

- 3.1 The quorum necessary for the transaction of business shall be three. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. FREQUENCY OF MEETINGS

- 4.1 The Committee shall meet at such times as the Chairman of the Committee shall require.

5. NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.

- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. ANNUAL GENERAL MEETING

- 6.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any questions on the Committee's activities.

7. DUTIES

The Committee shall:

- 7.1 determine the remuneration allowances and the other terms and conditions of the Chief Executive, the Executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider. No director or manager shall be involved in any decisions as to their own remuneration.
- 7.2 take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Monitor Code of Governance and associated guidance. The objective shall be to ensure that the members of the executive management 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.
- 7.3 review and have regard to the remuneration trends across the NHS and the Trust.
- 7.4 review the ongoing appropriateness and relevance of the remuneration policy.

- 7.5 determine the total individual remuneration package of each Executive Director, Company Secretary and other designated senior executives including bonuses and incentive payments.
- 7.6 obtain reliable, up to date information about remuneration in other organisations. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary.
- 7.7 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 7.8 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.
- 7.9 ensure that contractual terms of termination, and any payments made, are fair to the individual, and the Trust, that failure is not rewarded and the duty to mitigate loss is fully recognised.
- 7.10 oversee any major changes in employee benefits structures throughout the Trust.
- 7.11 agree the policy for authorising claims for expenses from the executive directors.

8. REPORTING RESPONSIBILITIES

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9. OTHER MATTERS

- 9.1 The Committee shall, at least once a year, review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

10. AUTHORITY

- 10.1 The Committee is authorised to seek any information it requires from any employee of the Trust in order to perform its duties.
- 10.2 The Committee is authorised to obtain, at the Trust's expense, outside legal or other professional advice on any matters within its Terms of Reference.