

# BURTON HOSPITALS NHS FOUNDATION TRUST

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

#### **1. Constitution**

- 1.1 The Board of Directors resolves to establish a Committee to be known as the Remuneration Committee. These terms of reference will be made available on request and on the Trust website. The Remuneration Committee in its workings will be required to adhere to the Constitution of Burton Hospitals NHS Foundation Trust, the Terms of Authorisation and Code of Governance issued by the Independent Regulator for NHS Foundation Trusts. As a committee of the Board of Directors, the Standing Orders of the Trust shall apply to the conduct of the working of the Remuneration Committee.

#### **2. Membership**

- 2.1 All Non Executive Directors.

One of the members will be appointed Chair of the Committee by the Board.

- 2.2 The composition of the Committee will be disclosed in line with any external requirements eg within the Annual Report as per the Manual for Accounts.

#### **3. Attendance**

- 3.1 The Chief Executive shall attend meetings if appropriate and at the invitation of the Chairman of the Remuneration Committee. The Chief Executive should not be present for discussions about their own remuneration and terms of service.

- 3.2 The Associate Director of Human Resources shall attend meetings if appropriate and at the invitation of the Chairman of the Remuneration Committee.

- 3.3 The Trust Secretary will ensure that an efficient secretariat service is provided to the Committee.

#### **4. Quorum**

- 4.1 There shall be a quorum when a minimum of three members are present which must include the Chairman or the Deputy Chairman of the Trust who will be acting in a deputising capacity for the Chairman.

#### **5. Frequency of meetings**

- 5.1 The Committee shall meet as often as required, but at least once per annum.

#### **6. Authority**

- 6.1 The Remuneration Committee is authorised by the Board to investigate any activity within these Terms of Reference. The Committee has no executive powers other than those specifically delegated in these Terms of Reference.

- 6.2 The Remuneration Committee has delegated responsibility for setting remuneration for all Executive Directors and other senior members of Senior Management as determined by the Board, including pension rights and any compensation payments. The Committee will recommend and monitor the level and structure of remuneration for senior management.

- 6.3 The Remuneration Committee is responsible for appointing any independent consultants in respect of Executive Director Remuneration. Where remuneration consultants are appointed a statement will be made available stating whether they have any other connection with the Foundation Trust. (*Code of Governance E2.1*)
- 6.4 Advice to the Board of Directors on remuneration will include all aspects of salary (including any performance related elements/bonuses and any allowances) provisions for other benefits, including pensions and cars, as well as arrangements for termination of employment and other contractual terms.
- 6.5 In formulating their recommendations for the Board of Directors, the Committee will take into account the circumstances of the organisation, the size and difficulty of the job benchmarked against other NHS organisations or local comparable organisations, the performance of the individual and national guidance as appropriate.
- 6.6 In particular, the Committee shall on the advice of the Chairman:
- 6.6.1 Agree the objectives of the Chief Executive.
- 6.6.2 Receive any report from the Chairman on any issue concerning the Chief Executive, particularly the performance appraisal.
- 6.6.3 Receive any report from the Chief Executive on any issue concerning any of the Directors, particularly performance appraisals, prior to discussing such appraisals with the relevant Director.
- 6.7 The Committee is required to take professional advice on employment law and on NHS employment regulations before employing or terminating the employment of the Chief Executive or any Director. Normally the advice will be provided by the Trust's Associate Director of Human Resources but, where the Committee decides this is inappropriate, the Chairman on behalf of the Committee, is required and authorised to obtain external legal or other independent professional advice, and to secure the attendance of outsiders with relevant experience and expertise. The Committee should also consider alternative appropriate options and the minutes/papers should record those options and the detail of the discussions by the Committee members.

## **7. Duties**

The Committee shall, within its terms of reference, exercise the following powers and duties:

- 7.1.1 To ensure that decisions taken reflect the contribution made by the Chief Executive and individual Directors to the operation of the Trust, having due regard to the Trust's performance and to the provisions set out in any National Framework or other Strategic Direction issued by the Department of Health , the Strategic Health Authority or Monitor .
- 7.1.2 To approve and have oversight of the proper calculation and scrutiny of payments made to the Chief Executive and Directors including those upon termination of employment with the Trust taking into account guidelines issued by the Department of Health and the Treasury, as appropriate.

- 7.1.3 To approve the terms of any Compromise Agreement to be entered into between the Trust and any Director, including the strategies and tactics for negotiation.

## **8. Confidentiality**

- 8.1 All members of the Committee are required to observe the strictest confidence regarding any information relating to the work of the Trust and its employees, including its Non-Executive Directors. Members are required not to disclose any confidential information either during or after their term of membership unless expressly authorised to do so or, required in the proper performance of his/her duties, or as required by the law. The obligation will cease only when such information comes into the public domain other than through unauthorised disclosure. Failure to comply with these requirements could result in the termination of membership of the Committee.

## **9. Reporting**

- 9.1 The Trust Secretary shall be responsible for providing support to the Committee by convening meetings when necessary and establishing and circulating agenda items.
- 9.2 The minutes of the Remuneration Committee will detail the substance of the discussions held, the reasons and/or options considered when making any decision, the advice offered and taken, and all supporting value for money considerations. The Committee will report in writing to the Board of Directors the bases for its recommendations. Minutes of the Board of Directors meetings should record these.

## **10. Review**

- 10.1 The Terms of Reference of the Committee shall be reviewed by the Board of Directors at least annually.

Date Revised: November 2009

Review Date: November 2010