

REMUNERATION COMMITTEE TERMS OF REFERENCE

Terms of Reference approved: March 2017

Terms of Reference review date: March 2018

1. INTRODUCTION

The Remuneration Committee (the "Committee") is established in accordance with NHS Guildford and Waverley Clinical Commissioning Group's (the "Group") Constitution. These terms of reference set out the membership, remit responsibilities and reporting arrangements of the Committee and shall have effect as if incorporated into the Group's Constitution.

2. PURPOSE OF THE REMUNERATION COMMITTEE

The Committee, which is accountable to the Group's Governing Body, provides the Governing Body with a formal and transparent procedure for developing policies on executive remuneration and for agreeing and recommending the remuneration packages of members of the Governing Body and Directors. It is the duty of the Governing Body to approve and keep under review the terms of reference for the Committee, which includes information on the membership of the Committee.

The purpose of the Committee is set out in the Group's Constitution – it makes recommendations to the Governing Body on determinations about the remuneration, fees and other allowances for employees and for people who provide services to the Group, and on determinations about allowances under any pension scheme that the Group may establish as an alternative to the NHS pensions scheme.

3. DELEGATED AUTHORITY

The Committee is authorised by the Governing Body to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member, officer or employee who are directed to co-operate with any request made by the Committee. The Committee is authorised by the Governing Body to obtain outside legal or other independent professional advice and to secure the attendance of other individuals with relevant experience and expertise if it considers necessary.

4. MEMBERSHIP

4.1 The Committee shall be appointed by the Governing Body and shall consist of:

4.1.1 the chair of the Committee (the "Remuneration Chair") who will be the lay member of the Governing Body with responsibility for Public & Patient Engagement;

4.1.2 one other lay member, who will be the deputy chair; and

4.1.3 one Clinical Representative of the Governing Body

4.2 In the event of the Remuneration Chair being unable to attend all or part of the meeting, the deputy chair will assume this role.

4.3 Appointment of Members

- 4.3.1 The members of the Committee shall be appointed with approval from the Governing Body.
- 4.3.2 The lay members of the Committee shall be appointed to the Committee for a fixed term, which shall be renewable, subject to satisfactory performance as agreed jointly by the Chair of the Governing Body and the Chief Officer (Accountable Officer). Continuous service beyond three terms of three years, or two terms of four years, is not desirable (although exceptions, such as retention of a particular skill or expertise, may be permitted).
- 4.3.3 There shall be no bar to a particularly valued member returning to the Committee if a vacancy occurs in future years. The re-appointment or replacement of the Remuneration Chair should be considered carefully and in good time during the term of the appointment. The re-appointment of a chair beyond two terms of four years, or the equivalent, should be regarded as exceptional.
- 4.3.4 Full time employees of the Group or individuals who claim a significant proportion of their income from the Group (i.e. more than 25%) shall not be eligible to be a member of the Committee.
- 4.3.5 The Chair of the Governing Body will not be a member of the Committee.

5. ATTENDANCE

- 5.1 The following members of the Group shall routinely attend meetings:
 - 5.1.1 the Chief Officer (Accountable Officer);
 - 5.1.2 the Chief Finance Officer;
 - 5.1.3 the Director of Governance and Compliance
 - 5.1.4 any Human Resources (HR) lead; and
 - 5.1.5 external advisors.

None of the above persons should be in attendance for discussions about their own remuneration and terms of service or contract.

- 5.2 With the agreement of the Chair and by exception, Members of the committee may participate in meetings in person or virtually by using video or telephone or web link or other live and uninterrupted conferencing facilities.
- 5.3 Other members, officers or employees of the Group may be invited by the Committee to attend meetings as appropriate. Those invited to attend a meeting will not be entitled to vote.

6. ROLES – SECRETARY/HR LEAD

- 6.1 The Chief Officer will ensure the provision of a Secretary to the meeting who shall attend to take minutes of the meetings and provide appropriate support to the Remuneration Chair and Committee members.

- 6.2 The HR Lead will be responsible for supporting the Remuneration Chair in the management of the Committee's business and for drawing the Committee's attention to best practice, national guidance and other relevant documents as appropriate.
- 6.3 The Secretary will ensure that the Minutes of the Remuneration Committee will be formally signed off by the Remuneration Committee at their next meeting. The HR lead will submit a summary report to Governing Body members (Part 2).
- 6.4 The Terms of Reference of the Committee will be made publically available, as if integral to the Constitution. Information that is non-confidential may also be shared with various audiences under specific circumstances (i.e. the production of reports) within reason and where sharing is not restricted by overriding legislation, such as the Data Protection Act. This standard will also apply to any requests under the Freedom of Information Act.

7. QUORUM

- 7.1 A quorum shall be two members, which must include the Remuneration Chair, or replacement. Any decisions put to a vote at a Committee meeting shall be determined by a majority of the votes of members present. In the case of an equal vote, the Remuneration Chair shall have a second and casting vote.
- 7.2 The Constitution allows for business to be transacted legitimately, whilst managing conflicts of interest – refer CCG Constitution, 'Standards of Business Conduct and Managing Conflicts of Interest', Section 8.4.

8. FREQUENCY AND NOTICE OF MEETINGS

- 8.1 Meetings shall be held twice yearly, with additional meetings convened where necessary.
- 8.2 To call a meeting, members must be given a minimum of four (4) weeks' notice. Notification will be given by email. The frequency with which the Committee needs to meet will vary according to the need to review remuneration but will include an annual meeting, close to the financial year end, to review the remuneration report which will be submitted to the Group's Annual General Meeting (AGM).

9. STANDARDS OF BUSINESS CONDUCT AND CONFLICTS OF INTEREST

- 9.1 All individuals attending a meeting, as a member or in attendance, must declare any potential conflicts of interest in accordance with the Group's Standards of Business Conduct and Conflicts of Interest Policy. When declaring their interests, individuals are required to include any circumstances where a perception of wrongdoing, impaired judgement or undue influence could occur, whatever the reality of the situation might be. It will be for the Remuneration Chair to decide how potential conflicts of interest are managed, including asking the individual to withdraw from the meeting in some cases where issues are discussed or decisions taken, in line with the Conflicts of Interest Policy.

10. **EMERGENCY POWERS AND URGENT DECISIONS (CHAIR'S ACTION)**
- 10.1 The Committee will delegate responsibility for emergency powers and urgent decisions to the Chair of the Committee.
 - 10.2 In the event of an urgent decision being required, this shall be taken by the Chair, who must consult with at least one other member of the Committee prior to taking the decision.
 - 10.3 Urgent decisions must be reported to the next Committee meeting following the urgent decision, for ratification by the full meeting together with rationale detailing the grounds on which it was decided to take the decision on an urgent basis and the efforts made to contact other relevant members of the Committee prior to taking the decision.
11. **REMIT AND RESPONSIBILITIES OF THE COMMITTEE**
- 11.1 The Committee is established in line with the requirements of the NHS Code of Conduct and Accountability.
 - 11.2 The Committee will determine and report to the Governing Body the appropriate remuneration and terms of service for the Chair, Chief Officer (Accountable Officer), other Governing Body members, and other senior employees of the Group including:
 - 11.2.1 all aspects of salary (including any performance-related elements/bonuses);
 - 11.2.2 provisions for other benefits, including pensions and payments; and
 - 11.2.3 arrangements for termination of employment and other contractual terms.
 - 11.3 The Committee will consider the severance and settlement payments including those requiring HM Treasury approval as appropriate in accordance with the guidance 'Managing Public Money' (available on the HM Treasury.gov.uk website).
 - 11.4 The Committee shall review the performance of the Chief Officer (Accountable Officer) and other senior team members to determine annual salary awards if appropriate.
 - 11.5 The Remuneration Chair shall attend the Group's AGM prepared to respond to any questions that may be raised on matters within the Committee's area of responsibility.
 - 11.6 The Committee shall adhere to all relevant laws, regulations and policy in all respects, including:
 - 11.6.1 national guidance;
 - 11.6.2 the management cost cap;
 - 11.6.3 benchmarked information of other clinical commissioning groups' costs; and

11.6.4 the competing earnings potential in primary care.

9.7 The Committee will review and recommend to the Governing Body HR policies for approval.

12. **RELATIONSHIP WITH THE GOVERNING BODY**

12.1 The Committee will provide a summary report of its meetings to the next Governing Body meeting (Part 2). The Remuneration Chair shall draw to the attention of the Governing Body any issues that require disclosure to the full Governing Body, or require executive action.

12.2 The Committee will self-assess its performance on an annual basis.

12.3 The Group's annual report shall include a section describing the work of the Committee in discharging its responsibilities.

12.4 Given the twice yearly frequency of meetings, Members of the Committee should aim to attend both meetings each financial year, with only exceptional circumstances requiring apologies to be given.

12.5 The Committee shall review the terms of reference annually and recommend any amendments to the Governing Body.

12.6 The agenda and minutes of the meeting will be audited annually to ensure there is evidence that the Committee executed its duties as set out in these terms of reference.

13. **POLICY AND BEST PRACTICE**

13.1 The Committee will apply best practice in its decision making processes, for example, when considering individual remuneration the Committee will:

13.1.1 comply with current disclosure requirements for remuneration;

13.1.2 on occasion seek independent advice about remuneration for individuals; and

13.1.3 ensure that decisions are based on clear and transparent criteria.

14. **CONDUCT OF THE COMMITTEE**

The Committee will conduct itself in accordance with Nolan's seven principles of public life.

The CCG has a code of conduct in place which defines required standards of behaviour for individuals working within this organisation, and those performing or authorising activities or advisory duties on our behalf. The Committee and its membership will conduct itself in accordance with these standards and principles.

The CCG code of conduct specifically covers an employee/member's responsibility in relation to hospitality and gifts, and has regard to:

- Professional Standards Authority *Standards for Members of NHS Boards and Clinical Commissioning Group Governing Bodies in England*,
- NHS Business Services Authority *Standards of Business Conduct Procedure*,
- Nolan seven principles of public life.