

**Document title:** **Executive Remuneration and Nominations Committee of the Board of Directors: Terms of Reference**

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### Key points of this document

- Terms of Reference for a Committee of the Board of Directors.
- These terms of reference will be available on the Trust's website as required under Schedule A of Monitor's *The NHS Foundation Trust Code of Governance*.

## **Royal Papworth Hospital NHS Foundation Trust**

### **Executive Remuneration and Nomination Committee**

#### **Terms of Reference**

#### **1 Authority for Committee:**

- 1.1 The Executive Remuneration and Nomination Committee is a Committee of the Board of Directors as required under the NHS Act 2006, Monitor's NHS Foundation Trust Code of Governance and the Trust's Constitution. (Constitution November 2013 Paragraph 12.7).

#### **2 Purpose:**

- 2.1 The Remuneration and Nomination Committee is a Committee of the Board of Directors and fulfils the role of the Remuneration and Nomination Committee (for executive directors) described in the Trust's constitution and the NHS Foundation Trust Code of Governance.
- 2.2 The purpose of the committee will be to decide on the appropriate, structure, size and portfolios of the Executive Team and the remuneration, allowances and terms of and conditions of service for the chief executive and other executive directors including:
- i. All aspects of salary (including performance related elements/bonuses)
  - ii. Provisions for other benefits, including pensions and cars
  - iii. Arrangements for termination of employment and other contractual terms
  - iv. Regular review of the structure, size and composition of the board of directors
- 2.3 To recommend the level of remuneration for Executive Directors (EDs) and monitor the level and structure of remuneration for very senior management.
- 2.4 To agree and oversee, on behalf of the Board of Directors, performance management of the executive directors, including the chief executive.
- 2.5 Any proposed changes to the terms of reference will be approved by the Board of Directors.
- #### **3 Delegated Authority:**
- 3.1 The Committee has delegated authority to act on behalf of the Board of Directors on all matters listed in duties below.
- 3.2 The Committee shall have full authority to commission any reports or surveys which it deems necessary to help fulfil its obligations.

3.3 There are no Committees reporting to this Committee.

#### **4 Duties:**

- 4.1 To set the remuneration and terms of service for the chief executive and executive directors with the support of independent advice as appropriate.
- 4.2 To ensure that individual executive directors have performance objectives and personal development plans, that are reviewed twice yearly. The review will also consider the capability of the executives as a team as well as at the level of individuals identifying any team development needs.
- 4.3 To include in its decisions all aspects of salary (including any performance related elements and provisions for other benefits (including pensions and cars).
- 4.4 To decide on the appropriate contractual arrangements for executive directors, including a proper calculation and scrutiny of termination payments, taking account of legislation and such national guidance as is appropriate.
- 4.5 To ensure the Trust achieves proper control of the total remuneration paid to the executive directors by developing appropriate pay and reward policies for these posts. The Committee will ensure it has a clear statement of the responsibilities of the individual posts and their accountabilities for meeting the objectives of the organisation, a person specification for each post, a means of assessing the comparative job “weight”, with comparative salary information from the NHS and other areas and criteria and mechanisms for assessing performance.
- 4.6 To ensure the publication, in annual reports, of the total remuneration from NHS sources of the chief executive and executive directors.
- 4.7 To recommend and monitor the level and structure of remuneration for senior management. The definition of senior management for this purpose will be determined by the Board and described in the Pay Policy for very Senior Managers.
- 4.8 To receive an annual report on the application of the Pay Policy for Very Senior Managers from the Chief Executive.
- 4.9 Approve any non-contractual termination payments to staff in-line with the Trust’s Special Severance Pay Policy.
- 4.10 The committees should regularly review the structure, size and composition of the executive director team and make recommendations for changes where appropriate. In particular, the committee(s) should evaluate, at least annually, the balance of skills, knowledge and experience on the board of directors and, in the light of this evaluation, prepare a description of the role and capabilities

required for appointment of executive directors.

## **5 Membership / Quorum:**

### Voting Membership

- 5.1 The Chairman and Non-executive Directors (NED), whose own remuneration and terms and conditions are approved by the Appointments [NED Nomination and Remuneration Committee] of the Board of Governors.
- 5.2 The Chairman of the Foundation Trust shall act as Chair of the Committee.
- 5.3 In the event of the Chairman of the Foundation Trust being unable to attend, the Deputy Chairman of the Trust shall Chair the meeting.

### Quorum

- 5.4 The Chairman and at least 3 other Non-executive Directors.

### In Attendance

- 5.3 The Chief Executive shall be invited to attend that part of the meeting concerned with other Executive Directors remuneration and terms of service and structure and composition of the Executive team.
- 5.4 The Secretary to the Committee will be a member of the Trust's staff as agreed by the Committee.

## **6 Meetings**

- 6.1 The Committee shall meet at least twice a year, or as required.
- 6.2 Extracts from the minutes of the meetings of the Committee shall be retained by the Director of Workforce and OD in the individual Executive Directors personnel file.

## **7 Conduct of Business**

- 7.1 The conduct of business will conform to guidance set out in the Board of Directors' Standing Orders, unless alternative arrangements are defined in these Terms of Reference.

## **8 Equality Statement**

- 8.1 The Trust is working towards delivery of the national NHS Workforce Race Equality Standard (WRES) aspirational goals by 2028. The Committee will ensure that the nominations and recruitment processes support the Trust's achievement of the WRES aspirational goals and will ensure that these are reflected in the recruitment processes for the posts covered by the Remuneration Committee.

- 8.2 The Committee will ensure that these terms of reference are applied in a fair and reasonable manner that does not discriminate on such grounds as race, gender, disability, sexual orientation, age, religion or belief

## **9 Monitoring**

- 9.1 The Committee shall produce an annual statement of the Trust's remuneration policy which will form part of the Trust's Annual Report, taking into account any updated guidance, good practice e.g. Monitor Code of Governance.
- 9.2 These terms of reference will be considered in conjunction with the terms of reference of the Appointments [NED Nomination and Remuneration] Committee, which is responsible for making recommendations to the Board of Governors on the terms and conditions, including remuneration, of the Chairman and NEDs.
- 9.3 As required by Monitor's NHS Foundation Trust Code of Governance (D.2.1) the terms of reference of the Executive Remuneration and Nomination Committee will be made available on the Trust's web site.

**Further document information**

<p>Approval – this is required for all documents. Approval should be by the relevant committee(s)*. State the name(s) of the committee(s) and the full date(s) of the relevant meeting(s):</p> <p>*In exceptional circumstances only, approval can be by Chair’s Action or by appropriate ED or NED – state full date of approval</p>	<p>Executive Remuneration and Nominations Committee of the Board of Directors</p>
<p>Approval date (<i>this version</i>) (Day, month, year):</p>	<p>27 May 2021</p>
<p>Approval by Board of Directors or Committee of the Board <b>(required for Strategies and Policies only):</b></p>	<p>Trust Board of Directors</p>
<p>Date (Day, month, year):</p>	<p>03 June 2021</p>
<p>This document supports: <i>standards and legislation – include exact details of any CQC &amp; NHSLA standards supported</i></p>	<p>Monitor’s The NHS Foundation Trust Code of Governance Trust Constitution Annual Report and Accounts</p>
<p>Key associated documents:</p>	
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