

Remuneration Committee

Terms of Reference

Document Owner: Joint Director of Corporate Affairs and Communications
Related Documents: Scheme of Reservation and Delegation Standing Financial Instructions Trust Constitution

Review Date: March 2027
Issue Date: April 2013
Version: 3.0
Authorisation Date: December 2023

1. Constitution

The Committee is established as an Assurance Committee of the Board of Directors in order to ensure effective governance in respect of Executive Director and other Executive Team Member appointments, succession planning and the remuneration of the same.

2. Authority

The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek information it requires of any employee (or contractor working on behalf of the Trust) and all employees (or contractors working on behalf of the Trust) are directed to co-operate with any request made by the Committee. The Committee is authorised to obtain legal advice or other professional advice from internal or external sources.

In addition, the Committee is authorised to request that another Committee or the Board review, monitor, or approve any item that may be better suited to, or overlap with, their responsibility.

3. Objectives

The Committee will deliver the following objectives, along with any others that are assigned by the Board of Directors during the course of the year:

3.1 Appointments – Executive Directors and other Executive Team Members:

3.1.1 To be responsible for identifying and appointing candidates to fill all Executive Director positions on the Board and for determining their remuneration and

other conditions of service. When appointing the Chief Executive, the committee shall be the committee described in all relevant legislation.

- 3.1.2 To monitor and review the composition of Executive Directors and other Executive Team members in terms of size and balance of experience, skills and qualifications.
- 3.1.3 Consider and make plans for succession planning for the Chief Executive and other Executive Directors taking into account the challenges and opportunities facing the Trust and the skills and expertise needed on the Board in the future.
- 3.1.4 To ensure compliance with the terms of the Trust's constitution and best governance practice with regard to the processes for making Executive Director and other Executive Team Member appointments to the Board of Directors.
- 3.1.5 To authorise release dates following resignation/removal of an Executive Director or other Executive Team Member from office, where these are earlier than completion of the contractual notice period, having regard to a full risk assessment of the circumstances, including consideration of potential 'Acting Up' arrangements.
- 3.1.6 To keep under review Executive Team Member development and succession planning.
- 3.1.7 To review and approve any interim Executive Director appointments in accordance with relevant guidance.
- 3.1.8 Ensure that proposed appointees disclose any business interests that may result in a conflict of interest prior to appointment and that any future business interests that could result in a conflict of interest are reported.
- 3.1.9 Seek assurance that all relevant appointees are subject to satisfactory pre-employment checks, including a Fit and Proper Persons test, prior to commencement.
- 3.1.10 Consider any matter relating to the continuation in office of any Executive Director including the suspension or termination of service of an individual as an employee of the Trust, subject to the provisions of the law and their service contract.

3.2 Remuneration

The Committee has delegated responsibility for setting remuneration for all Executive Directors, including pension rights and any compensation payments. The Committee should also recommend and monitor the level and structure of remuneration for senior management (normally the first layer of management below board level) however decisions regarding the remuneration for individual senior managers should be made by the Executive Directors (subject to the proviso outlined in section 3.2.3 below).

- 3.2.1 In accordance with all relevant laws, ensure that the Chief Executive, all individuals remunerated on the (VSM) pay scale are fairly rewarded for their

individual contribution to the organisation, having proper regard for the organisation's circumstances and performance and any national arrangements where appropriate, including the VSM Pay Framework

- 3.2.2 To monitor and evaluate the performance of individual Executive Team Members.
- 3.2.3 To review and decide on proposals relating to the remuneration of the other senior managers on locally determined pay e.g. VSM.
- 3.2.4 To adhere to all relevant laws, regulations, and NHS policy in all respects, including (but not limited to) determining levels of remuneration that are sufficient to attract, retain and motivate Executive Directors / other Executive Team Members whilst remaining cost effective.
- 3.2.5 To approve contractual arrangements for Executive Directors and other Executive Team Members, including but not limited to termination payments.
- 3.2.6 To consider these items in respect of all staff where the Trust has discretion in respect of Terms of Service and/or benefits (e.g. discretionary bonuses).
- 3.2.7 To formulate and review any relevant policies.

4. Equality and Diversity

The Committee will seek to promote and enhance equality, diversity, and inclusion across the Trust, both in the discharge of its duties and decision making processes, and in representing these values in all areas it touches.

The Committee will also have regard for the NHS Constitution and ensure that it complies with relevant legislation and best practice in the conduct of its duties.

5. Membership

The Committee shall consist of:

- The Trust Chair (who will Chair the Committee) – nominated deputy is the Deputy Chair;
- All Non-Executive Directors; and
- The Joint Chief Executive (in the appointment of Executive Directors other than the Chief Executive).

6. Attendance

Meetings of the Committee may, at the request of the Chair, be attended by:

- Joint Chief People Officer;
- Joint Director of Corporate Affairs and Communications (to advise on constitutional matters);
- Any other person who has been invited to attend the Committee so as to assist in deliberations.

No individual shall be present for discussions about his/her own remuneration.

All members should aim to attend all scheduled meetings with attendance being reviewed annually. Attendance below 80% may result in discussions with the Committee Chair.

Where members are unable to attend, they should consider sending a designated nominated deputy. In the case of this Committee, no member or attendee may send a deputy without permission of the Chair.

7. Conflicts of Interest

Notwithstanding the definition of material interests applicable to Directors as set out in the constitution, the Chief Executive will through the nature of his/her role, be deemed to have an interest in the following matters:

- i) The appointment and removal of the Chief Executive
- ii) The remuneration of the Chief Executive

It will be for the Chair of the Committee to determine whether or not it is appropriate for the Chief Executive to be in attendance to advise on these matters. In such circumstances where the Chief Executive is in attendance, he/she will not have a vote or participate in the decision of the Committee.

8. Quorum and Frequency

A quorum shall be at least three Non-Executive Directors (including the Chair or Deputy Chair).

Meetings shall be held as necessary. Meetings may be added, stood down, or rescheduled with the approval of the Chair.

There will be a scheduled meeting each year to receive the outcome of Executive Team appraisals, any recommendations on remuneration and to review the Executive Team succession plan.

9. Reporting

The minutes of all meetings shall be formally recorded. The Committee will report to the Board following each meeting via a Chair's report.

The Committee will also update the Council of Governors on recent Committee activity via the appropriate template.

There are no groups reporting to this Committee.

10. Conduct of Committee Meetings

The agenda and supporting papers will be sent out at least four working days prior to the Committee, unless there are exceptional circumstances authorised by the Chair.

Authors of papers should use the standard template.

Presenters of papers can expect all committee members to have read the papers and should keep to a verbal summary outlining the purpose of the report and its recommendations. Committee members may question the presenter.

Meetings will take place at the same time and in the same place as the Wirral Community Health and Care NHS FT Remuneration Committee.

11. Performance Evaluation

As part of the Board's annual performance review process, the Committee shall review its collective performance each year.

12. Review

The terms of reference of the Committee shall be reviewed as required and at least annually.