

## **Solent NHS Trust Remuneration Committee**

### **Terms of Reference**

The Solent NHS Trust Board hereby establishes a Committee of the Board to be known as the Remuneration Committee ('the Committee') in accordance with its Standing Orders and Scheme of Delegation.

The Committee is a Non-Executive Committee of the Board and has no executive powers, other than those specifically delegated by the Board in these Terms of Reference which are incorporated within the Trust's Standing Orders.

#### **1. Principles**

- 1.1 In line with the Department of Health Guidance and best practice the Remuneration Committee will operate to the following principles at all times:
- ✓ bear in mind the necessity of keeping comprehensive written records of their dealings, in line with general good practice in corporate governance; and
  - ✓ seek to ensure that all compensation decisions taken are fair and equality of opportunity, diversity and inclusion impacts are considered

#### **2. Membership**

- 2.1 Membership of the Remuneration Committee will comprise:
- ✓ The Non-Executive members of Solent NHS Trust
  - ✓ The Trust Chair
- 2.2 One of the members of the Remuneration Committee will be appointed as Chair of the Committee by the Chair of Solent NHS Trust Board. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 2.3 The Trust Chair shall not be the Chair of the Committee.
- 2.4 The composition of the Committee will be disclosed in the Solent NHS Trust Annual Report.

#### **3. Purpose**

- 3.1 The Committee makes decisions on behalf of the Board regarding remuneration and terms of office relating to the Chief Executive and other Executive Directors. It oversees and approves:
- ✓ Employer Based Clinical Excellence Awards
  - ✓ severance payments over £100k
  - ✓ all non-contractual payments

#### **4. Duties**

The committee will:

- 4.1 Be responsible for aligning the Trust's Remuneration Policy for Directors with national Very Senior Management (VSM) terms.
- 4.2 Make decisions on behalf of Solent NHS Trust Board and where necessary make recommendations to NHS Improvements about appropriate remuneration, allowances and terms of service for the Chief Executive, and other Executive Directors, to include:-
- Salary
  - Pensions

- Performance related pay and Directors' eligibility and performance evaluation for annual bonuses
  - Provision of other contractual terms and benefits
  - Approval of settlement agreements/severance pay or other occasional payments to individuals and out of court settlements, taking account of national guidance
  - Approval of other non-contractual payments
  - Receive and approve decisions of the Employer Based Clinical Excellence Awards (EBCEA) panel
- 4.3 Within the constraints of national frameworks, the Committee will agree the remuneration package, allowances and terms of service of the Trust's executive directors. No executive director shall be involved in any decisions as to their own remuneration.
- 4.4 Monitor and oversee the evaluation of the performance of the Chief Executive.
- 4.5 Approve participation in any performance related pay schemes, where operated by the Trust, and approve the total annual payments made under such schemes.  
The Committee will ensure that any:
- ✓ pay-outs or grants under any incentive schemes are subject to challenging performance criteria reflecting the objectives of the Trust.
  - ✓ performance criteria and upper pay limits for annual bonuses and incentive schemes are disclosed
- 4.6 Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the NHS, aligned with the interests of the patients, that failure is not rewarded and that the duty to mitigate loss is fully recognised, in line with national guidance where appropriate.
- 4.7 The Committee will refer the following matters to the NHS Improvements (NHSI) in accordance with the 'NHS TDA (now NHSI) Guidance for NHS Trusts on processes for making severance payments'<sup>1</sup>;
- ✓ All severance payments (contractual or non-contractual) to Chief Executives and Directors of NHS Trusts. For these purposes, "Director" means any Director reporting to the Chief Executive whether or not an executive member of the Board
  - ✓ Non-contractual severance payments to all staff (including to Chief Executives and Directors as defined in 3.1)
  - ✓ Contractual severance payments over £100,000 to all staff (including to Chief Executives and Directors as defined in 3.1)
- 4.8 To be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any Remuneration Consultants who advise the committee, and to obtain reliable, up-to-date information about remuneration in other Trusts. Where Remuneration Consultants are appointed, a statement will be made available of whether they have any other connection with the Trust or conflicts of interest.
- 4.9 Consider any pension consequences and associated costs to the Trust of basic salary increases and other changes in pensionable remuneration.
- 4.10 Ensure that levels of remuneration for the Chair and other non-executive directors reflect the national terms.

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<sup>1</sup> It is acknowledged that the title of this document may be amended in the future to acknowledge NHS's new title

- 4.11 Consult the Chair and/or the Chief Executive concerning proposals relating to the remuneration of other Executive Directors.
- 4.12 Recommend and monitor the level and structure of remuneration for Senior Management (the definition of Senior Management to be determined by the Trust Board, but will normally include the first layer of management below Board level).
- 4.13 Disclose in the Annual report, where the Trust releases an Executive Director, for example to serve as a Non-Executive Director elsewhere, whether or not the Director will retain such earnings.
- 4.14 To have oversight of Mutually Agreed Resignation Schemes (MARs) and to approve schemes as necessary.
- 4.15 To be sighted on any substantial changes to nationally agreed terms and conditions.

## **5. Attendance**

- 5.1 The Chief Executive, Chief People Officer and Deputy Chief Executive & Chief Finance Officer will be invited to attend the meeting as required to provide advice but will not be in attendance for discussions concerning their own remuneration and/or terms of service, and will therefore withdraw from those parts of the meeting.

## **6. Secretary**

- 6.1 The Secretary to the Committee will be coordinated by the Chief People Officer with the Committee Chair.

## **7. Quorum**

- 7.1 The quorum necessary for the transaction of business shall be three members. 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.

## **8 Notice of meetings**

- 8.1 The Chair or their deputy shall summon the meeting.
- 8.2 Whenever possible, members will be given 5 working days' notice before the date of the paper and associated supporting papers will be circulated in advance of the meeting. However, it is acknowledged that it may be necessary to convene a meeting (or virtual meeting) at short notice and members will be informed accordingly.

## **9 Minutes of meetings**

- 9.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those members present and others in attendance. In the case of virtual meetings, a written confirmation of the meeting and agreements will follow as soon as practically possible.
- 9.2 Minutes of Committee meetings shall be circulated promptly to all members of the committee.

## **10. AGM attendance**

10.1 The Chair of the Committee, or nominated deputy, shall attend the Annual General Meeting prepared to respond to any stakeholder queries in relation to the committee activity.

## **11. Authority**

11.1 The Committee is authorised by the Board to review and approve any activity within its Terms of Reference. In so doing, the Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

11.2 The Committee will make satisfactory arrangements to ensure it receives adequate independent advice on remuneration levels elsewhere in the NHS, with due reference to national policy and guidance, as well as trends and developments in areas of benefits and terms and conditions of employment.

## **12. Frequency of Meetings**

12.1 The Committee shall meet at least annually and at such other times as the Chair of the Committee shall require.

## **13. Review**

13.1 The Terms of Reference shall be reviewed by the Committee and approved by the Trust Board on an annual basis.

13.2 In order to ensure that the Committee can be assured that it is operating at maximum effectiveness in discharging its responsibilities as set out in these Terms of Reference, the Chair will ensure that an annual review of its performance is undertaken.

## **14. Reporting responsibilities**

14.1 The Committee shall report formally to Solent NHS Trust Confidential Board meeting, the basis for its decisions and recommendations. The Chair of the Committee shall draw to the attention of the Board any significant issues that require specific consideration or action by the Board. Minutes of the Trust Board's meetings will record receipt of the report of the Remuneration Committee and the decisions of the Board.

14.2 Notes for each meeting, including decisions and actions, will be recorded and retained by the Chief People Officer.

14.3 The Committee shall produce an annual statement of the Trust's remuneration policy and practices which will form part of the Trust's Annual Report, including:

- the disclosure of any remuneration received by an Executive Director serving as a Non-Executive Director elsewhere and whether this is retained or not by the Executive Director
- membership of the Remuneration Committee, this means the names of the Chair and members of the Remuneration Committee
- the number of meetings and individual's attendance at each
- the name of any person (and in particular any director of the Trust who was not a member of the committee) who provided advice or services to the committee that materially assisted the committee in their consideration of any matter. Where such a person is not a director of the Trust: a description of the nature of any other services that person has provided to the Trust during the financial year and whether that person was appointed by the committee

14.4 Members attendance at Committee meetings will be disclosed in the Trust's Annual Report

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