

## Remuneration Committee Terms of Reference

### Role

The Remuneration Committee is a standing committee of the Board and is responsible for ensuring that the Trust recruits, retains and develops a strong executive leadership team capable of achieving our objectives for performance. The committee will have oversight of succession planning and senior staff pay and contractual arrangements.

The committee will be mindful of the need to improve the diversity of the workforce so that it better reflects the populations which the Trust serves.

The committee will agree severance payments for any member of staff – regardless of grade.

### Alignment with strategic priorities

#### Quality

Maintain and improve the quality of services delivered by CLCH

#### Workforce

Make CLCH a great place to work for everyone

### Definitions

“the Trust” means Central London Community Healthcare NHS Trust

“the committee” means the Remuneration committee

“the Directors” means the Trust’s Board of Directors<sup>1</sup>

“very senior managers” excludes staff on agenda for change pay scales

### 1 Membership

- 1.1 Members of the committee shall be appointed by the Board of Directors. The committee will comprise the Chairman and two other Non-Executive Directors. The Board member with responsibility for HR should sit as an advisor to the committee<sup>2</sup>. The Chief Executive and Director of People<sup>3</sup> will also attend as required. All other Non-Executive Directors are welcome to attend meetings.
- 1.2 Only members of the committee have the right to attend and vote at committee meetings. The committee may require other officers of the Trust, and other individuals such as internal and external audit to attend all or any part of its meetings as and when is necessary.
- 1.3 The Board shall appoint the Chair of the committee who shall be a Non-executive Director. In the absence of the committee Chairman and/or an appointed deputy, the remaining members present shall elect one of the Non-

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<sup>1</sup> Including interim directors

<sup>2</sup> Code of Governance, April 2023, Section E, 2.6

<sup>3</sup> Or equivalent title as expert advisor.

executive Director members present to Chair the meeting.

## **2 Secretary**

- 2.1 The Head of Corporate Governance or their nominee shall act as the secretary of the committee.

## **3 Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two Non-Executive Directors. 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.

## **4 Frequency of meetings**

- 4.1 The committee will meet three times per annum. The committee may meet on additional occasions, either in person or by correspondence, as determined necessary by the Chairman.

## **5 Notice of meetings**

- 5.1 Meetings of the committee may be called by the secretary of the committee at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

## **6 Minutes of meetings**

- 6.1 The secretary shall minute the proceedings of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2 Minutes of committee meetings should be shared with the Board at a Confidential Board of Directors meeting.

## **7 Main purpose - committee**

- 7.1 To determine the remuneration and terms of service for very senior managers, defined as the chief executive, executive directors and other VSM directors, including interim directors, and to ensure compliance with national guidance. Note, hosted directors, eg for place partnerships, will also be brought to the attention of the members<sup>4</sup>.
- 7.2 To supervise the identification and appointment of candidates to fill all the executive director positions on the board.
- 7.3 To review, annually, very senior manager objectives, performance assessment and personal development.

## **8 Responsibilities**

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<sup>4</sup> These are VSM managers hosted by CLCH, for example the NWL procurement director and other roles supporting borough level partnerships

## 8.1 **Remuneration and term and conditions**

8.1.1 The Remuneration committee, having regard to any national frameworks which need to be applied, will determine: basic levels of remuneration for very senior managers; any application of cost of living or other increments; any policy on performance related pay or equivalent and specific decisions under such a scheme; any other terms and conditions which are outside generally applicable trust policy; arrangements on termination of employment and other contractual terms; local discretionary point awards made to consultants in compliance with national guidance.

8.1.2 The committee should not agree to an executive member of the Board leaving the employment of the Trust except in accordance with the terms of their contract of employment, including but not limited to serving their full notice period and/or material reductions in their time commitment to the role, without the board first completing and approving a full risk assessment<sup>5</sup>.

8.1.3 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 - the first layer of management below executive level<sup>6</sup>.

8.1.4 In support of Fit and Proper Persons guidance, the committee must seek assurance that, when board members leave the organisation, a reference<sup>7</sup> is completed – and kept on file – ready for inspection / issue.

## 8.2 **Very senior managers' objectives**

8.2.1 The committee will review annual objectives for very senior managers and performance against those objectives at year end. It will provide input to the chief executive on the performance of other executive members of the board and will advise the chair on the chief executive's annual appraisal.

8.2.2 Any performance-related elements of executive directors' remuneration should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels. In designing schemes of performance-related remuneration, the remuneration committee should consider the following provisions<sup>8</sup>.

- a. Whether the directors should be eligible for annual bonuses in line with local procedures. If so, performance conditions should be relevant, stretching and designed to match the long- term interests of the public and patients.
- b. Pay-outs or grants under all incentive schemes should be subject to challenging performance criteria reflecting the objectives of the trust. Consideration should be given to criteria which reflect the performance of the trust against some key indicators and relative to a group of comparator trusts, and the taking of independent and expert advice where appropriate.
- c. Performance criteria and any upper limits for annual bonuses and incentive

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<sup>5</sup> Code of Governance, April 2023, section C, 4.12

<sup>6</sup> Section E, 2.7

<sup>7</sup> Using the NHS England template

<sup>8</sup> Section E, 2.1

schemes should be set and disclosed and must be limited to the lower of £17,500 or 10% of basic salary.

- d. The remuneration committee should consider the pension consequences and associated costs to the trust of basic salary increases and any other changes in pensionable remuneration, especially for directors close to retirement.

### 8.3 **Severance agreements**

8.3.1 To consider any matter relating to the continuation in office of any board 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.

8.3.2 The committee will carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination. The aim should be to avoid rewarding poor performance. Contracts should allow for compensation to be reduced to reflect a departing director's obligation to mitigate loss. Appropriate claw-back provisions should be considered in case of a director returning to the NHS within the period of any putative notice<sup>9</sup>.

8.3.3 To agree all severance arrangements and seek assurance that these are compliant with relevant processes, including that of the NHS Improvement / England.

### 8.4 **Succession planning – all Board positions**

8.4.1 The committee will review the chief executive's plan for ensuring a capable "next generation" of very senior leaders as well as contingency plans in the event of a departure of key very senior managers as appropriate. The committee will consider diversity of the top leadership team, taking into account the challenges and opportunities facing the Trust and the skills and expertise needed on the board in the future.

### 8.5 **Board of directors vacancies**

8.5.1 When an executive or non-executive director vacancy is identified, the committee will evaluate the balance of skills, knowledge and experience on the board and comment on the role and capabilities required for the particular appointment.

### 8.6 **Very senior managers' roles and organisational structure**

8.6.1 The committee will approve job descriptions for very senior manager positions. It will also review and approve senior level organisation structure changes recommended by the chief executive, ie, those involving reporting line changes of direct reports to the chief executive paying attention to achievement of the key performance indicator in relation to black and minority ethnic (BME) staff at levels 7 and above.

## 9 **Other Matters**

9.1 Report any material control issues to the Audit Committee.

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<sup>9</sup> Section E, 2.4

- 9.2 Give due consideration to laws and regulations.
- 9.3 Oversee any investigation of activities which are within its terms of reference.
- 9.4 At least once a year, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend to the Board of Directors for approval, any changes it considers necessary
- 10 **Monitoring and Review**
  - 10.1 The Board will monitor the effectiveness of the committee through receipt of the committee's minutes and such written or verbal reports that the Chair of the committee might provide.
  - 10.2 The secretary will assess agenda items to ensure they comply with the committee's responsibilities.
  - 10.3 The secretary will monitor the frequency of the committee meetings and attendance
- 11 **Reporting responsibilities**
  - 11.1 The committee will report to the Board of Directors on its proceedings after each meeting.
  - 11.2 The committee shall make whatever recommendations to the Board of Directors it deems appropriate on any area within its remit where action or improvement is needed.
  - 11.3 Urgent decision may be made outside of meetings (for example by email), providing that a quorum of members are in written agreement and that the decision is reported and recorded at the next scheduled meeting.
- 12 **Authority**
  - 12.1 The committee is a non-executive committee of the Board of Directors and has no powers, other than those specifically delegated in these terms of reference.
  - 12.2 The committee is authorised:
    - 12.2.1 To seek any information it requires from any employee of the trust in order to perform its duties.
    - 12.2.2 To obtain, outside legal or other professional advice on any matter within its terms of reference via the Head of Corporate Governance.
    - 12.2.3 To call any employee to be questioned at a meeting of the committee as and when required.

Agreed by Remuneration committee 02.12.24  
Approved by Board of Directors on 27.03.25

To be reviewed at least annually