

Meeting:	Shetland NHS Board
Date:	16 February 2020
Report Title:	Remuneration Committee-Terms of Reference
Reference Number:	Board Paper 2020/21/61
Author / Executive Lead/ Job Title:	Lorraine Hall, Director of Human Resources and Support Services

Decisions / Action required:	
The Board is asked to approve the Remuneration Committee Terms of Reference.	
High Level Summary:	
<p>Standing Orders determine that the establishment and terms of reference of all its committees is a matter reserved for the Board. The Remuneration Committee has reviewed the terms of reference which are now being presented for approval by the Board.</p> <p>The Remuneration Committee reviews its Terms of Reference on an annual basis.</p>	
Corporate Priorities and Strategic Aims:	
The Remuneration Committee Terms of Reference form part of the Corporate Governance Handbook, which underpins the way the Board delivers its business. It is directly linked to the Boards Corporate Objectives.	
Key Issues:	
The Remuneration Committee has undertaken the annual review of its Terms of Reference. No changes have been made.	

Implications :	
Service Users, Patients and Communities:	N/A
Human Resources and Organisational Development:	<i>Remcom activity is linked with best practice HR processes</i>
Equality, Diversity and Human Rights:	<i>N/A as the Circulars that Remcom work to are consistent across the whole of the NHS in Scotland</i>

Partnership Working	<i>RemCom sits in partnership with the ED a member</i>	
Legal:	Ensures decision making is in line with obligations.	
Finance:	Ensures the resources of the Board are appropriately controlled and allocated in line with objectives.	
Assets and Property:	N/A	
Environmental:	N/A	
Risk Management:	<i>RemCom has a Risk Assurance Framework which it reviews at each Committee</i>	
Policy and Delegated Authority:	RemCom is governed by National Policy and Circulars	
Previously considered by:	N/A	
“Exempt / private” item	Not applicable	

Remuneration Committee

Terms of Reference



1. Purpose of the Committee

1.1 The role of the Remuneration Committee is to ensure the application and implementation of fair and equitable pay systems on behalf of the Board as determined by the relevant Scottish Government circulars. The Committee is also responsible for conducting a performance assessment of the Executive Management Team and other senior managers in the light of guidance issued by the Scottish Government Health Directorates (SGHD).

2. Composition of the Committee

2.1 Membership

2.1.1 The Committee will comprise:

- the Non-Executive Board Chair
- the Non-Executive Vice-Chair of the Board
- the Non-Executive Employee Director
- the Non-Executive Chair of the Audit Committee

2.1.2 The Committee Chair shall be appointed by the Board at a properly constituted meeting.

2.1.3 Appropriate training and development will be provided to ensure that members of the Committee have the skills and knowledge to carry out this role.

2.2 Attendance

2.2.1 Other Board Members may attend meetings of the Committee and have access to papers at the Chair's discretion. In such cases, Board members should inform the Committee Chair in advance of their desire to attend the relevant meeting.

2.2.2 The Chief Executive shall normally attend meetings. He/she will not be present when the Terms and Conditions of their own post are being discussed.

2.2.3 The Director of Human Resources and Support Services will attend meetings of the Remuneration Committee as an Advisor. He/she will not be present when the Terms and Conditions for their own post are being discussed.

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2.2.4 Meetings may be attended, in whole or part, exclusively by Committee Members, as considered appropriate by the Committee Chair.

3. Duties and Functions of the Remuneration Committee

3.1 The specific duties of the Committee are as follows:

In relation to Executive Directors and Directors, to:

- review and approve all Terms and Conditions of Employment, including job descriptions, terms of employment, basic pay, performance pay (if applicable) and all benefits associated with each post;
- review and approve annual performance objectives, including overseeing the review of performance against these objectives at the mid-year point and agreeing any revisions to the objectives during the course of the year; and
- consider and approve the assessment of performance at the year-end and any changes to the remuneration or the Terms and Conditions of Employment arising from this assessment of performance during the review period.

In relation to any other staff employed under Executive Managers' or Consultants' pay arrangements to:

- maintain an overview of remuneration arrangements for staff falling within these categories.

In general, to:

- comply with any Scottish Government Health Directorates directions and take into consideration any relevant guidance on remuneration or terms and conditions of employment;
- provide assurance to the Board, through the Staff Governance Committee, that systems and procedures are in place to manage the issues set out in Scottish Government guidance so that overarching staff governance responsibilities can be discharged. The Staff Governance Committee will not be given the detail of confidential employment issues that are considered by the Remuneration Committee; and
- to review submissions from the Chief Executive for the terms of any Settlement Agreement. Such agreements may also require the approval of the Scottish Government, in accordance with procedures applicable across the public sector.

3.2 Standing Items

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- Controls and Assurance Framework

3.3 Ad-hoc Reports

June Meeting

- Annual Report of the Work of the Remuneration Committee
- Annual Report on Executive/Senior Manager Vacancies
- Annual Report on Severance Payments
- Annual Report on Acting Up Executive/Senior Managers
- Performance Review of Chief Executive
- Review of Performance of Director of Finance, Director of Community Health and Social Care and Director of Acute Services
- Review of Performance of Director of Human Resources and Support Services
- Draft Objectives for Chief Executive
- Draft Objectives for all Directors
- Terms of Reference

Mid-Year Meeting (December/January)

- NPMC letter
- Mid-Year Review of Chief Executive
- Mid-Year Review of Executive Directors

4. Meetings of the Committee

4.1 Frequency

4.1.1 The Committee shall meet as required, with meetings normally to be held twice in each financial year, at a place and time as determined by the Committee Chair.

4.1.2 The Chair of the Committee may at any time convene additional meetings of the Committee to consider business which may require urgent consideration.

4.2 Agenda and Papers

4.2.1 The Chair will set the agenda in conjunction with the Chief Executive and Director of Human Resources.

4.2.2 The agenda and supporting papers will be sent out at least five working days in advance of the meetings.

4.2.3 All papers will clearly state the agenda reference, the author, the purpose of the paper and the action the Committee is asked to consider.

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4.3 Quorum

Two members of the Committee shall constitute a quorum and no business shall be transacted unless the minimum number of members is present. For the purposes of determining whether a meeting is quorate, members attending either video or tele-conference link will be determined to be present.

4.4 Minutes

4.4.1 Formal minutes shall be taken of the proceedings of the Committee. Draft Minutes shall be distributed for consideration and review to the Chairman of the Meeting within 10 working days of the meeting except in exceptional circumstances. The Chair must return any edits within a further five working days of receipt.

4.4.2 The draft minutes will be circulated electronically to Committee Members for approval within the following 10 working days.

4.4.3 Any issues that require escalation to the Board will be identified by the Committee Chair and acted upon accordingly.

5. Authority

The Committee is authorised by the Board to obtain external legal or other independent professional advice and to secure the assistance of people from outside NHS Shetland or the wider NHS, with relevant expertise, if it is considered necessary.

6. Reporting Arrangements

6.1 In addition to providing the Board with updates as outlined in 4.4 above, the Remuneration Committee shall produce an Annual Report to the Board to be presented by the Remuneration Committee Chair.

6.2 The Committee has a duty to review its own performance and effectiveness, and terms of reference, on an annual basis and seek approval of proposed amendments to terms of reference from the Board.

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