

Clinical Commissioning Group Governing Body
Paper Summary Sheet
Date of Meeting: 19 May 2015

For: PUBLIC session PRIVATE Session

For: Decision Discussion Noting

Agenda Item and title:	GOV/15/05/11 Remuneration Committee Terms of Reference
Author:	David Noyes, Director of Planning, Performance & Corporate Services
Lead Director/GP from CCG:	David Noyes, Director of Planning, Performance & Corporate Services
Executive summary:	The CCG Constitution describes the Committees of the organisation which report to the Governing Body: one such Committee is the Remuneration Committee. These terms of reference (TOR) have been amended and agreed by the Remuneration Committee and the Governing Body is asked to approve the amended TOR.
Evidence in support of arguments:	This document was developed from PCT Remuneration Committee TOR. The Standards of Business Conduct Policy requires the Governing Body and the sub-committees to have TOR.
Who has been involved/contributed:	Remuneration Committee Members and the Governing Body who had received earlier versions of the Constitution which contained draft TOR.
Communications Issues:	The CCG Constitution which contains Committee TOR is published on the CCG website.
Financial Implications:	None identified.
Review arrangements:	The TOR will be reviewed annually.
Risk Management:	None identified.
National Policy/ Legislation:	The CCG is required to have a Constitution.

Equality & Diversity:	An EIA has not been undertaken as this document reports information required by the Standards of Business Conduct Policy.
What specific action re. the paper do you wish the Governing Body to take at the meeting?	The Governing Body is asked to receive and approve the amended Remuneration Committee TOR, shown by the highlighted text at 4.4.

Remuneration Committee

Terms of Reference

1. Overview

In accordance with requirements of the NHS Codes of Conduct and Accountability, Standing Orders (S4) and Standing Financial Instructions (S20.1), the CCG Governing Body (CCGGB) shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

2. Purpose of the Committee

The Remuneration and Terms of Service Committee will provide a strategic overview of remuneration packages and advise the CCG Governing Body about appropriate remuneration, the appointment, termination and terms and conditions of the Chief Officer, Executive Directors, Clinical Leads and other senior managers with locally determined contracts described by the NHS Very Senior Managers Pay Framework.

3. Accountability/Authority

The Committee is accountable to the CCG Governing Body for its decision making. The Chair will liaise closely with the Chief Officer and shall only report to the CCG Governing Body such details of Committee decisions as are necessary for the Chief Officer and CCG Governing Body to exercise proper stewardship of management costs and associated financial risks.

The Committee may:

- a. Seek advice from whatever source it deems appropriate
- b. Incur reasonable expenditure in the furtherance of its work
- c. Authorise the Chief Officer and Chief Financial Officer to implement remuneration packages approved by the Committee.

4. Membership/Quorum

4.1 The Committee will comprise:

Voting Members

- Secondary Care Doctor
- 1 x GP representative from a CCG Group (unless conflicted)
- The Chair will be the Lay Member with responsibility for Audit and Governance

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- The Vice Chair will be the Lay Member with responsibility for Patient and Public involvement

Non-Voting Members

- The Chair of the CCG except when any matters affecting his/her personal position are being discussed
 - The Chief Officer, except when any matters affecting his/her personal position are being discussed
 - A representative from human resources, except when any matters affecting his/her personal position are being discussed
 - CCG Director of Planning, Performance and Corporate Services, except when any matters affecting his/her personal position are being discussed
- 4.2 The latter two non-voting Members will attend to offer advice except when discussions about their own personal position, remuneration and terms of service are taking place.
- 4.3 The Chief Officer and Chief Financial Officer will attend as required.
- 4.4 Business will only be conducted if the meeting is quorate. A quorum shall be the Chair (or in exceptional circumstances, Vice Chair) and any two voting Members.
- 4.5 No senior manager will be present for discussions about their own remuneration.

5. Responsibilities/Duties

- 5.1 The Committee will:
- Advise the Governing Body about appropriate remuneration, allowances and terms of service for the Chief Officer, Clinical Leaders and those Senior Managers with locally determined contracts, described within the Pay Framework for Very Senior Managers and the pay arrangements for GP executives and other clinician involvement:
 - a. All aspects of salary
 - b. Contractual arrangements for such staff including the proper calculation and scrutiny of termination of employment payments, taking account of national guidance as appropriate.
 - Make such recommendations to the Governing Body on the remuneration, allowances and terms of service and employment of Officer members of the Governing Body and other senior employees to ensure that they are fairly rewarded for their individual contribution to the CCG (whilst having proper regard for the CCG's circumstances and performance, and to the provisions of any

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national arrangements for such members and staff where appropriate).

- Annually monitor and evaluate, with the Chief Officer and the Chair, the performance of the Clinical Leaders, Executive Directors, and those Senior Managers with locally determined contracts, described within the Pay Framework for Very Senior Managers.
- With the Chair of the CCG, monitor, evaluate and confirm the satisfactory performance of the Chief Officer.

5.2 The Chair shall be responsible for ensuring appropriate and timely proposals are submitted for consideration, and for ensuring Committee decisions are enacted.

5.3 The Committee will oversee arrangements for electing the 3 Groups' Chairs/Vice Chairs in line with the CCG's Constitution and monitor their performance.

5.4 In keeping with NHS guidance, decisions concerning pay and contractual matters shall take into account all aspects of salary, non-pay benefits, length of notice period and termination payments, other contract provisions, the scale and complexity of employment challenge, the performance of individuals and the circumstances of the organisation. In all of their decisions and recommendations, the Remuneration Committee will remain aware that each individual NHS organisation is corporately responsible for ensuring that its pay arrangements are appropriate in terms of equal pay requirements and other relevant legislation. This will include implementing the recommendations from the Hutton Review such as that all NHS organisations are now required to publish annually the figure representing the multiple of the highest earnings in the organisation compared to the median.

5.5 Pay and contractual advice to inform Committee decision shall be secured from informed, impartial sources. Where a matter concerns the Chief Officer, the Committee shall commission and receive the advice directly. The Remuneration and Terms of Service Committee will take advice on any matters it believes to be outside its area of knowledge.

5.6 The Committee will determine the CCG's policy on the remuneration of the Chief Officer and those senior managers with locally determined contracts.

5.7 At all times the Committee will:

- observe the highest standards of propriety involving impartiality, integrity and objectivity in relation to the stewardship of public funds and the management of the bodies concerned

- maximise value for money through ensuring that services are delivered in the most efficient and economical way, within available resources, and with independent validation of performance achieved wherever practicable
- be accountable to Parliament, to users of services, to individual citizens, and to staff for the activities of the bodies concerned, for their stewardship of public funds and the extent to which key performance targets and objectives have been met
- comply fully with the principles of the *Citizen's Charter* and the *Code of Practice on Access to Government Information*, in accordance with Government policy on openness
- bear in mind the necessity of keeping comprehensive written records of their dealings, in line with general good practice in corporate governance.

6. Reporting Framework

- 6.1 The Committee will be convened as and when required by the Chair or on request from the Chief Officer.
- 6.2 It is anticipated that there will be three Committees per annum with a minimum of two.
- 6.3 The Chair shall be responsible for agreeing the agenda.
- 6.4 The agenda and any related papers will be circulated to members at least a week in advance of the meeting. Committee members who are unable to attend should provide their comments to the Chair prior to any meeting.
- 6.5 The Committee will normally be serviced by a representative from Human Resources.
- 6.6 Formal minutes will be recorded from each meeting of the Committee, which state the issues considered, decisions and resolutions made and the rationale for these decisions. These shall be maintained by the Board Administrator.
- 6.7 In the interest of confidentiality, the full minutes will be shared only with Committee members, the Chief Financial Officer and HR (where appropriate) and be available to external auditors, once approved by the Chair of the Committee. In line with the SFIs, the Committee will report in writing to the Governing Body, in the confidential section of the meeting, its advice and its bases about remuneration and terms of service of Directors and senior employees.

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- 6.8 Should any matter be put to a vote, all voting Committee members present shall have a single vote to cast. In the event that for and against are equal, the Chair of the meeting shall have a second or casting vote.
- 6.9 Any items which require Governing Body approval will be the subject of a separate report.
- 6.10 In line with the Pay Framework for Very Senior Managers, it may be necessary to obtain National Commissioning Board approval, which will be after the Remuneration Committee has endorsed any proposals.

7. Review Arrangements

- 7.1 The Committee will review its terms of Reference on an annual basis as a minimum. Any changes to the Terms of Reference must be ratified by the Governing Body.
- 7.2 Remuneration of Lay Members is decided by the Chair, Chief Officer and Chief Financial Officer locally, as guided appropriately by wider national guidance, where it exists.