

Review of Terms of Reference of Remuneration Committee

Governing Body meeting

1 March 2018

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Sponsor Director	Phil Taylor Chair, Remuneration Committee
Purpose of Paper	
To approve the updated Terms of Reference (ToR) of the CCG's Remuneration Committee following review by the Committee at its meeting on 11 January 2018.	
Key Issues	
The CCG's Remuneration Committee, should consider if its ToR remain fit for purpose at least once a year. The Committee considered a paper presented by the Director of Finance at its meeting on 11 January 2018 and agreed to recommend to Governing Body a few minor changes. These are presented in the attached paper, together with a copy of the ToR with proposed changes shown as "tracked changes".	
Is your report for Approval / Consideration / Noting	
Approval	
Recommendations / Action Required by Governing Body	
Governing Body is asked to approve the proposed changes to the Terms of Reference for the CCG's Remuneration Committee	
Governing Body Assurance Framework	
<i>Which of the CCG's objectives does this paper support?</i>	
This paper supports delivery of the CCG's Strategic Objective 5 - Organisational development to ensure CCG meets organisational health and capability requirements. It also gives assurances against Risk 5.4 - Inadequate adherence to principles of good governance and legal framework leading to breach of regulations and consequent reputational or financial damage.	
Are there any Resource Implications (including Financial, Staffing etc)?	
No	
Have you carried out an Equality Impact Assessment and is it attached?	
<i>Please attach if completed. Please explain if not, why not</i> Not applicable	
<i>Have you involved patients, carers and the public in the preparation of the report?</i>	
Not applicable	

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1.0 Introduction

Under its Terms of Reference the Remuneration Committee, in line with all other formal committees which report to the CCG's Governing Body is required to review the Terms of Reference under which it operates at least once a year. If Committee members agree that any changes to the Terms of Reference should be made, in line with the CCG's Constitution these changes should be recommended to Governing Body for formal approval.

The Terms of Reference were last updated in February 2017 following approval of changes by Governing Body and a review by Committee in autumn 2016.

2.0 Review and Proposed Changes

The existing Terms of Reference are attached to this paper with the proposed changes shown as track changes. It is important to highlight that they must remain consistent with what is stated in the CCG's Constitution.

For ease of reference section 6.6.5 b) of the Constitution states:

“Remuneration Committee – is accountable to the CCG's Governing Body. Its functions include overseeing the appointment process for Members of the Governing Body; making determinations on the remuneration, fees and other allowances for Members of the Governing Body and in relation to CCG employees making recommendations to the Governing Body on potential alternative remuneration and conditions of service to those set out in the national Agenda for Change arrangements and NHS Pension Scheme. The Governing Body approves and keeps under review the terms of reference for the Remuneration Committee, which includes information on its membership.”

The CCG's Scheme of Reservation and Delegation which forms part of the CCG's Constitution sets out those decisions that are reserved for the Membership as a whole and those decisions that are the responsibilities of the CCG's Governing Body, the Governing Body's committees and sub-committees, individual Members and employees. The Scheme of Reservation and Delegation formally delegates two functions to Remuneration Committee as follows:

“Approve the terms and conditions, remuneration and travelling or other allowances for Governing Body Members, including pensions and gratuities.”

“Make recommendations on the terms and conditions of employment for senior employees of CCG and to other persons providing services to the CCG, taking into account best practice information and statutory requirements.”

Essentially the review suggests the Terms of Reference remain “fit for purpose”. The changes proposed are as follows:

- a) To change the cross reference to the Constitution to paragraph 6.6.5 as opposed to section 9 of the CCG’s Standing Orders as this is no longer the relevant section. In doing so it is proposed to expand the purpose of the Committee to reflect the responsibilities in relation to remuneration of Governing Body members.
- b) Under section 4 on membership of the Committee, the terms of reference refer to the Vice chair of the CCG being the Chair of Remuneration Committee. In the most recent version of the CCG’s Constitution we refer to “Deputy Chair” and not “Vice Chair”. Thus we need to align and make reference to “Deputy Chair”.
- c) Under section 10 to change the dates of review.

The Remuneration Committee agreed to recommend to Governing Body the above changes to its Terms of Reference at its next available public meeting (ie March 2018).

3.0 Recommendations

Governing Body is asked to approve the proposed changes to the Terms of Reference for the CCG’s Remuneration Committee.

Prepared by: Julia Newton, Director of Finance

On behalf of: Phil Taylor, Chair of the Remuneration Committee

February 2018

Terms of Reference

Name of Committee/Group	Governing Body Remuneration Committee
Type of Committee/Group	Committee of the Governing Body

1. Purpose of Committee/Group	<p>In accordance with section 9 of the CCG's Standing Orders paragraph 6.6.5 of the CCG's Constitution, the Committee will oversee the appointment process of all Governing Body Members, including the appointment process of the Chair and make determinations on the remuneration, fees and other allowances for Members of the Governing Body.</p>
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2. Authority/Accountability	<p>The Governing Body resolves to establish a committee of the Governing Body to be known as the Remuneration Committee (the "Committee") in accordance with the CCG's Constitution. These terms of reference set out the membership, remit, responsibilities and reporting arrangements of the Committee and shall have effect as if incorporated into the Constitution.</p> <p>The Committee is authorised by the Governing Body to undertake any activity within its terms of reference. It is authorised to seek any information it requires, from any member, officer or employee who is directed to co-operate with any request made by this Committee.</p> <p>The Committee is authorised to create working groups as necessary to fulfil its responsibilities within these terms of reference. The Committee may not delegate executive powers (unless expressly authorised by the Governing Body) and remains accountable for the work of any such group.</p> <p>The Committee will operate at all times in accordance with the Governing Body's Standing Orders and Prime Financial Policies. It will ensure that it conducts its business in accordance with the principles of good governance and the Nolan seven principles of public life.</p>
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3. Objectives of Committee/Group	<p>The Committee will have delegated authority to determine the remuneration and conditions of service for all Governing Body Members, taking into account any national Directions or guidance on these matters.</p> <p>The Committee will have the delegated authority to consider the outcome of any performance review of the Accountable Officer and other senior CCG employees and</p>
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determine any financial awards as appropriate.

The Committee will have the delegated authority to consider the severance payments of the Accountable Officer and of other senior staff, seeking HM Treasury approval as appropriate in accordance with the guidance 'Managing Public Money' (available on the HM Treasury.gov.uk website).

The Committee shall make recommendations to the Governing Body on determinations about allowances under any pension scheme it might establish as an alternative to the NHS pension scheme and on any other potential alternative remuneration and conditions of service for CCG employees and other persons providing services to the CCG, outside of or in place of national Agenda for Change arrangements.

The Committee will apply best practice in its decision making processes and will take into account both national guidance and any local commitments made such as, "Employer of Choice". The Committee will ensure that when considering individual remuneration it:-

- complies with current disclosure requirements for remuneration;
- will seek independent advice about remuneration for individuals and
- will ensure that decisions are based on clear and transparent criteria.

The Committee will commission any reports or surveys deemed necessary to help fulfil its obligations.

4. Membership

Note: Members should be referred to by title not name. Chair of Committee/Group should be stated. Minute taker should be stated either as member or in attendance.

The Committee shall be appointed by the Clinical Commissioning Group from amongst its Governing Body Members.

Three Lay Members and three GP Members of the Governing Body will be full voting members of the Committee but relevant members will not be present where discussions relate to their remuneration, fees or allowances. The Chair of the Remuneration Committee will have the casting vote. Any issue on which a casting vote is used must specifically be reported to the Governing Body.

The [Deputy Vice](#)-Chair of the Governing Body will chair the Committee and one of the other Lay Members will deputise in his absence. When the Lay Members remuneration is considered, however, one of the GP Members of the Governing Body will chair the Committee.

5. Attendees

Note: Attendees should be referred to by title not name. Minute taker should be stated either as member or in attendance.

The Senior Human Resources representative and Director of Finance will usually be in attendance. The Accountable Officer and other independent advisors may be invited to attend for all or part of any meeting as and when appropriate. However, relevant CCG

employees should not be in attendance for discussions about their own remuneration and terms of service.

The Senior Human Resources representative will act as secretary to the Committee and will be responsible for supporting the Chair in the management of remuneration business and will draw the committee's attention to best practice, national guidance and other relevant documents as appropriate.

6. Quorum

In order to undertake its work the Committee will generally be quorate when two of the Governing Body Lay Members and two of the GPs are present.

Due to the conflict of interest issues, when the Committee is considering the appointment and remuneration for GPs involved in CCG business quoracy will exist if two of the Lay Members, are present. Similarly when the Committee is considering Lay Member appointments and remuneration the Committee will be quorate if two of the GPs are present.

7. Frequency and Notice of Meetings

Note: Include frequency of meetings and agenda and papers

Meeting shall be called a minimum of twice in a calendar year and at other times as deemed necessary.

Agendas will be generated by Senior Human Resources representative and shared with the Committee Chair for approval. A formal agenda and supporting papers will be forwarded confidentially to all members, and those in attendance where appropriate at least five working days prior to the date of the meeting.

8. Minutes and Reporting Arrangements

Note: Detail Governing Body/Committee/Group/Individual reporting to. Also state which of minutes/action points/assurance to be given to which Governing Body/Committee/Group.

The decisions of the Committee will be recorded in an appropriate minute and the Governing Body will be advised in writing of the meeting and any decisions or recommendations made.

The business of the Committee is confidential

9. Meeting Effectiveness Review

As part of the Governing Body's annual performance review process, the committee shall review its collective performance and that of its individual member and will provide an annual report on the work of the committee for the CCG's Annual Report.

10.	Review to be conducted by Committee/Group Chair	
	Date Committee/Group established	April 2013
	Terms of Reference to be reviewed	The terms of reference of the committee shall be reviewed by the Governing Body when required, but at least annually.
	Date of last review	December 2016 <u>January 2018</u>
	Date of next review	December 2017 <u>January 2019</u>