

## Performance and Remuneration Committee Terms of Reference

### 1. Constitution

The Performance and Remuneration Committee is formally established as a sub-committee of the Board of Directors of Frimley Health NHS Foundation Trust (the Trust).

The Performance and Remuneration Committee will review these Terms of Reference on an annual basis as part of a self-assessment of its own effectiveness. Any recommended changes brought about as a result of the yearly review, including changes to the Terms of Reference, will require the approval of the Board of Directors.

### 2. Authority

The Performance and Remuneration Committee is directly accountable to the Board of Directors. A summary of the key outcomes of Committee meetings will be reported to the Board of Directors.

The Performance and Remuneration Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee. The Performance and Remuneration Committee is authorised to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject to agreeing the cost with the Chief Executive, Chairman or Company Secretary in advance.

### 3. Aim

The aim of the Performance and Remuneration Committee is to:

- Act on behalf of the Board in making decisions upon the performance and remuneration and terms of service for the Chief Executive and other Executive Directors (Tier 1). These decisions will cover all aspects of salary, including the approval of arrangements for termination of employment and other major contractual terms.
- Recommend and monitor the level and structure of remuneration for Tier 2 senior management.
- Operate in accordance with principles outlined in the Monitor Code of Governance.

### 4. Objectives

Specific duties of the Performance and Remuneration Committee include:

#### 4.1 Performance Appraisal

- Agree performance standards and behaviours for the Executive Directors;

- Confirm the individual objectives agreed with the Chief Executive and the other Executive Directors;
- Receive reports on the performance of the Chief Executive and the other Executive Directors against their agreed objectives and agree the performance assessment frameworks for individual directors and the Board of Directors as a whole;
- Approve performance assessments for use in the appraisal of all Board members, including the questions to be put to the Governors and Directors on the performance of the Chairman.
- Receive confirmation from the Chairman in respect of the Chief Executive and from the Chief Executive in respect of the other Executive Directors on completion of their annual appraisals and of any issues which have been identified;
- Review the agreed Directors' objectives intra-year to ensure their continuing relevance and to ensure the format clearly indicates if the objective is being achieved or not.

#### 4.2 Board Objectives

- Regularly review the Board's objectives to ensure their ongoing relevance, level of achievement and alignment with the objectives of the individual executive directors.

#### 4.3 Remuneration

- In accordance with Clause D.2.2 of the Monitor NHS Foundation Trust Code of Governance, the Performance and Remuneration Committee has delegated responsibility from the Board of Directors for setting remuneration for all Executive Directors including pension rights. The Performance and Remuneration Committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of senior management should normally include the first layer of management below Board level (Tier 2 Staff).
- Seek external advice from time to time (at least every three years) on the remuneration packages of the Chief Executive and other Executive Directors.
- Review the overall pay and performance framework for the Trust with particular regard to the Executive Directors' proposals for the remuneration of the Trust's Tier 2 staff (those reporting directly to Executive Directors).
- Should the situation arise, consider and make recommendations to the Trust Board on what termination payments might reasonably be paid to an Executive Director whose contract of employment is terminated.

#### 4.4 Board Development

- To support the Chairman with Board development.

#### 4.5 Succession Planning

- Monitor the succession planning arrangements for the Board of Directors and senior managers (Tier 1 and 2).

### **5. Method of Working**

The agenda to be used by the Performance and Remuneration Committee will, as a minimum, include the following agenda items:

1. Apologies for absence
2. Declarations of interest
3. Minutes of the previous meeting / matters arising
4. Action log
5. Any other business
6. Date of next meeting

All other items will be dependent upon the key decisions and proposals to be discussed at each respective meeting.

All minutes of the Committee will be presented in a standard format, as set out in Appendix A.

All meetings will receive an action log (detailing progress against actions agreed at the previous meeting) for the purposes of review and follow-up. The action log template is attached at Appendix B.

## **6. Membership**

### 6.1 Committee Membership

The members of the Performance and Remuneration Committee shall comprise at least three Non-Executive Directors, whose nomination is confirmed by the Board of Directors, including the Chairman of the Trust.

### 6.2 Committee Chair

The Board of Directors will appoint one of the members (normally the Senior Independent Director) to Chair the Performance and Remuneration Committee. In the absence of the Committee Chair and/or appointed deputy, the remaining members present shall elect one of the other Non-Executive Directors to chair the meeting.

### 6.3 Attendees

Only members of the Committee have the right to attend Committee meetings. However, other individuals and external advisors may be invited to attend all or part of any meeting, as and when appropriate.

The Chief Executive will normally attend the meetings, withdrawing as appropriate when matters relating to their own performance and remuneration are being discussed. The Director of HR and Corporate Services will support the Committee with appropriate papers and proposals for consideration, and will be invited to attend appropriate parts of the meetings.

### 6.4 Disclosure and Discussions

Each Committee member shall disclose to the Committee:

- Any conflict of interest;
- Any personal financial interest in any matter to be decided to the Committee.

Any such member shall refrain from discussions concerning such matters and, if requested by the Committee Chair, will leave the meeting for the duration of the discussion.

### 6.5 Review of Membership

The membership will be reviewed annually by the Performance and Remuneration Committee and Board of Directors to ensure it is still appropriate. Attendance records will be kept and published in the Trust's Annual Report.

## **7. Quorum**

The quorum shall be a minimum of three members of the Committee, present in person or by telephone. 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. Frequency of Meetings**

The Performance and Remuneration Committee will hold a minimum of three meetings a year. Meetings will be arranged as appropriate, but generally every three to four months. Members of the Committee will, as a minimum, be notified of each meeting confirming the venue, the time, date and duration no later than one week prior to the meeting. Extraordinary meetings of the Performance and Remuneration Committee may be called at short notice with the agreement of the Committee Chair.

Committee members are expected to attend the majority of all meetings held each financial year.

The Committee will conduct its business as it thinks fit. Decisions of the Committee will be a majority decision. In the case of equality of votes, the Chair of the Committee will have a second or casting vote or can decide to refer the matter to the other Non-Executive Directors on the Board for further consideration.

## **9. Secretariat**

An agenda and all supporting papers will be sent (electronically or as a hardcopy) to each Performance and Remuneration Committee member, and any other person required to attend, usually no later than five working days before the date of the meeting. Where an external adviser has been retained, the adviser may circulate the papers to the members of this committee.

The minutes, papers and agenda for each meeting will be circulated to members by the Company Secretariat.

## **10. Reporting lines**

A summary of the key outcomes of each Performance and Remuneration Committee meeting will be reported to the private Board of Directors. A summary of the minutes of each meeting will be included in the next public board agenda.

The Performance and Remuneration Committee's proposals in respect of performance frameworks will be submitted as recommendations to the Board of Directors. Proposed changes to Board objectives will be submitted by the Chief Executive at the next Board of Directors meeting. Recommendations in respect of the remuneration of the Chief Executive and Executive Directors will be submitted to the Non-Executive Directors on the Board for approval.

Where a significant risk emerges either through a report or through discussion at a Committee meeting, this will be reported to the Board.

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Reviewed by: PRC

Date: 14 September 2018

Approved by: Board

Date: 7<sup>th</sup> December 2018

Review date: **December 2019**

**MINUTES OF THE PERFORMANCE AND REMUNERATION COMMITTEE**

**DD/MM/YYYY at HH:MM in the VENUE**

Present: Core Members

Other Invitees

In Attendance: (Minutes)

1.	<b>Apologies for Absence</b> Apologies were received from (list)	
2.	<b>Declarations of Interest</b>	
3.	<b>Minutes of the Previous Meeting / Matters Arising</b> The minutes of the meeting held on XXXX were approved as a correct record with the following amendments:	
4.	<b>Action Log</b>	Initials of action owner
5.	<b>Any Other Business</b>	
6.	<b>Date of Next Meeting</b>	

PERFORMANCE AND REMUNERATION ACTION LOG – XXX 2016

Agreed Action	Lead	End Date
<b>ACTIONS COMPLETE</b>		
<b>ACTIONS IN PROGRESS</b>		
<b>ACTIONS OVERDUE</b>		