

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 FT Code of Governance.

4. Objectives

Specific duties of the Performance and Remuneration Committee include:

4.1 Performance Appraisal

- Agree performance standards and behaviours consistent with the Trust's values 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 Corporate Objectives

- Receive the corporate objectives annually to ensure their relevance and alignment with the Executive Directors' key work objectives. Throughout the year, the Chief Executive to raise any performance issues of concern, and prior to the annual review of the Executive Director performance appraisals.

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 (normally 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 Executive Directors and the Trust's Tier 2 staff (those reporting directly to Executive Directors).
- Should the situation arise, consider and be guided by national policy 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

- In liaison with the Nomination Committee and the People Committee, consider the succession planning arrangements for Tier 2 senior managers.

4.6 Dismissal

- Recommend to the Chairman and other Non-Executive Directors the removal of the Chief Executive
- Recommend the dismissal of any Executive Director

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.

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. The Chairman of the Trust may be a member of the Committee.

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 People 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, virtually 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.

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 information.

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

Reviewed by PRC

Date: April 2022

Approved by: Board of Directors

Date: 6 May 2022

Review date: **March 2023**