

NHSCBA/20/9/2012/7

**BOARD PAPER - NHS COMMISSIONING BOARD AUTHORITY**

**Title:** Remuneration and Terms of Service Committee (RTSC) –  
revised terms of reference

**Clearance:** Jo-Anne Wass, National Director: Human Resources

**Purpose of Paper:**

- to note the minutes from the meeting of the RTSC on 19 July; and
- to submit the revised terms of reference of the RTSC to the NHS Commissioning Board Authority (NHS CBA) Board for ratification.

**Key Issues and Recommendations:**

- on 19 July 2012, the RTSC reviewed proposed revisions to its terms of reference for the RTSC;
- the RTSC agreed to change the terms of reference to require only the Chair and two nominated non-executive directors as its member, The original terms of reference had required all non-executive directors as its members; and
- the RTSC agreed to submit the revised terms of reference to the next public meeting of the NHS CBA Board for ratification.

**Actions Required by Board Members:**

- the Board are asked to ratify the revised terms of reference of the RTSC.

## **Remuneration and Terms of Service Committee (RTSC) – revised terms of reference**

### **Executive summary**

1. This paper includes the minutes of the meeting of the Remuneration and Terms of Service Committee (RTSC) on 19 July 2012 at annex A.
2. This paper also details the revised terms of reference of the RTSC to seek ratification by the NHS Commissioning Board Authority (NHS CBA) Board.

### **Context**

3. The original terms of reference for the RTSC were agreed at the first meeting of the RTSC on 23 February 2012 and were ratified at the meeting of the NHS CBA Board on 29 March 2012.
4. On 19 July 2012, the RTSC reviewed proposed revisions to the terms of reference for the RTSC.
5. The RTSC agreed to change the terms of reference to require only the Chairman and two nominated non-executive directors as its members. The original terms of reference had required all non-executive directors as its members.
6. The committee agreed to submit the revised terms of reference to the next public meeting of the NHS CBA Board for ratification. Please see annex B and note the highlighted changes.

### **Rationale**

7. The NHS CBA has recruited to all board level positions, including a total of six Non-Executive Directors and a Chairman.
8. The original RTSC terms of reference stated that the Chair and all non-executive directors constitute the membership of the RTSC. However, the original terms of reference were written at a time when the NHS CBA had only two non-executive directors.
9. On 19 July 2012, the RTSC agreed to revise the membership of the RTSC to “two nominated non-executive directors”.
10. The revision to the membership of the RTSC, requiring only the Chair and two nominated non-executive directors, will also be of benefit where NHS

CBA employees may challenge a decision of the RTSC, either collectively or individually. In this scenario, a non-executive director who is not a member of the RTSC would be able to act as an impartial Board member and scrutinise the decisions of the RTSC.

### **Risks**

11. The recommended change of membership to the RTSC reduces the potential risk of delay or cancellation of RTSC meetings due to availability of its members.
12. Reducing the membership to two non-executive directors will reduce the number of members providing scrutiny over decisions. However, this risk is minimal and the proposed membership for the new terms of reference is adequate.

### **Recommendation**

13. The Board is asked to note the minutes of the meeting of the RTSC on 19 July 2012 (annex A).
14. The Board is asked to ratify the revised terms of reference of the RTSC (annex B).

## annex A

28/12	<p><b>Review of Remuneration and Terms of Service Committee (RTSC) terms of reference (paper)</b></p> <ul style="list-style-type: none"><li>a) The committee was asked to review the suggested changes to the current terms of reference for the committee in relation to membership.</li><li>b) The committee agreed to change the terms of reference to require only the chairman and two nominated non-executive directors as its members.</li><li>c) <b>Action (Jo-Anne Wass):</b> the committee agreed to submit the revised terms of reference to the next public meeting of the NHS CBA Board for ratification.</li></ul>
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**annex B:**

**NHS Commissioning Board Authority**  
**Remuneration and Terms of Service Committee**  
**Terms of reference**

**Constitution**

The NHS Commissioning Board Authority (the Board Authority) hereby resolves to establish a Committee to be known as the Remuneration Committee (The Committee). The Committee is a non-executive committee of the Board Authority's Board, which determines its Membership and Terms of Reference.

**Membership**

The Committee will consist of the Chair of the Board Authority and two nominated non-executive directors.

The Chief Executive may attend to advise the Committee for the purpose of approval of directors' and other staff members' terms and conditions of service. The Chief Executive will not attend for discussions about his/her own remuneration and terms of service.

**Attendance**

Other directors may be invited to attend the meeting for the purpose of providing advice and/or clarification to the Committee.

A senior human resources professional will attend the Committee to provide expert advice on remuneration.

The meeting will be quorate if two of the non-executive Committee members are present.

**Frequency**

The Committee shall meet not less than twice a year.

## **Authority**

Subject to any restrictions set out in relevant legislation, the Committee is authorised by the Board to determine any matter within its terms of reference. The Committee will take proper account of national Agreements e.g. Agenda for Change and guidance issued by the Government, the Department of Health (DH) and the NHS in reaching their determinations. The Committee may seek such independent information as may be necessary to inform their recommendations.

## **Terms of reference and functions**

The Committee's primary aim is to approve the appropriate remuneration and terms of service for the Chief Executive, directors and other Very Senior Managers. In addition, the Committee will consider some issues in relation to all staff employed by the Board Authority. The Committee will have delegated powers to act on behalf of the Board Authority within the approved terms of reference.

The Committee shall adhere to all relevant laws, regulations and policies in all respects including (but not limited to) determining levels of remuneration that are sufficient to attract, retain and motivate executive directors and senior staff whilst remaining cost effective.

The Committee's remit includes:

- with regard to the Chief Executive, directors and other very senior managers, all aspects of salary (including any performance-related elements, bonuses);
- provisions for other benefits, including pensions and cars;
- arrangements for termination of employment and other contractual terms (decisions requiring dismissal shall be referred to the Board);
- ensuring that officers are fairly rewarded for their individual contribution to the Board Authority – having proper regard to the Board Authority's circumstances and performance and to the provisions of any national arrangements for such staff;
- proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate, advising on and overseeing appropriate contractual arrangements for such staff. This will apply to all Board Authority staff;
- proper calculation and scrutiny of any special payments;
- approval of HR policies and procedures for all Board Authority staff; and
- provision of guidance and benchmarking for clinical commissioning groups (CCGs) on pay issues as appropriate.

## **Reporting arrangements and mechanisms**

The Committee will report in writing to the Board following each of its meetings in the form of a report from the Chair. The actions taken will be recorded in the Board's minutes. The Committee minutes will be copied to all its members.

Revised version approved at RTSC, 19 July 2012.