

Board of Directors' Meeting Report – 5 August 2015

Agenda item 82/15

Title	Remuneration Committee report
Sponsoring Director	Qadir Bakhsh, Chair Remuneration Committee
Author	Qadir Bakhsh, Chair Remuneration Committee
Purpose	To update the Board on the activities of the Committee to date.
<p>Executive Summary The Committee has delegated responsibility for setting the remuneration levels for executives. Therefore the Committee considers/reviews guiding principles and the Remuneration Policy. This report deals with the annual review of the Chief Executive and the Directors performance and remuneration, review of the terms of reference, remuneration policy and Committee annual self-assessment.</p>	
Related Trust Objective	Patient Focus – keep getting better Sustainability – Keep the Core Strong Staff are proud to work here, feel valued, etc
Related Risk	BAF – Board Effectiveness BAF – Disengaged workforce
Legal implications / regulatory requirements	The requirement to establish a Remuneration Committee is set in statute and is covered by section E of the Foundation Trust Code of Governance; non-compliance with either may lead to regulatory sanctions. Revised guidance and reporting / authorisation arrangements being introduced by the Department of Health regarding pay for Directors.
Quality impact assessment	Fairness and transparency are the cornerstone of the work of the Remuneration Committee. Staff satisfaction, at any level, links to positive experience for patients and better patient care.
Equality impact assessment	There is no evidence or specific pattern of differential treatment either in review of performance or increase or no increase in the salaries. Monitoring information, across gender, ethnicity, disability etc is not available for any detailed analysis.
<p>Action required by the Board The Board is asked to note the contents of this report.</p>	

NOTES ON THE REMUNERATION COMMITTEE MEETINGS **HELD ON 25th March and 24th June, 2015**

The following seven items were discussed and agreed as appropriate.

(1) Chief Executive Remuneration and Review

The Committee members considered benchmarking data for Essex, on 25th March, in order to try and determine the salary range for the Chief Executive post (interviewed on 7.4.2015).

The Committee members requested further benchmarking data from NHS Providers, Monitor and the external company commissioned to carry out the recruitment of the Chief Executive.

The data was provided before 7th April, to enable the Committee members to make recommendation for the salary range.

The Committee also considered a report by the Chairman of the Board, on 24th June. The work done by the Chief Executive whilst in the interim role and since appointment was noted, however, no recommendation was made to change or review the Chief Executive's pay, as it is as recent appointment.

(2) Review of the Executive Remuneration and Performance

The Committee members considered the report from the Chief Executive on the performance of each Executive Director and the summary of benchmarking analysis for executive pay in the NHS sector.

The Committee welcomed the improvements that were achieved by the Executive team in the past year, but agreed that there is still lot of work to be done and that the Trust is still in a fragile position in relation to performance.

No recommendations were made by the Chief Executive for a pay rise for the Executive team and the Executive Directors also declined to take any pay rises this year.

(3) Salary range for the Chief Nurse position

Based on the benchmarking data the Committee members agreed the salary range for the Chief Nurse post.

(4) Salary range for the Deputy Chief Executive

The Committee members agreed additional payment for the Deputy Chief Executive role, which an Executive Director will carry out in addition to his/her executive role.

(5) Terms of Reference

The Committee reviewed its Terms of Reference on 25th March and agreed amendments, recommended to the May Board meeting for ratification.

(6) Remuneration Policy

The Committee was presented with the draft policy. Monitor's framework prescribes that foundation trusts should have in place a remuneration policy for the Executive Directors and this has been highlighted by the Trust's external auditors Ernst & Young during the last audit.

The Committee reviewed the policy and agreed it subject to various changes, which were subsequently made and circulated to members for approval.

The final version of the policy is presented for the Board's ratification.

(7) Committee Self-assessment questionnaire

The completed (annual) self-assessment questionnaires were reviewed by the Committee members and comments were noted.