

## Board of Directors' meeting – 5 August 2015

### Agenda item 83/15

<b>Title</b>	Remuneration Policy – Ratification
<b>Sponsoring Director</b>	Qadir Bakhsh, NED, Chair of the Remuneration Committee
<b>Author</b>	Angela Bosnjak-Szekeres – Trust Company Secretary
<b>Purpose</b>	The policy sets out the procedure and method of setting Executive pay in the Trust.
<p><b>Executive Summary</b>                  All foundation trusts are required to have a remuneration policy in place and this has been highlighted by our external auditors Ernst &amp; Young during the last audit. The Remuneration Committee at its meeting on the 24 June reviewed the draft remuneration policy and the final agreed version is now presented to the Board for ratification.</p>	
<b>Related Trust Objective</b>	Keep the Core Strong
<b>Legal implications / regulatory requirements</b>	Under Monitor's governance framework foundations trusts should have in place a remuneration policy for the Executive Directors. Demonstration and implementation of good governance practices aids the fulfilment of the Trust's regulatory obligations.
<b>Quality assessment impact</b>	Compliance with the principles of best practice relating to corporate governance provides assurance for patients and their families/carers about the Trust's commitment to providing the best possible care, clinical outcomes and patient experience.
<b>Equality assessment impact</b>	As far as can be considered this paper has no detrimental impact for the 9 protected characteristics under the Equality Act 2010.
<p><b>Recommendations:</b>                  The Board is asked to ratify the remuneration policy.</p>	

## **Remuneration Policy**

### **Executive Directors**

The remuneration policy for Executive Directors is set by the Remuneration Committee.

The policy is to pay market rates whilst ensuring that the Trust makes proper use of public money. This is defined as being between the lower and upper quartile range of salaries as indicated in the in the most appropriate survey of boardroom pay in the NHS, and also reflective of the organisational and individual performance. The exact salary is determined by the Committee based on the Trust's performance and the individual's contribution. This is presented by the Chief Executive for the Executive Directors and the Chairman for the Chief Executive, using the annual performance review in any decision.

### **Chairman and Non-Executive Directors**

The Council of Governors is responsible for setting the remuneration for the Chairman and the Non-Executive Directors.

### **Executive Remuneration**

The guiding principles below were approved by the Remuneration Committee of the Trust (SUHFT) having due regard to the NHS Foundation Trust Code of Governance updated in July 2014 and to the Department of Health guidance on VSM pay issued in June 2015. Senior managers covered by these guidelines are the Executive Directors of the Trust. The objective of these guidelines is to ensure the Trust has in place senior executives with the skills and experience to lead and grow the Trust over the longer term.

The Remuneration Committee believe a fundamental requirement is for the Trust to be well led by Executives able to demonstrate high standards of leadership, operational, clinical, strategic and/or financial skills and experience.

In determining levels of pay, SUHFT references pay data from the NHS organisations with similar scales of operations which also reflect the individuals' scope of responsibility or "job size". The pay data provided shall also include the ratio between executive and median employee pay and such ratio shall be reported annually to the Committee for each Executive.

The Committee members must satisfy themselves individually that the remuneration levels support the achievement of the Trust objectives and are not excessive.

### **Remuneration Package for Executive Directors**

The Executives' remuneration shall be competitive and made up of a basic salary and potentially other benefits at the Committee's discretion to ensure the achievement of short, medium and long term objectives. It will be based on the individual Executive's experience, responsibilities and performance.

Executives are able to receive the other benefits available to employees generally. In addition, as senior employees their benefits may include a relocation package or housing allowance for a defined period.

**Pension**

Executives will be able to participate in the Trust's pension arrangements.

**Notice of Termination and Severance Pay**

The maximum notice period in any Executive's contract is six months during which time salary payment may continue or payment in lieu of notice made at the discretion of the Committee.] Usually, the Trust will not allow any additional contractual severance payments to be agreed although there may be occasional cases where this will occur. Such cases must be approved by the Remuneration Committee and referred to Monitor for approval.

**Deviations from the Guidelines**

In special circumstances, the Remuneration Committee may deviate from the above guidelines, for example additional variable remuneration in the case of exceptional performance. In such a case the Chairman of the Remuneration Committee may be called upon to explain the reason for the deviation to the Non-Executive Directors, Governors and/or appropriate regulators if required.

**Remuneration Report**

A report on the actual remuneration and expenses received by the Executives and Non-Executive Directors on an individual named basis shall be prepared annually as part of the statutory accounts. Such report shall then be placed on the Trust's website and intranet.

**Review**

This policy shall be reviewed annually by the Remuneration Committee and ratified by the Board of Directors.

*Approved by the Remuneration Committee on the 24 June 2015*

*Presented to the Board for ratification on the 5 August 2015*