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Remuneration and Terms of Service Committee Terms of Reference and Operating Arrangements

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1. Introduction

In line with Section B, 3 and 7 of the Standing Orders and the Trust's Scheme of Delegation, the Board shall nominate annually a committee to be known as the Remuneration and Terms of Service Committee.

The detailed terms of reference and operating arrangements set by the Board in respect of this committee are set out below.

These terms of reference and operating arrangements are to be read alongside the standard terms of reference and operating arrangements applicable to all Committees.

2. Purpose

The purpose of the Remuneration and Terms of Service Committee ("the Committee") is to provide:

- **approve on behalf of** the Board matters relating to the appointment, termination, remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Government in accordance with the scheme of delegation. This may relate to terms of service upon appointment or during service.
- **approve** proposals regarding termination arrangements, including those under the Voluntary Early Release Scheme, ensuring the proper calculation and scrutiny of termination payments in accordance with the relevant Welsh Government guidance.
- **assurance** to the Board in relation to the Trust's arrangements for the remuneration and terms of service, including contractual arrangements, for all staff, in accordance with the requirements and standards determined for the NHS in Wales.

- **assurance** to the Board on the planning and composition of the Executive Team, to include assurance that the agreed terms of remuneration are being complied with.

3. Delegated Powers

The Committee will support the Board with regard to its responsibilities for remuneration and terms of service by **reviewing** and **approving** as appropriate:

Remuneration, terms of service and appointments

- remuneration and terms of service for the Chief Executive, Executive Directors, members of the Executive Team and other Very Senior Managers (VSMs) not covered by Agenda for Change or Medical and Dental Terms and Conditions; ensuring that the policies on remuneration and terms of service as determined from time to time by the Welsh Government are applied consistently.
- appointments to the posts of Chief Executive, Executive Director and other (Staff based) Board level appointments (e.g. the Board Secretary).
 - Appointment of interim Executive Directors / interim Members of the Executive Team, noting the requirement to comply with WHC 2024_013), which includes the requirement to seek approval from Welsh Government professional leads for such appointments, which are limited to a 6 month appointment period (with the option to seek an extension).
- salary levels for the Chief Executive, Executive Directors and other (Staff based) Board level appointments – ensuring the required authorisations are in place from Welsh Government.
- Ratify the appointment, appraisal, discipline and dismissal of the Executive Directors and any other Board level appointments and other senior employees, in accordance with Ministerial Instructions, e.g., the Board Secretary
- the performance management system in place for Non-Executive Directors, Chief Executive, Executive Directors and Members of the Executive Team and receive assurance in relation to the system in place.

Termination arrangements

- termination of the Chief Executive, Executive Directors and Members of the Executive Team.
- Termination of appointment and suspension of members in accordance with the provisions of Regulations

Contractual redundancy and VERS

- Consider and approve contractual redundancy and Voluntary Early Release Scheme applications.
 - Welsh Government must be informed of contractual redundancy payments for noting.
 - For Executive Director cases, approval must be sought from Welsh Government prior to the arrangements being signed off.
 - VERS payments are subject to Welsh Government guidance, with delegated authority up to £50,000.
 - VERS payments above £50,000 require Welsh Government approval before any offer is made, supported by the Welsh Government business case template.

Ex gratia payments

- Consider and recommend any ex gratia payment, including any payment made where there is no statutory cover or legal liability.
 - Ex gratia payments are exceptional and may be novel, contentious or repercussive.
 - There is no delegated limit for ex gratia payments, and Welsh Government approval must be obtained before any offer is made verbally or in writing, regardless of value.
 - Proposals must be supported by the required options appraisal table to demonstrate that the proposed course of action is cost effective and represents value for public money, together with the completed Annex 3 checklist, in accordance with Chapter 6 of the FRS Manual.
 - Where an employment tribunal or related legal process may require an agile settlement decision, approval in principle for a limit of settlement should be sought from Welsh Government in advance where appropriate.

Compensation under legal obligation

- Receive assurance on compensation payments made under legal obligation, including payments arising from a Court Order or legally binding arbitration award, and ensure these are distinguished from ex gratia or special severance payments.
 - NHS Wales organisations have full delegated authority where a clear legal liability exists; however, each case must be submitted to the Director General Health and Social Care/NHS Wales Chief Executive, as Accounting Officer, for noting.
 - Novel or contentious cases must be notified to Welsh Government, supported by the completed Annex 3 checklist, in accordance with Chapter 6 of the FRS Manual.

With regard to its role in providing **advice** to the Board, the Committee will comment specifically on the:

- proposals to make additional payments to consultant.

4. Membership, Attendees and Quorum

4.1 Members

A minimum of four members, comprising:

Chair: Trust Chair or Vice Chair

Members: Non-Executive Directors (where possible to include the Chair of the Audit and Corporate Governance Committee)

The Chief Executive (other than for matters that directly relate to the Chief Executive)

4.2 By Invitation As required but usually to include:
Director of People and Organisational Development
Executive Director of Strategy, Finance and Performance
Board Secretary and Head of Board Business Unit

The Committee Chair may invite the following to attend all or part of a meeting to assist it with its discussions on any particular matter:

any other official;

and/or any others from within or outside the organisation

4.3 Quorum

At least **three** members must be present to ensure the quorum of the Committee, one of whom must be the Chair (or a Vice Chair where appointed).

5. Frequency of Meetings

The Chair of the Committee, in agreement with Committee Members, shall determine the timing and frequency of meetings, as deemed necessary. It is expected that the Committee shall meet at least twice a year, consistent with the annual plan of Board Business.

6. Applicability of Standing Orders to Committee Business

The requirements for the conduct of business as set out in the Trust's Standing Orders are equally applicable to the operation of the Committee, except in the following areas:

- Meetings held in Public - The Remuneration and Terms of Service Committee would not normally be held in public.
- Agendas, reports and minutes will not be published.