

NHS Health Scotland Remuneration Committee:

Terms of reference

Revised 9 September 2019

1. Role of the committee

1.1 The main functions of the Remuneration Committee on behalf of the Board are to:

1.1a) Ensure the application and implementation of fair and equitable pay systems, as determined by Ministers and Scottish Government and described in the Management Executive Letter (MEL) (1993) 114 and subsequent amendments relating to arrangements for the pay of executive members of the Board and managers who are employed on Senior Manager Terms and Conditions and

1.1b) Ensure we act in accordance with the MEL (1996) 49 'NHS Scotland Termination Settlements for NHS and General and Senior Managers' and in line with the section on 'settlement agreements, severance, early retirement and redundancy terms' from the Scottish Public Finance Manual (SPFM) (2014) and the NHS Health Scotland Standing financial instructions (SFIs) and as per the guidance issued on 'Settlements' by the Head of NHS Pay, Conditions and Workforce Planning in Scottish Government (2015) to ensure as per MEL (1996) 49 section 4.1, that there is efficient and effective use of public monies in relation to managerial and executive pay and that decisions on pay are fully supportable in front of the general public who will want assurances that the maximum level of resources goes into patient care.

1.2 Recognising that 2019/20 will be the transition year for Health Scotland into Public Health Scotland, the committee's agenda and schedule of business will pay due regard to the establishment of Public Health Scotland and other

national plans and arrangements as they affect all Health Scotland staff and particularly members of the Executive Team.

2. Membership

2.1 As per the Board Standing Orders, the committee shall have a Chair who shall be a non-executive Board member and shall be appointed by the Board or by the committee concerned from amongst its members, as determined by the Board.

2.2 The committee consists of:

- the Chair of the Board
- the Chair of the Staff Governance Committee
- the Chair of the Audit Committee
- the Chair of the Health Governance Committee
- the Employee Director.

2.3 A quorum shall be three members. Arrangements for ensuring a quorum are set out in the Board's Standing Orders.

3. Attendance at committee meetings

3.1 NHS Health Scotland non-executive Board Members have the right to attend meetings.

3.2 The Director with executive responsibility for human resources is expected to attend meetings in a professional advisory capacity and may invite other members of the human resources team to attend.

3.3 The Chief Executive is expected to attend meetings.

3.4 Both the Director responsible for human resources and the Chief Executive will leave the meeting when their own remuneration and terms and conditions are to be discussed, and at other times, at the discretion of the Chair.

3.5 During any anticipated business associated with aspects of business in line with MELs, directives, instructions and manuals detailed in section 1.1 b of the

committee's terms of reference (ToRs), independent professional human resource advice and professional legal advice in line with the authority specified in 5.3 of the committee's ToRs will be provided to the committee and if considered appropriate, by co-opting non-members, as per the NHS Health Scotland Board Standing Orders.

3.6 Professional governance advice will be provided to the committee Chair and committee members by the Executive and Governance Lead, who will work closely with human resources and legal professional advisors as appropriate.

3.7 The Executive Assistant to the CEO will provide the administration service to the committee, with the PA to the Director of Strategy (director responsible for human resources) acting as deputy.

4. Arrangement of meetings

4.1 The schedule of meetings for the forthcoming period will be agreed annually and is normally four in a full year. Given the transition period three meetings have been scheduled, and additional meetings will be arranged at the discretion of the Chair.

4.2 Business may also, by approval of the Chair, be conducted electronically or through tele-conference.

4.3 Any member of the committee can propose an item for the agenda through the Chair.

4.4 Papers which contain confidential personal information will only be circulated through nhs.net secure email accounts to secure hardware, or by the Board secure extranet portal.

5. Authority

5.1 The committee is authorised to investigate any activity within its ToRs.

5.2 The committee operates as a sub-committee of the Staff Governance Committee and is required to provide assurance that systems and procedures

are in place to manage the issues set out in MEL (1993) 114 so that the overarching staff governance responsibilities can be discharged.

5.3 The committee is authorised to obtain independent professional advice and to secure the attendance of others with relevant information, experience or expertise if it considers this necessary.

6. Duties of the Remuneration Committee

6.1 The specific duties of the committee are as follows:

- Approve any process to appoint a Chief Executive or Director of the organisation, noting job descriptions, job evaluations, contracts and terms and conditions of employment, including associated benefits.
- Approve the basic pay and benefits (including termination benefits) of the Executive Team, where the Senior Management Terms and Conditions apply and with particular regard to the implications of any changing governance arrangements in connection with the establishment of Public Health Scotland or wind-up of NHS Health Scotland.
- Agree the use of discretionary flexibility within national pay arrangements, including the allocation of discretionary points under the medical and dental terms and conditions of service for the Executive Team.
- Review and approve the annual performance objectives of the Executive Team. The committee also has the right to request a review of mid-year performance.
- Approve the performance ratings for the Executive Team following end of year appraisal and the implementation of any associated performance-related pay increase, where the senior management pay cohort regulations apply.
- Ensure that effective arrangements have been made for setting of annual objectives, annual approval of performance ratings for members of staff remunerated and any other processes related to pay and terms and

conditions of service to any other staff who are employed on senior management terms and conditions but not part of the Executive Team.

- Maintain an overview of all early departures within NHS Health Scotland in order to assure, on behalf of the Board, the effective governance and corporate risk management of all such arrangements. Specific duties include:
 - agree and review NHS Health Scotland's policy of voluntary redundancy as it applies both to schemes that are open for periods of time to all staff or a specified group of staff, and also as it applies to staff individually exercising their right to apply for voluntary redundancy.
 - recommend to the Board the approval of any voluntary redundancy scheme that is to be open for a period of time to all staff or a specified group of staff, including agreeing the objectives, time frame and any limits of such an initiative. Oversee the appropriate implementation of such a scheme within agreed processes and assure itself of an appropriate outcome of any such initiative.
 - review, discuss and make decisions in relation to any settlement agreements in excess of £75,000; or that relate to the senior management team or have a novel or a public interest which may be contentious. The preparation and approval of business cases must also comply with the approval or notification processes required by Scottish Government.
 - approve any Employment Tribunal settlements in excess of £75,000 and take an overview of the current position with Employment Tribunals to ensure fairness and consistency is maintained.
 - maintain an overview of arrangements where authority for decisions with regard to voluntary redundancy or other forms of early departure have been delegated to the Chief Executive. The Chief Executive is responsible for approving termination/early retirement settlements up to £75,000. Business cases which relate to members of staff within the senior manager cohort, which amount to over £75,000 or are otherwise judged by the Chief Executive (CEO) to present high risk to the organisation or have

a novel or a public interest must be submitted to the Remuneration Committee for approval.

- consider, utilising the business case brought forward, any recommendation made by the CEO with regard to voluntary redundancy or other forms of early departure where authority is not delegated to the CEO under the terms of the voluntary redundancy policy, satisfying itself that appropriate processes have been followed and that the decision to terminate the individual's contract of employment on these terms represents good value for money and is a defensible decision by the Board.
- receive and approve reports on the management and governance of early departures at NHS Health Scotland at least six-monthly or more often as necessary, and report at least annually to the Audit Committee, Staff Governance and Board on agreed aspects of the management of early departures.
- Satisfy itself and others that all decisions reached by the committee are determined through a fair and justifiable process, as laid out in the Audit Scotland Remuneration Committee 'Framework of Key Questions' (2007).
- Comply with national circulars or directions from Scottish Government or Ministers that relate to guidance on remuneration or terms and conditions of employment.
- Ensure good communication and relationships with other standing committees of the Board.
- Ensure Remuneration Committee members are provided with appropriate information and training to support them in carrying out their roles.

7. Reporting procedures

7.1 Full and accurate minutes of each committee meeting will be kept. These will remain confidential to members of the committee.

7.2 A minute will be prepared and reported to the Staff Governance Committee.

The minute will be abridged when necessary to protect matters relating to individual staff members that require to remain confidential. This will be at the Chair's discretion.

8. Review

8.1 The terms of reference, remit and effective working of the Remuneration Committee will be reviewed annually. The Audit Scotland Remuneration Committee Self-Assessment Framework will be used as the basis on which the business of the committee is reviewed. The review of effectiveness will normally take place at the scheduled May meeting of the committee. With the forthcoming dissolution of the NHS Health Scotland Board, this review will now take place at the last scheduled meeting of the committee in February 2020.