

Subject: **Terms of Reference Remuneration Committee and proposed Board Remuneration Policy**

Meeting: NHS Milton Keynes CCG Shadow Board

Date of Meeting: 7 August 2012

Report of: Mathew Webb - Chief Finance Officer

1. Introduction

Milton Keynes Commissioning is undertaking a programme of work in support of its application for authorised status. The purpose of this paper is to create a framework of remuneration for the CCG staff.

2. Remuneration Committee

The first of two attached papers proposes a Remuneration Committee structure, membership and reporting requirements. The Remuneration Committee would operate as a sub committee of the CCG Board operating in shadow form until authorisation. It is proposed that the sub committee will adhere to the requirements of the UK Corporate Governance code (2010) as well as the directions of the NCB.

The second attached paper relates to the proposed Board remuneration policy.

Recommendation

The Board is asked to approve the terms of reference for the Remuneration Committee and proposed Board remuneration policy.

NHS Milton Keynes Clinical Commissioning Group

Remuneration Committee

Terms of Reference (July 2012)

1. Constitution

NHS Milton Keynes CCG resolve to establish a Committee of the Board known as the Remuneration Committee (the Committee) under the provisions of Regulation 9 of the NHS PCT (Membership, Procedure and Administration Arrangements) Regulations 2000 (2000/89); and Regulation 10 of the NHS (Functions of SHAs and PCTs and Administrative Arrangements) (England) Regulations 2002 (SI 2002/2375).

2. Overview

The terms of reference of the Remuneration Committee recognise within them the key principles as outlined within the UK Corporate Governance Code (2010). The Remuneration Committee consists of Non Executive Directors who have no personal interests and no day to day involvement in the running of the business of NHS Milton Keynes CCG.

The Committee shall at all times be mindful of the Pay Framework for Very Senior Managers and the process for making severance payments to senior managers as published by the Department of Health.

3. Responsibilities

- a) When considering the need to appoint a Director, the Committee should review the structure, size, and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- b) The Committee shall determine and agree with the CCG the framework or broad policy for the remuneration of the CCG Chief Officer (CO), the Executive Directors and other such posts that report to the Chief Executive. This will include: all aspects of salary, including any performance related elements and bonuses; and provisions for other benefits, including lease cars. No director or manager shall be involved in any decisions as to their own remuneration.
- c) In determining such policy, the Committee shall take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the Executive Team are provided with appropriate incentives

to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the CCG.

- d) The Committee has the responsibility to review the ongoing appropriateness and relevance of the remuneration policy. Amendments to the policy will require resolutions by the CCG Board.
- e) The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the CCG and approve the total annual payments made under such schemes.
- f) To determine any adhoc arrangements relating to pension arrangements for each Executive Director and other senior executives.
- g) The Committee will determine on behalf of the CCG, the financial arrangements for termination of employment, including the terms of any compensation package and other contractual terms excluding ill health and normal retirement for all employees, including very senior managers.
- h) The Committee will advise on and approve appropriate contractual arrangements for the CO and each Executive Director and Director level posts that report to the Chief Operating Officer (COO), including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
- i) The Committee will ensure that the CO, Executive Directors and Director level posts are fairly rewarded for their individual contribution to the CCGs, having proper regard to CCGs' circumstances and performance, and to the provisions of the Very Senior Managers Pay Framework, where appropriate.
- j) Within the terms of the agreed policy and in consultation with the chairman and / or chief executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses and incentive payments.
- k) Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.
- l) The Committee shall be mindful in the course of its deliberations that the remuneration packages of the Chief Executive and Executive Director and Director level posts that report to the Chief Executive, must be sufficient to attract, retain and motivate directors of the quality required by the PCOs. To this end, the Remuneration Committee shall be mindful of the remuneration packages that prevail in other comparable primary care trusts and taking into account the performance of the PCOs itself.

Milton Keynes Clinical Commissioning Group

- m) The Committee shall review plans produced by the COO which set out appropriate succession planning for Directors and other senior executive officers, taking into account the challenges and opportunities facing the CCG, and what skills and expertise are therefore needed on the Board in the future.
- n) It would be responsible for identifying and nominating for the approval of the Board, candidates to fill Board Executive Member vacancies as and when they arise.
- o) The Committee should identify CCG Board members qualified to sit on Committees of the CCG Board and to recommend that the CCG Board appoint the identified member or members to the respective committees. In nominating a candidate for committee membership, the Committee shall take into consideration the factors set out in the Terms of Reference of the relevant committee. This will include any other factors it deems appropriate including, without limitation, the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee or sub committee members.
- p) The Committee will up to March 2013 approve the remuneration arrangements for GP's working in Clinical Commissioning Group's (CCG's), subject to SHA (grandparent) approval.
- q) The Committee has agreed that in the interest of expediency or when there are few items to be discussed that business of the committee can be conducted by e mail. Where a discussion is required all committee members are required to respond.

4. Membership

The membership of the Remuneration Committee will be:

- A Chair – the Lay Vice Chair member of the governing body who has qualifications, expertise or experience in the financial management and audit matters
- The Lay member co-opted to the Board by the governing body

The Board Secretary will be in attendance to support the Committee in its work but is not a member.

The CO, Chief Finance Officer (CFO) or any other clinical or senior officer may be requested to attend the Committee meetings as directed by members of the Committee.

5. Quorum

The meeting will be quorate when two members are present, with the Chair or



deputy chair present.

Should Members not be able to attend, nominated Non Executives may take their place and deputise for them. A decision put to a vote at a meeting shall be determined by a majority of the votes of members present.

6. Administration

The Board Secretary will be responsible for, and coordinate, secretarial support for the Committee.

7. Frequency of meetings

Meetings will be held as required but at least twice a year as appropriate.

8. Reporting

The Committee chair shall report formally to the CCG Board on its proceedings after each meeting on all matters within its duties and responsibilities. The report shall be presented to the confidential meeting of the CCG Board. The Committee shall make recommendations to the CCG Boards on any area within its remit where action or improvement is needed.

Minutes / reports of meetings will be confidential and only one master copy of the shall be produced and held in a private Minute Book by the Corporate Governance Office. Extracts from Minutes will be made public as appropriate.

9. Review

These Terms of Reference will be reviewed annually or sooner if required and recommendations made to the CCG Boards for approval.

Approved Date:

Review Date:

REMUNERATION POLICY

1 Purpose

The purpose of this policy is to set out the remuneration of Board members of MK Clinical Commissioning Group and other employees of Milton Keynes Clinical Commissioning Group.

2 Principles

The underlying principles behind remuneration are as follows:

- Transparent use of public money
- Remuneration expenses claim must be related to work of the consortia

3 Corporate governance

The Remuneration committee monitors compliance with the remuneration policy and will highlight any policy adjustments during Board Meetings for renewed approval.

4 Remuneration of the GP Board Members

The GP Board members' remuneration has been approved at CDG and the Cluster. The GP Board Members remuneration includes employers on cost and is as follows:

GP Chair (2.5 days per week @ £625 per day) £71,875 per year

GP Vice Chair (1.5 days per week @ £625 per day) £43,125 per year

GP Board Member-Long Term conditions (1.5 days per week @ £625 per day) £43,125 per year

GP Board Member-Urgent and emergency Care (1.5 days per week @ £625 per day) £43,125 per year

GP Board Member-Children and maternity (1.5 days per week @ £625 per day) £43,125 per year

GP Board Member-Planned Care, Quality and Performance (1.5 days per week @ £625 per day) £43,125 per year

GP Board Member-Mental Health (1.5 days per week @ £625 per day) £43,125 per year

5 Remuneration of the Quality and Performance Lead GP Members

There are four Quality and Performance GP Leads for the four localities in Milton Keynes and their remuneration will be for 4 sessions per month at £250 per session. Total annual amount for each lead will be £11,500 per year.

6 Remuneration of the Secondary Care Consultant

The registered nurse will be reimbursed either:

- To the individual's employer at a rate commensurate with their salary or as needed for replacement costs; or

- To the individual at a rate commensurate with the average rate for their profession and level of seniority

7 Remuneration of the Registered Nurse

The registered nurse will be reimbursed either:

- To the individual's employer at a rate commensurate with their salary or as needed for replacement costs; or
- To the individual at a rate commensurate with the average rate for their profession and level of seniority

8 Remuneration of the Lay Members

Lay members will be reimbursed for expenses incurred.

9 Remuneration of the Other Members (GPs, Nurses, Practice Managers)

There will be a one off payment that covers backfill for any other GP (not on the CCG Board or QPT), nurse, practice manager who have been commissioned to be involved in certain projects or meetings that the CCG programme boards have initiated and approved. The proposed remuneration for this is as set out in the expenses policy.

10 Remuneration of CCG Governing Body members and all other CCG employees

Where the governing body members employed by the CCG especially in relation to the Accountable Officer or Chief Finance officer, their remuneration, fees and allowances will be determined by the governing body subject to recommendations of its remuneration committee (as well as is the case for all CCG employees)

11 Invoicing Arrangements

GP Board members and the Quality and Performance Team (QPT) would issue an invoice at the beginning of a financial year and payments will be paid through a monthly standing order and a reconciliation undertaken before the end of the financial year (for example for any days not worked)

12 Process for claiming expenses

Expenses incurred in carrying out CCG duties can be invoiced for separately. Refer to the expenses policy for more details.

Expenses should be submitted as soon as possible after they have been incurred (ideally within a month). A claim that is more than three months old will not be paid unless it can be mutually agreed under exceptional circumstances.

13 Changes

Any changes to remuneration should be referred to the Remuneration Committee for decision and the Committee can then refer the decision to the Board unless under very exceptional circumstances.

Author	Edna Muraya
Version	Version3.0
Date Ratified	
Ratifying Group	
Review date	1 August 2013