

ANNUAL REPORT

Remuneration Committee

2018/2019



DOCUMENT STATUS:	Final Version presented to Governing Body May 2019
DATE ISSUED:	May 2019
DATE TO BE REVIEWED:	

AMENDMENT HISTORY

VERSION	DATE	AMENDMENT HISTORY
0.1	23.04.19	First draft
1.0	21.05.19	Final Version

REVIEWERS

This document has been reviewed by:

NAME	TITLE/RESPONSIBILITY	DATE	VERSION

APPROVALS

This document has been approved by:

GROUP/COMMITTEE	DATE	VERSION
Remuneration Committee	23 April 2019	0.1

DOCUMENT STATUS

This is a controlled document. Whilst this document may be printed, the electronic version posted on the intranet is the controlled copy. Any printed copies of the document are not controlled.

RELATED DOCUMENTS

These documents will provide additional information:

REF NUMBER	DOCUMENT REFERENCE NUMBER	TITLE	VERSION

Contents

1. Introduction 3

2. Committee Responsibilities 3

3. Remuneration Committee – Formal Report..... 4

4. Other Work undertaken 5

5. Conclusions 6

Appendix 1 – Attendance at Meetings 7

Appendix 2 – Remuneration Committee Duties (Extract from TOR) 8

1. Introduction

- 1.1 This report sets out the work undertaken by the Remuneration Committee during the 2018/19 year. This demonstrates how the committee has met the responsibilities set out for it by the Governing Body in the Clinical Commissioning Group's constitution and includes the formal account of the committee's work outlined in the CCG's Annual report.
- 1.2 The Health and Social Care Act 2012 and the associated regulations require the Governing Body to establish a Remuneration Committee to discharge the duties outlined in legislation. In addition to these duties, the CCG has delegated further responsibilities to the committee, which are summarised below and detailed in Appendix 1.
- 1.3 In addition to formal report from the committee, the evidence contained in this report will be shared with the CCG's Governing Body and also will be used to support the content of the organisations' Annual Governance Statement.
- 1.4 The committee's membership requirements are set out in its terms of reference, stating that the committee must be chaired by the Governing Body Lay Member and must have three other members of the Governing Body who are not employees of the group:-
- Peter Price - Lay Member – Governance (Chair)
 - Dr David Bush - GP Governing Body Member
 - Mr Amarbaj Chandock - Secondary Care Consultant (Until October 2018)
 - Dr Manjit Kainth - GP Governing Body Member
 - Jim Oatridge OBE - Governing Body Lay Member
- 1.5 The committee met on the following occasions during the financial year:
- 17 May 2018
 - 5 July 2018
 - 9 October 2018
 - 19 February 2019

Details of the attendance at all of these meetings are enclosed at Appendix 1 for information.

2. Committee Responsibilities

- 2.1 As highlighted above, the CCG Governing Body is required to appoint a Remuneration Committee to support decision making around:-
- employees' remuneration, fees and allowances and any other terms and conditions of service; and
 - the remuneration and travelling or other allowances of members the governing body.
- The committee's work in this area, along with its specific work to develop policies for the remuneration of senior officers is detailed in the formal report in section 3.
- 2.2 In addition to these statutory responsibilities, the group has delegated responsibilities to the committee to approve Human Resources policies for the group and to support senior recruitment. Work undertaken in this area is summarised in section 4.

3. Remuneration Committee – Formal Report

Policy on remuneration of senior managers

- 3.1 Senior managers for the organisation have one of three types of contract depending on their role:
- *Office Holder* – Governing Body members are engaged by the CCG on office holder contracts as advised by the legal advisors Bevan Britain and Capsticks. Their pay was determined by the national guidance published in September 2012 for lay members and GPs on the Governing Body. The Governing Body members are engaged on varying lengths of term to enable stability within the organisation and, at the end of each term, consideration will be given at the Remuneration Committee as to whether pay for each session or role requires review.
 - *Very Senior Manager (VSM)* – The Accountable Officer, Chief Finance and Operating Officer, and Director of Strategy and Transformation are engaged by the CCG on VSM contracts. Salaries were established in line with the national groups for determining VSM pay in September 2012.
 - *Agenda for Change* – The CCG’s Executive Lead for Nursing and Quality and Director of Operations are engaged by the CCG on Agenda for Change terms and conditions. Pay is in line with national pay scales and pay awards.
- 3.2 A mechanism for reviewing Officer and VSM pay was agreed by the Remuneration Committee in June 2014. The policies adopted provide a framework for considering any uplift to remuneration for VSM and officer members of the Governing Body. They provide an opportunity for consideration of an annual uplift and, in addition, the VSM framework details a structure for the setting and awarding of a performance-related payment. The Committee has slightly amended this framework during the year to ensure it aligns with the CCG’s Performance Development Review Policy and process for setting objectives.

Senior managers’ performance-related pay

- 3.3 The Remuneration Committee agreed in 2018/19 that a reserve for an overall maximum of 10 per cent of VSM base pay would be set aside for performance-related payment. Within the 10 per cent, 2.5 per cent is allocated to each of the four domains of the CCG Improvement and Assessment Framework:
- better health
 - better care
 - leadership
 - sustainability.
- All performance-related payments are non-consolidated.
- 3.4 The appraisal process for VSMs includes objective setting aligned to the four categories noted above, as well as regular review of progress. Following year end, the Chair and Accountable Officer (the line managers for the VSM posts) are required to present their case for award of payment to the Remuneration Committee. The committee holds delegated responsibility to agree any award to be made.

- 3.5 VSM appraisal relating to 2018/19 performance is scheduled to take place early in the new financial year with a plan for the Remuneration Committee to make a final decision regarding award by the summer.

Policy on duration of contracts, notice periods and termination payments

- 3.6 The policy for senior manager contracts varies according to the role, for employees of the CCG:
- *VSM contracts* – senior managers on VSM contracts are engaged on a permanent contract with a notice period of six months. Any termination payments will be made in line with Agenda for Change terms and conditions for severance payments.
 - *Agenda for Change* – senior managers on Agenda for Change contracts are engaged on a permanent contract with a notice period of three months. Any termination payments will be made in line with Agenda for Change terms and conditions for severance payments.
- For officeholder, non-Executive positions:
- *Elected GP office holders* – these office holder contracts are for a tenure period of three years.
 - *Practice manager representative office holder* – this role has a maximum length of tenure of five years.
 - *Lay member and secondary care doctor office holders* – these roles have a maximum length of tenure of five years.
- 3.7 The notice of all office holder contracts could be terminated with immediate effect based on a number of criteria within the contract, for example, the CCG no longer requiring a role under statute.

Remuneration of Very Senior Managers (VSMs)

- 3.8 In 2018/19 there were no individuals employed or engaged on temporary assignments by the CCG earning more than the Prime Minister's salary of £150,000 per annum.

4. Other Work undertaken

- 4.1 In line with its responsibilities in relation to the remuneration arrangements for Governing Body members the committee has agreed that practice manager representative on the Governing Body should serve a second term of office and agreed to extend the interim arrangements of the Deputy Chair to support continuity. The committee has also discussed mandatory training and appraisal requirements for Governing Body Members.
- 4.2 As highlighted in last year's annual report, the committee has addressed a number of issues associated with closer working across the Black Country Sustainability and Transformation Partnership (STP). This included formal approval of the arrangements for the CCG's Accountable Officer to act as Senior Responsible Officer for the STP and for the CCG to act as host organisation for the Portfolio Director recruited to manage the programme of work. The committee also endorsed arrangements to appoint the Chief Finance Officer from Sandwell and West Birmingham CCG to act as Joint Chief Finance Officer across Sandwell and West Birmingham and Wolverhampton following the retirement of the current Chief Finance Officer. The committee also approved arrangements for the current Chief

Finance Officer to continue working on a part time basis to provide on-going continuity.

- 4.3 The committee has also exercised its delegated authority from the Governing Body to approve human resources policies during the year. A number of policies have been considered during the year as they become due for review including policies for Dress Code, Grievance, Long Service Awards and Retirement. The committee also approved a revision to the CCG's Performance Development Review policy to reflect a move to a 'values-based' approach.
- 4.4 The Committee has been supported in its work by the Human Resources service provided by Arden and GEM Commissioning Support Unit who have provided expert advice and guidance in discharging its duties. The CCG has taken a decision to bring Human Resources advice back in house from 2019/20 and the committee were advised of this in February 2019.

5. Conclusions

- 5.1 As highlighted in the CCG's Annual Report, the committee has met its statutory obligations, as well as performing those other functions delegated to it by the Governing Body. The committee has instigated a regular programme of meetings this year to ensure that it is able discharge these functions effectively, particularly those around remuneration for Very Senior Managers.
- 5.2 The committee is grateful for the support it receives from the CCG management team and from its expert advisors. It is looking forward to a further productive year, which is likely to involve work related to proposals for the Black Country CCGs to develop a single management team.

Appendix 1 – Attendance at Meetings

Member	17.05.18	05.07.18	09.10.18	19.02.19
Peter Price, Independent Committee Member (Chair)	✓	✓	✓	✓
Dr David Bush, Governing Body Member, CCG	✓	✓		✓
Dr Manjit Kainth Governing Body Member, CCG	✓	✓	✓	✓
Jim Oatridge, Independent Committee Member			✓	✓

Appendix 2 – Remuneration Committee Duties (Extract from TOR)

The RC will make recommendations to the governing body on determinations about pay and remuneration for employees of the group and people who provide services to it, as well as allowances under any pension scheme it might establish as an alternative to the NHS pension scheme. This will enable the group to deliver the relevant functions:

- paying its employees' remuneration, fees and allowances in accordance with the determinations made by its governing body and determining any other terms and conditions of service of the group's employees (constitution 5.1.1(c));
- determining the remuneration and travelling or other allowances of members of its governing body (constitution 5.1.1(d)).

The specific duties required of the RC are:

- determining the remuneration and conditions of service of the senior team (constitution 6.9.3(b)(i));
- reviewing the performance of the accountable officer and other senior team members and determining annual salary awards, if appropriate.(constitution 6.9.3(b)(ii));
- considering the severance payments of the Accountable Officer and other senior staff, seeking HM Treasury approval as appropriate in accordance with the guidance 'Managing Public Money' (constitution 6.9.3(b)(iii));
- approving human resources policies (constitution 6.9.3(b)(iv) and 9.4).