

**EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST**

**REPORT TO:** BOARD OF DIRECTORS MEETING - 25 July 2014

**REPORT FROM:** REMUNERATION AND NOMINATIONS COMMITTEES 8 JULY 2014

**PURPOSE:** Information

**SUMMARY OF KEY AGENDA ITEMS AND BUSINESS:**

**The Remuneration meeting discussed the following agenda items:**

**1. Under matters arising from the meeting held on 11<sup>th</sup> February - the Committee considered remuneration of the new Director of HR and any implications for pay parity on other Executive Directors.**

The committee had agreed at its previous meeting that it would need to ensure any award for the HR director did not create a loss of parity between levels of remuneration with other members of the executive team. The work carried out by the Hay Group (reported to the committee previously) had recommended that the pay for the Director of HR and Director of Strategic Development and Capital Planning should be aligned. The committee agreed there was a strong case to re-set the level of remuneration for the strategic development post. The rationale for this was based on:-

- A need for greater differential between the remuneration of the Executive Director and direct reports.
- The increased scope of the role in terms of estates and IT was recognised.
- The successful drive at Executive Director level in developing and implementing the strategic agenda was essential to the Trust.
- The scope of the role of the Director of Human Resources had reduced with the removal of responsibilities related to corporate services and communications.

**2. Special Severance Payments Policy.**

The meeting received a report from the Chief Executive and agreed the policy complied with necessary guidance and was appropriate. Assurance was sought and given that any special severance payments would be signed off by the remuneration committee. They also and required Treasury approval before being agreed.

**3. Performance of the Executive Directors.** The CEO had provided a comprehensive report which summarised his assessment of the performance of the Executive Directors. This was discussed and the report noted by the committee.

**4. Objectives for the Executive Team 2014/15.** The committee considered and agreed the objectives for the executive team as being appropriate.

**5. Performance of the CEO in 2013/14 and objectives for 2014/15.** In a separate confidential session of the committee The Chair led a discussion on the performance of the CEO and outlined the objectives they had both agreed for the current year. These were agreed by the committee.

**The Nominations meeting discussed the Annual Board Review.**

Following publication of Monitor's revised code of governance, Foundation Trusts were required to undertake an annual review of the structure, size and composition of the board of directors and make recommendations for change, where appropriate.

**SUMMARY OF KEY ACTIONS FROM THE TWO MEETINGS:**

- Re-setting the pay level of the Director of Strategic Development and Capital planning was agreed. This was in accordance with the previously agreed external benchmarking of Executive Director and senior managers pay that was used to make pay award recommendations in the current year.
- The Policy for Special Severance Payments was reviewed and agreed.
- The performance appraisal by the CEO of the executive Directors for 2012/13 and their objectives for 2013/14 were discussed and agreed.
- The performance appraisal of the CEO for 2012/13 and his objectives for 2013/14 were discussed and agreed.
- The Nominations committee agreed that the current size, structure and composition of the Executive Director element of the Board were appropriate. They also agreed that the Board Effectiveness questionnaire would be used to feed any observations about the Board structure, size and composition into future considerations by the committee.

Richard Earland  
Chair Remuneration Committee and Nominations Committee  
16 July 2014