



THE STATE HOSPITALS BOARD FOR SCOTLAND  
**REMUNERATION COMMITTEE ANNUAL REPORT**

**1 April 2024 – 31 March 2025**

## Contents

1	INTRODUCTION .....	3
2	COMMITTEE CHAIR, COMMITTEE MEMBERS AND ATTENDEES.....	3
3	MEETINGS 1 APRIL 2024 – 31 MARCH 2025.....	4
4	SUMMARY OF REPORTING .....	4
5	AREAS OF BEST PRACTICE.....	5
6	CONCLUSION.....	5
	APPENDIX – TERMS OF REFERENCE.....	6

## 1 INTRODUCTION

Staff Governance is defined as ‘**a system of corporate accountability for the fair and effective management of all staff.**’

The Staff Governance Standard (4th Edition) sets out what each NHSScotland employer must achieve in order to improve continuously in relation to the fair and effective management of staff. Implicit in the Standard is that all legal obligations are met, and that all policies and agreements are implemented.

In addition to this, the Standard specifies that staff are entitled to be:

- Well informed.
- Appropriately trained and developed.
- Involved in decisions.
- Treated fairly and consistently; with dignity and respect, in an environment where diversity is valued.
- Provided with a continuously improving and safe working environment, promoting the health and wellbeing of staff, patients and the wider community.

In the performance year 2024/25, The State Hospitals Board for Scotland's Remuneration Committee continued to focus its monitoring activities in respect of the above, with particular regard to the performance, pay and terms and conditions of Executive and Senior Managers.

The NHS Board Vice-Chair remains Chair of the Committee which aligns with practice throughout NHSScotland. This ensures that the committee chair does not play a role in the Executive and Senior Manager Appraisals process, avoiding potential conflict of interest

## 2 COMMITTEE CHAIR, COMMITTEE MEMBERS AND ATTENDEES

Committee Chair:

- David McConnell (Chair of Committee, Non-Executive Director).

Committee Members:

- Allan Connor (Employee Director).
- Cathy Fallon (Non-Executive Director).
- Brian Moore (Board Chair).
- Pam Radage (Non-Executive Director).

In attendance:

- Gary Jenkins (Chief Executive).
- Stephen Wallace (Director of Workforce).
- Margaret Smith (Head of Corporate Governance).

### **3 MEETINGS 1 APRIL 2024 – 31 MARCH 2025**

During 2024/25 the Remuneration Committee met on four occasions, in line with its terms of reference (Appendix).

Meetings were held on:

- 13 June 2024.
- 23 September 2024.
- 28 November 2024.
- 4 February 2025.

Attendance of Committee members is shown below.

<b>Committee Member</b>	<b>Number of Meetings Present</b>
David McConnell	4
Allan Connor	4
Cathy Fallon	1
Brian Moore	4
Pam Radage	4

### **4 SUMMARY OF REPORTING**

The Committee received reports and monitored areas as follows:

- Approval of the Performance Management arrangements and Performance Appraisals for Executive Directors for the performance year 2024-25.
- Agreement of the Appraisal outcomes 2023-24 for Executive Directors.
- Agreement of the Executive Directors Performance Planning and Review (Objectives) for the year 2024/25.
- Agreement of the Executive Directors Mid-Year Reviews for 2024/25
- Consultants discretionary points were reported on and approved.
- Agreement on new Consultant Discretionary Points Constitution.
- Agreement of the updated Director on Call arrangements.
- Agreement of the change in responsibility to the payment of non-executive expenses.

The Remuneration Committee also reviewed other issues related to its remit. They received an update of national and regional group involvement.

During this year the committee considered and supported interim arrangements to Executive and Senior Management positions in the organisation to ensure resilience in the Executive Team.

## **5 AREAS OF BEST PRACTICE**

New constitution for Consultant Discretionary Points provides clear process, ensuring delineation of roles for Non Executives and removing any conflict of interests.

Greater control and process around the appraisal process for Senior & Executive staff.

## **6 CONCLUSION**

The Remuneration Committee discharged its responsibilities with regard to the oversight of Executive and Senior Managers' performance management and remuneration.

I offer my thanks for the continuing support and encouragement of Committee members and also to those members of staff who have worked on the Committee's behalf during 2024/25.

**David McConnell**

**REMUNERATION COMMITTEE CHAIR**

**On behalf of the State Hospitals Board for Scotland Audit and Risk Governance Committee.**

## APPENDIX – TERMS OF REFERENCE



### THE STATE HOSPITALS BOARD FOR SCOTLAND

#### REMUNERATION COMMITTEE

#### TERMS OF REFERENCE

## 1 PURPOSE

The Committee shall be known as the Remuneration Committee of The State Hospitals Board for Scotland. It will be a standing Committee of The State Hospitals Board for Scotland and will make decisions on behalf of The State Hospitals Board for Scotland.

## 2 COMPOSITION

The Remuneration Committee members will be appointed by The State Hospitals Board for Scotland and will consist of:

- The Vice-Chair of The State Hospitals Board for Scotland, who will be the Committee Chair.
- Four Non-Executive Directors of the Board, including the Employee Director and the Board Chair.

In addition, there will be in attendance (in full or part):

- Chief Executive.
- Director of Workforce.
- Head of Corporate Governance/Board Secretary.

No employee of the Board shall be present when any issue relating to their employment is being discussed.

The Director of Workforce will be the Executive Director Lead and will attend meetings of the Remuneration Committee as Advisor.

### 2.1 Executive Director Lead

Generally, the designated Executive Lead will support the Chair of the Committee in ensuring that the Committee operates according to / in fulfilment of its agreed Terms of Reference.

Specifically, they will:

- Support the Chair in ensuring that the Committee Remit is based on the latest guidance and relevant legislation.

- Liaise with the Chair in agreeing a programme of meetings for the business year, as required by its remit.
- Oversee the development of an Annual Workplan for the Committee which is congruent with its remit and the need to provide appropriate assurance at the year-end, for endorsement by the Committee and approval by the Board.
- Agree with the Chair an agenda for each meeting, having regard to the Committee's Remit and Workplan.
- Oversee the production of an Annual Report, informed by self-assessment of performance against the Remuneration Committee Self-Assessment Handbook, on the delivery of the Committee's Remit and Workplan for endorsement by the Committee and submission to the Board.

Where issues with financial implications are to be discussed at the Remuneration Committee the implications will first have been discussed with the Finance Director and, where appropriate, the Finance and Performance Management Director may be invited to attend meetings of the Remuneration Committee.

The quorum for the Remuneration Committee will be attendance by 3 Non-Executive Directors, inclusive of the Chair.

### **3 FUNCTIONS**

To oversee and agree the remuneration arrangements and terms and conditions of employment of Executive Directors and Senior Managers of The State Hospitals Board for Scotland, to include:

- Content and format of job descriptions.
- Terms of employment including tenure.
- Remuneration.
- Benefits including pension or superannuation arrangements.
- Annual salary review.

To ensure arrangements are in place for the assessment of the performance of The State Hospitals Board for Scotland and to monitor the performance of The State Hospitals Board for Scotland against pre-determined performance criteria to inform oversight of objective setting and support for decisions on individual performance appraisal.

To agree The State Hospitals Board for Scotland's arrangements for performance management and to ensure that the performance of the Executive Directors is rigorously assessed against agreed objectives within the terms of the performance management arrangements referred to above.

To ensure that clear objectives are established for Executive Directors of The State Hospitals Board for Scotland before the start of the year in which performance is assessed by receiving a report from the Chair on the agreed Objectives for the Chief Executive receiving a report from the Chief Executive on the agreed Objectives for the other Executive Directors of the Board.

To monitor arrangements for the pay and conditions of service of other Senior Managers on Executive Pay arrangements and on Professional/Management Transitional pay arrangements in accordance with appropriate guidance and to implement annual pay uplifts and pay progression in accordance with national guidance.

To approve The State Hospitals Board for Scotland's arrangements for the grading of Senior Manager and Executive Director posts and to oversee these arrangements by receiving regular reports from the Director of Workforce.

To ensure that arrangements are in place to determine the remuneration, terms and conditions and performance assessment for staff employed under the Executive and Senior Management Pay arrangements. To receive formal reports (at least annually) providing evidence of the effective operation of these arrangements.

To consider any redundancy, early retiral or termination arrangement in respect of all State Hospital staff, excluding early retirals on grounds of ill health, and approve these or refer to the Board as the Committee sees fit. In addition, the Committee will oversee the award of discretionary points to medical staff.

To fulfil its functions, the Remuneration Committee will take into account a range of factors which will include:

- Regular reports from the Director of Workforce.
- The Remuneration Committee Self-Assessment Handbook.
- Guidance issued by the Scottish Government Health Department.
- An annual report on the application of pay awards and pay movements.
- The need to recruit and retain appropriately qualified and skilled Directors and Senior Managers.
- Equitable pay and benefits for the level of work performed.

## **4 CONDUCT OF BUSINESS**

Meetings of the Committee will be called by the Chair of the Committee with items of business circulated to members one week before the date of the meeting.

The Committee will seek specialist guidance and advice as appropriate.

All business of the Committee will be conducted in strict confidence.

## **5 REGULARITY OF MEETINGS**

Meetings of the Remuneration Committee will be held as necessary to conduct its business. At a minimum, the Committee should meet twice per annum, once to approve the performance assessments and annual Objectives of the Executive Directors and once to approve the annual application of pay awards and pay progression.



## **6 REPORTING ARRANGEMENTS**

The Remuneration Committee will report to the Board.

Membership of the Remuneration Committee will be reported to and agreed by the Board. Appropriate details of Executive Members remuneration will be published in The State Hospitals Board for Scotland's Annual Report.

### **6.1 Annual Report**

In accordance with Board and Committee Working, the Committee will submit to the Board each year an Annual Report, encompassing : the name of the Committee; the Committee Chair; members; the Executive Lead and officer supports / attendees; frequency and dates of meetings; the activities of the Committee during the year, including confirmation of delivery of the Annual Workplan and review of the Committee Terms of Reference; improvements overseen by the Committee; matters of concern to the Committee.

Where the review by the Committee of its Terms of Reference results in amendment the revised Terms of Reference must be submitted to the Board for approval. The Committee Annual Report will inform the submission of any appropriate assurance to the Chief Executive at the year-end, as part of the Statement of Internal Control.

Details of the business conducted by the Committee will be made available to the Scottish Government Health Department, the form and content being determined by the latter.

Reporting, marked as 'official sensitive', on each meeting of the Remuneration Committee will be issued to the Non-Executive Directors of the Board.