

Remuneration Panel - Terms of Reference

Overview

1. The Remuneration Panel ('the Panel') has been established to oversee Chief Executive Officer ('CEO'), Chief Operating Officer ('COO') and Director, (i.e. the 'Senior Executive') recruitment, remuneration, employment terms and conditions and severance.
2. The overriding objective of the Panel shall be to ensure that the Senior Executive 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 UK Sport and not to reward poor performance.
3. All decisions shall take into consideration the requirements set out in UK Sport's Framework Document, Civil Service Pay remit guidance and Managing Public Money issued by HM Treasury, the Civil Service Management Code ('where applicable') and any delegations provided by the Department of Culture, Media and Sport ('DCMS').
4. At the time of updating these terms of reference specific measures have been put in place by central government covering controls on recruitment, pay above £142 500 and also remuneration packages of CEOs of arm's length bodies which require DCMS and/or HM Treasury approval.

Purpose

5. The Panel is a sub-committee of the Board and is accountable for its actions, recommendations and decisions to the Board.
6. Subject to matters that are explicitly reserved to the DCMS and/or HM Treasury, the Panel has 5 primary functions, which are to agree and set for the Senior Executive:
 - i. job descriptions;
 - ii. the remuneration policy and package (including performance related pay, pension arrangements);
 - iii. pay and grading whilst ensuring consistency across public sector;
 - iv. performance objectives of the Chief Executive;
 - v. severance packages.
7. Other than specified in these terms of reference the recruitment, remuneration, employment terms and conditions and severance of all other staff at UK Sport are outside the scope of these terms of reference unless specifically referred to the Panel by the Board or CEO.

Membership

8. The Panel shall comprise at least three members all of whom shall be Board members. The Chair of the Board shall serve on and chair the Panel.
9. Members of the Panel shall be appointed by the Board, in consultation with the Chair of the Panel. The Panel may co-opt further members should it require.
10. Only members of the Panel have the right to attend committee meetings. However, other individuals such as the CEO (as Accounting Officer), COO or the Head of HR and Development and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

11. Appointments to the Panel shall be for a period of up to three years, which may be extended for further periods of up to three years.
12. The Chair of the Board shall be the Panel Chair. In the absence of the Panel Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Quorum

13. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Panel at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Panel.

Delegated Powers

14. The Panel is authorised by the Board to obtain, within any budgetary restraints imposed by the Board:
 - i. outside legal or other professional advice on any matters within its terms of reference;
 - ii. commission or purchase any reports, surveys or information which it deems necessary; and
 - iii. seek information it requires from staff and staff are required to comply with such requests promptly.

Roles and Responsibility

15. The Panel should carry out the duties below for UK Sport, subsidiaries and the group as whole, as appropriate.
16. The Panel may as it sees fit:
 - i. approve the job descriptions and assist in the recruitment process for Senior Executives;
 - ii. determine and agree with the Board the framework or broad policy for the remuneration and grading of Senior Executives;
 - iii. in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the DCMS, HM Treasury and Civil Service and associated guidance;
 - iv. when setting remuneration policy and packages for Senior Executives' review and have regard to the remuneration trends and controls across the public sector by obtaining reliable, up to date information about remuneration in other public sector organisations;
 - v. within the terms of the agreed remuneration policy and in consultation with the Chair of the Board and/or CEO, as appropriate, determine the total individual remuneration package of Senior Executives, including performance related pay and pension arrangements;

- vi. review the on-going appropriateness and relevance of the remuneration policy to the Senior Executives;
- vii. be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any professional advisors to the Panel;
- viii. review terms and conditions of employment of the Senior Executive;
- ix. ensure that contractual terms on termination, and any severance payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised, subject to approval of DCMS and/or HM Treasury.

Reporting

- 17. The Chair of the Panel shall report to the Board on its proceedings after each meeting on all matters within its role and responsibilities.
- 18. The Panel shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 19. The Panel shall produce a report of UK Sport's remuneration policy and practices to be included in the annual report and ensure each year that it is put to Board for approval.

Meetings (notice, frequency etc)

- 20. The Panel will not establish a formal schedule of meetings. Rather meetings will be called by the Chair via the secretary of the Panel as when they are needed.
- 21. The secretary of the Panel shall be the Head of HR and Development.
- 22. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend, no later than 1 week before the date of the meeting. Supporting papers shall normally be sent to Panel members and to other attendees, as appropriate, at the same time. All meetings and papers of the panel are confidential.
- 23. The secretary shall minute the proceedings and resolutions of all Panel meetings, including the names of those present and in attendance.
- 24. Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so.
- 25. The Panel may seek to conduct business by conference call, video link or other electronic means.

Matters reserved to DCMS and HM Treasury

- 26. DCMS shall determine the pay and remuneration of the Chair.
- 27. The remuneration package of the CEO is subject to DCMS approval and specific HM Treasury approval is needed where pay is above £142 500.
- 28. The levels of remuneration for Senior Executives (including any other member of staff

who may be referred to the Panel) is subject to the general pay structure of UK Sport as approved by DCMS. UK Sport has no delegated authority from DCMS to amend the general pay structure.

29. Total pay negotiating remits are determined by HM Treasury and subject to the agreement of DCMS.
30. The operation of the performance related pay scheme forms part of the annual aggregate pay budget or general pay structure approved by DCMS.
31. Subject to the approval of DCMS, the remuneration of Board members shall be a matter for the Chair of the Board and shall be within the rates set by HM Treasury.
32. Severance pay is regarded as 'novel and contentious' under HM Treasury Managing Public Money and are special payments which require approval of HM Treasury whether or not they fall within any delegated limited provided by DCMS.¹

Other matters

33. The Senior Executive shall not be involved in any decisions as to their own remuneration.
34. The Panel shall:
 - i. have access to sufficient resources in order to carry out its duties,
 - ii. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
 - iii. give due consideration to laws and regulations, the recommendation of the Senior Salaries Review Body, and such other relevant Government policies, recommendations and guidance as appropriate;
 - iv. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

UK Sport

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¹ HM Treasury Managing Public Money October 2007 provides that severance payments should not be a soft option to avoid management action, disciplinary processes unwelcome publicity or reputational damage.