

HR and Remuneration Committee Terms of Reference ***Approved and Effective from 19 January 2010***

1. Constitution

- 1.1 The Board hereby resolves to establish a Committee of the Board to be known as the HR and Remuneration Committee, which will replace the Committee previously known as the Remuneration Committee.

2. Membership

- 2.1 The Members of the Committee shall be all the Non-Executive Board Members of the Authority and the Chief Executive. The Chairman of the Committee shall be a Board Member other than the Chairman of the Authority. It is desirable that the Committee Chairman should have experience in HR issues. The Chief Executive, as a member of the Committee, shall not be present when his remuneration and conditions of employment are being considered.

3. Secretary

- 3.1 The Solicitor & Secretary shall be the Committee Secretary but will not be a member of the Committee. In the absence of the Solicitor & Secretary, the Head of HR & Organisational Development will act as Secretary to the Committee.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two.

5. Meetings

- 5.1 The Committee shall meet not less than twice a year and at such other times as the Chair of the Committee shall require.
- 5.2 The Committee shall transact certain business during the year as set out in the diagrammatic cycle at Annex 1, which may be amended by the Committee at any time and shall be reviewed by the Committee at least annually.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an Agenda shall be sent to each Committee member, or any other person required to attend, not less than three working days prior to the date of the meeting.
- 6.3 The Solicitor & Secretary and Head of HR & Organisational Development shall have the right to address any meeting of the Committee. Others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

7. Minutes

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Minutes of every Committee meeting shall be circulated to all members of the Committee and to all members of the Board.

8. Duties

The Committee shall:-

- 8.1 Determine the remuneration and terms of service for the Chief Executive and other Executive Directors including any performance related elements together with provisions for any other benefits including pensions, cars/car allowances, arrangements for termination of employment and other contractual terms, subject to any necessary consents or approvals of the Secretary of State.
- 8.2 Be responsible for the recruitment of Executive Directors, approve their training and development and advise and review on succession planning for their roles.
- 8.3 Be aware of and oversee any major changes in employee benefit structures throughout the Authority.
- 8.4 Ensure that provisions relating to disclosure of remuneration, including pensions, are fulfilled.
- 8.5 Advise on the Authority's employment policies and their revision from time to time, including Human Resources issues of magnitude.
- 8.6 Via the Chairman of the Committee report to the Board the matters discussed at each Committee meeting and any recommendations made.

8.7 Scrutinise the annual Pay Remit and recommend to the Authority's Board the decision to forward the Remit to DECC for approval.

9. Policy and Best Practice

9.1 The considerations which the Committee shall take into account include:-

9.1.1 remuneration packages be such as to enable people of appropriately high ability to be recruited, retained and motivated - within levels of affordability;

9.1.2 the Authority is part of the public sector and what it does, including the pay of its employees, must be publicly defensible;

9.1.3 a properly defensible remuneration package requires a clear statement of responsibilities with rewards linked to their measurable discharge;

9.1.4 the advisability of seeking independent advice about pay structures and the state of the market for the kind of managers to be recruited - including consultation with DECC.

9.2 In the determination of remuneration packages, the Committee may wish to ensure that they have:-

9.2.1 a clear statement of the responsibilities of the individual posts and their accountabilities for meeting objectives of the organisation;

9.2.2 a means of assessing the comparative job "weight" e.g. by job evaluation;

9.2.3 comparative salary information from DECC, other public sector organisations and other industrial and service organisations.

9.3 For the purposes of monitoring and evaluating performance, the Committee will need to meet periodically to make assessments of Executive Directors' achievements. The Committee should report to the Board any recommendations for actions - perhaps in the case of unsatisfactory performance - which are outside the powers of the Committee.

9.4 In advising on appropriate contractual arrangements, the Committee will wish to note that best employment practices recommend that the remuneration, terms and conditions of engagement of staff are set down in writing in a contract of employment signed by both employer and employee. Although there is no legal requirement to do so, the Committee will want to note that the Employment Rights Act 1996, requires that each employee receives written particulars of certain terms of the employment contract.

The COAL AUTHORITY

9.5 Under the Coal Industry Act 1994, the approval of the Secretary of State is required of the terms and conditions of service of the Authority's employees and of any pensions, allowances and gratuities payable to them. DECC has linked terms and conditions of service to the Civil Service Management Code, and pension arrangements to eligibility to join the Principal Civil Service Pension Scheme. These matters are subject to the Treasury's agreement, and any departure from Civil Service terms would require their prior approval.

10. **Review of Terms of Reference**

10.1 The Board will review the Committee's Terms of Reference annually at the first formal Board meeting in the calendar year.