Senior Management Remuneration Committee

TERMS OF REFERENCE

1. Constitution

1.1. The Director-General has established a Committee known as the Senior Management Remuneration Committee (“SMRC”).

1.2 This document provides the Terms of Reference for SMRC.

2. Purpose and core responsibilities

2.1 The remit of SMRC covers the whole of the BBC Group: the BBC’s public service activities and the BBC’s commercial subsidiaries, including staff seconded overseas and overseas local recruits.

2.2 The responsibilities of SMRC are to:

- implement the BBC’s pay strategy, within any framework set by the BBC Board’s Remuneration Committee (the “Remuneration Committee”);
- approve any policy, practice or guideline regarding remuneration, compensation or employee benefits in line the pay strategy;
- approve the remuneration of all individuals who (subject to approval) will, on appointment, promotion or role change, be earning a full-time equivalent (FTE) salary of:
  a) £75,000 or more (or local currency equivalent) for roles with BBC public service;
  b) £150,000 or more (or local currency equivalent) for roles with BBC Studios or other BBC commercial subsidiaries); or
  c) £150,000 or more for freelancers/contractors.

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1 The £75,000/£150,000 (as applicable) threshold includes the total of base pay and all other cash allowances/payments and benefits (including London weighting). This includes role changes that involve no change in salary.
• approve any redundancy payments made to any employee which amount to £75,000 or more (or local currency equivalent);

• subject to 2.4 below, approve any discretionary severance payments;

• subject to 2.4 below, approve any other payment, allowance or benefit arrangement that is not due: (a) by local laws; (b) under the employee's employment contract; and/or (c) by BBC policy;

• subject to 2.4 below, approve any payments in lieu of notice and/or garden leave;

• approve any payment of legal fees under a settlement agreement that exceeds £1,000 plus VAT;

• consider a fortnightly report from the Group General Counsel detailing all ongoing Employment Tribunal and pre-claim Acas conciliation cases and approve any request for payments to settle these cases;

• review reports on returners to the BBC after severance pay has been paid in contravention of the rule on returners; and

• note remuneration changes within the BBC’s corporate charities (Children in Need and Media Action) and staff of the BBC Pension Scheme, where separate governance exists in line with their independent status.

2.3 Severance payments that have been approved by SMRC and that have subsequently changed in amount due to:

a) the annual pay review agreed with the National Joint Council; or

b) extended leaving dates (increasing contractual redundancy entitlement), will be returned to SMRC for noting only, providing:

i. the changes are in line with contractual entitlements and the employee’s total severance does not exceed any statutory cap on BBC severance payments; and

ii. any extended leaving date is six months or less than the original leave date (if more than six months SMRC’s approval is required).

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2 For senior managers the restriction on returning after receiving an exit payment is within 12 months of termination to any role, and for graded staff it is within 12 months to an employment role or within 3 months to a freelance role.
2.4 SMRC has delegated its authority in the following cases:

a) In disciplinary or capability cases where a hearing manager has decided to dismiss an employee on notice, hearing managers have delegated authority to put an employee on garden leave during their notice period in any of the following circumstances:

i. in disciplinary cases where the employee is on a final written warning and the hearing manager decides to dismiss for misconduct;

ii. in capability cases where an employee is being managed under a performance management procedure, the employee is on a final written warning and: (a) the hearing manager decides to dismiss the employee for poor performance; or (b) the employee decides to submit their resignation in circumstances where the hearing manager would otherwise have decided to dismiss the individual with notice (and there is a genuine business reason to put the individual on garden leave); and

iii. where the hearing manager decides during a disciplinary or performance process there has been a breakdown in trust and confidence in circumstances where they believe the employee's continued employment is untenable and dismissal is the appropriate sanction, notwithstanding where they are in a disciplinary or performance management procedure.

In each of these cases: details must be sent to SMRC for noting; and the employee must take any accrued annual or long service leave during their garden leave.

b) In all dismissal cases, the Chair of SMRC and the Group General Counsel (each acting alone) have delegated authority to approve an employee being put on garden leave during their notice period, providing the garden leave is in line with contractual notice and no other severance payment is being made. If approved, details must be sent to SMRC for noting. However, where garden leave is to be granted in addition to severance pay, this must be approved by SMRC;
c) In cases of urgent business need, settlement of up to £50,000 may be approved by the Group General Counsel acting alone in the following “Employment Cases”:

- pre-claim conciliation case (Acas or the Northern Ireland Labour Relations Agency);
- mandatory Acas early conciliation cases (pre-claim);
- UK Employment Tribunal/Industrial Tribunal cases (where an individual has filed a claim); and
- other UK employment litigation (e.g. High Court) and/or overseas employment litigation (in either case where an individual has filed a claim).

In the event approval is given by the Group General Counsel, details of the settlement must be sent to SMRC for noting;

d) In cases of urgent business need, adjustments to the settlement of Employment Cases already approved by SMRC which would increase the settlement to above £50,000, can be approved by the Chair of SMRC acting alone. In the event approval is given by the Chair of SMRC, details of the settlement must be submitted to SMRC for noting;

e) The Chair of SMRC and the Group General Counsel (each acting alone) have delegated authority to approve any payment of legal fees under a settlement agreement that exceeds £350 (plus VAT) up to £1,000 (plus VAT).

f) The process for pay grievances and appeal decisions is outlined in the Annex.

2.5 For the avoidance of doubt, the remit of SMRC does not include:

- the remuneration of any executive members of the Board and the Executive Committee, which is approved by the Remuneration Committee;
- any subsidiaries – wholly or partially owned – of BBC Studios, where separate governance arrangements exist;
- additional payments to on-screen talent, such as one-off fees for secondary appearances on BBC programmes that are not related to the individual’s substantive role.
3. **Additional approval requirements**

3.1 A small number of salary and severance cases will require additional approval – which is approval from both SMRC and the Director-General, these are:

- approval of salaries (for new roles, promotions or role changes) that are outside guidelines and that are £150,000 FTE or over;
- approval of any non-redundancy severance payments above £100,000 (excluding legal fees contribution);
- approval of a payment in lieu of notice in addition to any form of severance pay;
- any proposal to make any severance payments to an individual that totals more than the severance cap (excluding legal fees contribution), currently £150,000.

4. **Membership and meeting rules**

4.1 The membership of SMRC is:

a) Deputy Director-General (Chair of SMRC);
b) Group HR Director;
c) Group General Counsel;
d) Group Finance and Operations Director.

Each of these members are able to nominate a deputy to attend if they are unable to. (For the purpose of paragraphs 4.2-4.5 below, an ‘SMRC member’ shall include any nominated deputy).

4.2 The quorum necessary for the transaction of business is two members of SMRC, or their nominee. In the absence of the Chair, the remaining SMRC members present shall nominate one of the members to chair the meeting.

4.3 SMRC members can invite any member of staff to attend an SMRC meeting as necessary.

4.4 SMRC meetings may be held without SMRC members being physically present in the same place, for example by telephone or video-conference. When an SMRC member attends by these methods they are counted as being in attendance for the purposes of a quorum.

4.5 The Company Secretary (or their nominee) will be the Secretary to SMRC.
5. **Minutes of Meetings**

5.1 The Secretary (or their nominee) shall minute the proceedings and resolutions of all meetings of SMRC.

5.2 Minutes and actions of SMRC meetings shall be circulated promptly to all the members of SMRC and shared with the BBC Reward team. A copy of the minutes will be presented for approval at the subsequent meeting of SMRC.

*Approved by the Director-General, July 2018*
Annex

Pay Grievances and Appeals

SMRC has delegated it's authority to the Grievance/Appeals Panel in the following cases:

i) To rectify any upheld pay grievances/appeals in relation to allegations of discrimination (equal pay or other)

ii) To rectify a mistake in the application of an informal pay review (e.g. calculation error or factual point such as the decision was based on when someone started in the role and the employee provides evidence the date used in the information decision taken from HR records was incorrect)

iii) To change the effectiveness date of a pay change awarded at informal stage in the following circumstances:
   - To better reflect the rationale given e.g. if date was to reflect additional duties and investigation supports a different date OR
   - To change it from date of SMRC back to date of complaint

iv) To make a future pay change to better position in pay range, provided the panel has had sufficient input from the business re impact on wider cohort etc.

Details of the above cases must be sent to SMRC for noting.

Approval requirements:

Any other proposed retrospective pay changes in circumstances where there is a non-gender related reason that explains the pay differential will require SMRC approval as this would be an exceptional approach.