Council meeting 11 April 2013

Public business

Remuneration Committee unconfirmed minutes

Purpose
To note the unconfirmed minutes of the Remuneration Committee.

Action required
The Council is asked to note the unconfirmed minutes of the Remuneration Committee meeting held on 14 February 2013.

1.0 Background

1.1 The Council’s Remuneration Committee met on 14 February 2013. Unconfirmed minutes of that meeting are attached at Appendix 1. These have been circulated to members of the Committee for comment but will not be confirmed until the Committee’s next meeting on 18 April 2013. The unconfirmed minutes are circulated to the Council for noting as part of the assurance which the Committee provides to the Council and to ensure that the Council remains aware of the Committee’s activities.

Francesca Chittenden, Council Secretary
General Pharmaceutical Council
francesca.chittenden@pharmacyregulation.org, tel 020 3365 3522

22 March 2013
Minutes of the Remuneration Committee Meeting held on 14 February 2013 at 129 Lambeth Road, London SE1 7BT at 2.00pm

Present

Liz Kay (Chair)
Celia Davies
Lesley Morgan
Bob Nicholls
David Prince

In attendance

Duncan Rudkin (Chief Executive and Registrar)
Bernard Kelly (Director of Resources and Customer Services)
Alison Readman (Interim Head of Governance)
Vivienne Murch (Head of Organisational Development and People Strategy)
Francesca Chittenden (Committee Secretary)
Elaine Mulingani (Head of Associates and Private Office) (Minute 112)

Attendance and Introductory Remarks

95 The Chair welcomed everyone to the meeting of the Committee. As this was the last meeting of the Committee with its current membership she formally thanked the Members of the Committee for their contributions. She congratulated David Prince on his appointment to the Council.

95.1 The Chair placed on record thanks to Christine Gray, Head of Governance and Elaine Mulingani, Head of Associates and Executive office for their contributions to the work of the Committee.

95.2 There were no apologies for absence.

Declarations of Interest

96 All Committee members declared an interest in item 5 – Council Members’ Remuneration. Liz Kay (LK) and David Prince (DP) also declared a specific
interest in relation to the second recommendation within the paper.

96.1  LK declared an interest in item 6 – Remuneration Committee remit in relation to the maximum number of terms of service on a committee.

96.2  LK declared an interest in item 8 – Remuneration Committee membership.

96.3  Bob Nicholls (BN) and Duncan Rudkin (DR) declared an interest in item 9 – the 2012 performance review for the Chair of Council and Chief Executive & Registrar.

96.4  All staff declared an interest in item 10 – update on the implementation of the new employee remuneration structure

**MINUTES OF LAST MEETING**

97  The minutes of the last meeting were agreed as an accurate record subject to the removal of the word ‘be’ in the second bullet point of minute 88.

**MATTERS ARISING AND OUTSTANDING ACTION POINTS**

98  There were no matters arising.

**COUNCIL MEMBERS’ REMUNERATION**

99  The Chair introduced paper 02.13/Rem/01 reminding the Committee of their discussions in September and the decision to defer a review of Council Member remuneration to the February meeting when outcome of the Council Member appointment process would be known.

99.1  The Committee noted that a high number of good quality candidates had been received during the council appointments process, indicating that the remuneration rates were attractive. Committee debated whether remuneration was a key factor in attracting candidates and therefore whether it was too simplistic an analysis. The Committee agreed that whilst remuneration may not be the key factor it was an important element. The Committee acknowledged that efforts should continue to be made to attract potential applicants from hard to reach groups who had much to contribute but may not think to put themselves forward to be a Council Member.

99.2  Bernard Kelly (BK) reminded the Committee that the remuneration of Council Members had not changed since 2009 and that inflation had risen consistently since that time. The Committee considered the comparative data provided and
noted that whilst GPhC remuneration rates were broadly in line with comparable bodies, a number of the comparable bodies listed were currently undertaking or due to undertake a review of the remuneration they offer. Alison Readman (AR) informed Committee that the time commitment of the Chair of Council as detailed in Appendix 1 was 2-3 days per week not 80 days per annum. The Committee also considered the public perception of increasing remuneration in light of the current economic climate and in light of the recently published Francis inquiry which has brought health regulation to the publics' attention. In conclusion the Committee felt it would not be appropriate to recommend any change at this time. However, in acknowledging the concern raised by BK the Committee highlighted that the next review of Council Member remuneration would be in September 2013 at which point updated comparable information would be available.

99.3 The Committee discussed whether it would be appropriate to link a review of Associate worker remuneration with a review of Council Member remuneration, however felt it would be appropriate to keep the two reviews separate. The Committee noted that the remuneration for various associate groups (including those established under legislation and non-statutory committee members) is due for review in September 2013 and that it would need to consider whether the time commitment required and the responsibility level was reflected in the remuneration paid. The Committee identified information they would like to receive when undertaking the review to ensure the remuneration that is agreed is proportionate to the time commitment and responsibility of the various Associate roles.

100 The Committee recommended to Council:
   i) No change to the remuneration rates for the Chair and Members of the GPhC’s Council; and
   ii) No change to the discretionary payments for the Chairs of the Audit & Risk and Remuneration Committees

REMUNERATION COMMITTEE REMIT AND ASSOCIATED MATTERS

101 The Chair introduced report 02.13/Rem/02 drawing the Committee’s attention to the recommendations set out.

101.1 The Committee debated whether it would be appropriate for the Committee to present an annual report to the Council and whether further information on the work of the Committee should be included in the GPhC Annual report and Accounts. Following a short debate it was agreed that the current process of reporting minutes of the Committee to Council was sufficient in providing assurance to the Council on the work of the Committee. Equally, the contents
of the Annual Report were decided by Council; however, DR would give consideration to including further detail relating to the GPhC’s remuneration policy.

101.2 The Committee considered that it would be beneficial to have a summary of their work over the previous year when considering the following year’s work plan and requested that this be included in a relevant paper each September.

101.3 The Chair drew Members attention to para 2.3 of the report which set out that the maximum terms of office for Committee members. Within the current procedure for the appointment of Committees members the requirement is that the member cannot serve more than 8 years in any 20 and that they cannot exceed more than two terms in total. This is a more restrictive approach than that elsewhere in the rules governing Council appointments which just stated that a Council member could not serve more than 8 years in any 20. The effect of this more restrictive provision is that it prevents a council member serving more than two terms, regardless of the length of those terms. There followed a short debate during which the Committee recognised the importance of refreshing membership and allowing other members of the Council the opportunity to serve on the Committee but also recognised the importance of continuity. The Committee discussed the time required to settle in to the role and make an impact and felt the current provision to be too restrictive. In conclusion the Committee agreed to recommend to the Council that the statement be taken out of the procedure to appoint Committee Members and that the following statement, which is an adaptation of the GPhC Constitution order 2010, be included within the Committees terms of reference:

‘No member of the Committee may hold office as a member of the Committee for more than an aggregate of 8 years during any period of 20 years.’

The Committee noted that the same proposal would be presented to the Audit & Risk Committee at their next meeting.

101.4 With regards to the name of the document the Committee felt it would be appropriate to rename it ‘Terms of Reference of the Remuneration Committee’ since the Committee’s remit was part only of the terms of reference. The Committee also felt it appropriate to remove the names of Committee members’ from the document. The Committee agreed to recommend both proposals to Council.

102 The Committee reviewed its remit and agreed to recommend the following amendments to Council:
   - i) That the document currently titled ‘Remit of the Remuneration Committee’ be renamed ‘Terms of Reference of the Remuneration
Committee’ with associated changes in the body of the document
-  
  i) The removal of committee member names from the Terms of Reference document
-  
  iii) The inclusion of the statement that ‘no member of the Committee may hold office as a member of the Committee for more than an aggregate of 8 years during any period of 20 years’ within the Terms of Reference document.

**COMMITTEE’S PERFORMANCE REVIEW**

103 The Chair introduced paper 03.12/Rem/03 and invited comments from the Committee.

103.1 The Committee questioned the value of their review in sections 1 and 2 due to the factual nature of the questions and considered that this information could be compiled by the secretariat for Committee oversight in the form of an appendix to which the Committee could refer when completing their review. The Committee felt the performance review would be of greater value if it was focussed on performance in relation to specific issues and if it provided information to the Committee about how others such as Council members viewed it. The Committee requested that a new draft performance review be presented to the Committee at their September meeting. Celia Davies agreed to circulate suggested questions to the Interim Head of Governance for inclusion in the next review.

103.2 The Committee suggested that Council review of the outcome of a restructured performance review could be a useful tool for the Council to consider with regards to their oversight role.

104 **The Committee considered its collective performance and requested a draft performance review be presented to the Committee at their September meeting.**

**REMUNERATION COMMITTEE MEMBERSHIP**

105 The Chair introduced report 02.13/Rem/04. As background, Bob Nicholls reported to the Committee that the Council had agreed his recommendation for its membership from 1 April 2013 and that there was one vacancy to fill once the external vacancy had been filled. The Committee membership would include Liz Kay as Chair, Bob Nicholls (ex officio), Mary Elford and an external Member.

105.1 The Committee entered a lengthy debate considering whether the vacancy
should be filled by a second external Member or whether further expressions of interest to sit on the Committee should be sought from Council Members. To inform the decision the Committee looked at the role of the external member, they identified it as being a guarantor of probity who would guard against ‘group thinking’ and bring an independent perspective. The Committee then considered the role of registrant Council Members serving on the Committee. It was noted that Committee experience was beneficial to Council members in undertaking their role of being a Council Member and that Council members serving on the Committee were better placed in understanding the organisation than an external Member who attends just 3 meetings per year.

105.2 In weighing up the pros and cons of the two options the Committee felt that it would be appropriate to seek expressions of interest from a registrant member of the Council in the first instance. Should no expressions be received the vacancy would be filled by an external member.

105.3 BN informed the Committee that the process to appoint an external member for the Committee was underway. Expressions of interest from Council Members to sit on the selection panel were being sought and the information pack would be signed off by the panel. He set out that the advertising would begin on 18 February and the closing date would be 15 March, shortlisting would be held on 19 March and interviews would be held on 26 March. The Committee agreed that the term of office for the appointed external member would be for three years.

106 The Committee noted the membership of the Remuneration Committee from 1 April 2013 and requested that further expressions of interest be sought from registrant Council Members in the first instance to fill the vacancy on the Committee.

THE 2012 PERFORMANCE REVIEW FOR THE CHAIR OF COUNCIL AND CHIEF EXECUTIVE & REGISTRAR

107 The Chair introduced report 02.13/Rem/05 which provided detail of the process that had been undertaken for reviewing the performance of the Chair of Council and Chief Executive & Registrar (CE&R) earlier in the year. As the paper detailed the process and not the content of the review the Committee confirmed that both the Chair of Council and CE&R could remain.

107.1 The Committee commented that the process appeared to be very good, very robust and in line with best practice. Accordingly the Committee felt it appropriate to use the same process in 2013 taking into account any learning points identified.
107.2 A Member queried how the outcome of the review was communicated to the individuals involved and whether the Council received any feedback. BN informed the Committee that he had attended in depth, detailed, one to one feedback meetings with the consultant who undertook the review and that the feedback meetings concluded with the identification of areas for development. With regards to reporting to Council BN confirmed that detail of the process was reported but not the content. DR identified that in order to provide assurance and to highlight his accountability to the Council the content of such reviews should be reported to the Remuneration Committee who hold responsibility for reviewing his remuneration.

107.3 In light of the discussion the Chair requested that the Committee receive a paper at their April meeting which sets out the process for the 2013 performance review and identifies a suitable method through which the Committee can consider the content of the CE&R’s review.

108 The Committee noted the 2012 performance review and objective setting processes undertaken for the Chair of Council and the Chief Executive & Registrar.

INTRODUCTION OF NEW REMUNERATION STRUCTURE – UPDATE BRIEFING NOTE ON 2013 PAY REVIEW AND REFINEMENT OF NEW PAY STRUCTURE

109 The Chair introduced report 02.13/Rem/06 and thanked Viv Murch (VM) for a thorough paper which provided clear feedback on issues which had previously been raised.

109.1 In response to a Member concern VM confirmed that the organisation did not intend to split grades on an ongoing basis and were doing so in this case to address the specific issue raised at para 5.2 in relation to grade A. In response to a Member query regarding the completion of Performance Development Review forms VM confirmed that consideration was being given to ways in which staff could be encouraged to take views on their own performance and that this could include enabling staff to begin to complete their Performance Development Review forms in advance of Performance Development Review meetings as part of their preparation.

109.2 With regards to the new job descriptions which had been developed for the Inspectorate team VM confirmed that measures would be in place to support those currently in post to meet the new competencies.

110 The Committee noted the work underway to support individual pay
decisions for June 2013 and the resolution of outstanding structural issues.

ANY OTHER BUSINESS

ELAINE MULINGANI JOINED FOR THIS ITEM.

111 The Committee agreed that the majority of papers for Committee meetings could be sent out one week before the meeting, in line with the standing orders, but that it would be preferable for complex and lengthy papers to be sent out two weeks before the meeting when possible.

112 DR informed the Committee that he had received a letter from the Chair of the Fitness to Practise Committee in December 2012 which set out concerns regarding the adequacy of Associate pay for Statutory Committee members and Chairs. In response to a Member query EM stated that the risk of not reviewing Associate pay before the scheduled review date in September could be mitigated. EM added that she had discussed the issue with the Chair of the Appointments Committee who stated that any review should be undertaken in time to inform the 2014 recruitment round. DR set out that bringing forward the review to the Committee's next meeting in April would be difficult in terms of ensuring a thorough, detailed review was completed.

112.1 The Committee agreed to wait until September to carry out the review and requested that DR respond to the author of the letter setting out the rationale for this decision. The Committee requested early notification of any such future issues.

112.2 Post meeting note: Shortly after the meeting, DR circulated by email to the Remuneration Committee an information paper on the risks to the Fitness to Practise Committee. He also confirmed that he had responded to the Chair of the Fitness to Practise Committee in early January 2013. The Remuneration Committee members confirmed they were satisfied with the additional information provided and it was agreed that the matter be brought forward to the April 2013 meeting of the Committee.

113 BK advised the Committee of a formal proposal which the Committee would be asked to consider at their April meeting in relation to a change in government policy which will require the GPhC to 'auto-enrol' all employees and statutory Associate workers on to a pension scheme. The Committee acknowledged the administrative burden and cost that the change would require and thanked BK for advance warning of the issue.
The Chair thanked everyone for attending and closed the meeting.

The meeting closed at 4.15pm.

Date of next meeting – 18 April 2012 in London