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 27 September 2012 and to note the following decisions:

i) to postpone the review of remuneration for Council Members, the Chair of Council and Committee Chairs to February 2013 (minutes 83-84)

ii) not to recommend any change to the policy of remuneration for non-statutory committees members (minutes 85-86)

1.0 Background

1.1 The Council’s Remuneration Committee met on 27 September 2012. 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 14 February 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.

1.2 As set out in the minute 83-84 the Remuneration Committee postponed the review of the remuneration of Council Members, the Chair of Council and Chairs of the Audit & Risk and Remuneration Committees to February 2013. This decision was taken following a lengthy debate taking into consideration a number
of factors, including benchmarking data, inflation, the current economic climate, stakeholder perceptions and the ongoing Council member recruitment exercise. Noting the importance of ensuring the gap between GPhC remuneration rates and comparable bodies’ remuneration rates did not grow too wide the Committee felt it would be appropriate to undertake the review in February following close of the Council member recruitment exercise (to assess whether the existing rate is attracting quality candidates) and with updated benchmarking data.

1.3 As set out in minutes 85-86 the Committee agreed not to recommend any change to the remuneration policy for non-statutory committee members.

1.4 The Remuneration Committee also reviewed the GPhC expenses policy and the remuneration of associates. Papers setting out recommendations from the Committee in relation to the two issues are on the Council meeting agenda.

Action required

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- ii) not to recommend any change to the policy of remuneration for non-statutory committees members (minutes 85-86)

Professor Liz Kay, Chair, Remuneration Committee

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

18 October 2012
Appendix 1

Minutes of the Remuneration Committee meeting held on 27 September 2012 at 129 Lambeth Road, London SE1 7BT at 1.00pm

Liz Kay (Chair) (except minutes 83.5)
Celia Davies
Lesley Morgan
Bob Nicholls
David Prince (except minutes 85-85.2)

In attendance

Duncan Rudkin (Chief Executive and Registrar)
Bernard Kelly (Director of Resources and Customer Services)
Christine Gray (Head of Governance)
Vivienne Murch (Head of Organisational Development and People Strategy)
Elaine Mulingani (Head of Associates & Executive Office) (minutes 87 to 88 only)
Francesca Chittenden (Committee Secretary)
Imogen Kelly (Associate Workers Development Coordinator) (minutes 87 to 88 only)

ATTENDANCE AND CHAIR’S INTRODUCTORY REMARKS

78 The Chair welcomed everyone to the meeting; there were no apologies.

DECLARATIONS OF INTEREST

79 The Chair asked members whether they had any interests to declare in respect of the items on the agenda. The following interests were declared:

- All Committee members declared an interest in Item 5 - Council Members’ remuneration (09.12/Rem/01). In the case of David Prince (DP) this was an indirect interest. Liz Kay (LK) also declared a specific interest in relation to the second recommendation within the paper.
- DP declared a direct interest in Item 6 - Remuneration policy for non-statutory committee members (09.12/Rem/02).
- All Committee members and staff declared an interest in Item 8 – GPhC Expenses Policy (09.12/Rem/04)
- All staff declared an interest in Item 9 – Benchmarking review following introduction of new remuneration structure (09.12/Rem/05) and item 10 – Introduction of new remuneration structure; handling pay progression 09.12/Rem/06).
MINUTES OF THE LAST MEETING

80 Subject to a minor drafting amendment the minutes of the meeting held on 19 April 2012 were agreed as a true record of the meeting.

MATTERS ARISING AND OUTSTANDING ACTION POINTS

81 In relation to minute 76.2 the Committee noted that the Committee would review its Terms of Reference at its February meeting.

81.1 In relation to minute 66.2 Viv Murch (VM) confirmed that in total 7 appeals had been lodged and that all had been completed and the outcomes communicated to those involved.

81.2 There were no other matters arising.

COUNCIL MEMBERS’ REMUNERATION

83 The Chair introduced item 09.12/Rem/01 and said that she would hand over to Bob Nicholls (BN) in respect of the discretionary payment to the chairs of the Audit & Risk and the Remuneration Committees.

83.1 Christine Gray (CG) summarised the points for consideration and provided the Committee with the August inflation figures.

83.2 In considering Council members’ remuneration the Committee noted that although Council remuneration had not increased in the previous two years the remuneration rates were broadly on a par with those of comparable bodies. They agreed that linking remuneration rates to inflation rates was not appropriate and considered a rise of 2.5% in line with the increase that had been awarded to staff.

83.3 The Committee were conscious of stakeholder perceptions of any increase in the current economic climate and considered whether the perception and potential loss of goodwill would be worthwhile. In light of this the Committee debated the option of reducing Council member remuneration. However, it was agreed that this could present a negative message about the organisation’s confidence in itself and create a negative perception of the GPhC’s performance both externally and internally. The Committee then considered whether there was a need to make any change to the current remuneration rates and in noting the current recruitment exercise felt it may be appropriate to consider this issue again when the recruitment exercise had concluded.
83.4 Following further discussion the consensus was reached that the review should be postponed to February 2013, following the close of the current exercise to recruit Council Members. The Committee noted the importance of ensuring the gap between GPhC remuneration rates and comparable bodies’ remuneration rates did not grow too large and therefore requested that updated benchmarking data be provided for the review in February.

83.5 The Chair left the meeting for the discussion on the discretionary payments to the chairs of the Audit & Risk and Remuneration Committees and Council task and finish groups. BN chaired the discussion on this item and reminded Committee that the current rates had only been agreed the previous year.

83.6 Committee noted that over the past year the responsibilities of the Chairs of the Audit & Risk Committee and the Remuneration Committee had not decreased, and that the work of the Chair of the Remuneration Committee had increased slightly. However, in light of the decision in relation to the remuneration of Council members, the Committee felt it appropriate to postpone the review to the February meeting.

84 The Committee agreed:

- to postpone a review of the remuneration rates for the chair and members of the GPhC Council to February 2013.

- to postpone a review of the discretionary payments to the chairs of the Audit & Risk and the Remuneration Committees to February 2013.

**Remuneration Policy for Non-Statutory Committee Members and Others**

85 The Chair rejoined the meeting and David Prince (DP) left the meeting for this item.

85.1 The Chair introduced paper 09.12/Rem/02 which applied to external members of the Audit & Risk and Remuneration Committees and external members of Council task and finish groups.

85.2 In response to a member query in relation to paragraph 2.2, CG clarified that the policy covered total working time and was not just an attendance fee.

86 The Committee agreed not to recommend any change to the existing policy.
A REVIEW OF THE REMUNERATION OF ASSOCIATE WORKERS

The Chair welcomed Imogen Kelly (IK) and Elaine Mulingani (EM) who joined the meeting for this item. Duncan Rudkin informed the Committee that as a result of internal restructuring EM’s team had acquired responsibility for coordinating all arrangements for GPhC associates. In introducing the paper the Chair circulated two additional documents, a comparison of GPhC / GMC statutory committee member competencies and a table setting out the resource implications of options 2 & 3.

87.1 In introducing the paper the Chair reminded the Committee that the remuneration of associate workers was based on historical rates and in reviewing the rates in 2011 the Committee had sought a more rational approach.

87.2 The Committee discussed whether there should be an automatic link to Council member remuneration. However, not discounting the importance of and dependence on associate workers it was felt that the nature of work undertaken and the responsibilities held were significantly different from that of the Council who held ultimate accountability, and that an automatic link would not be appropriate.

87.3 The Committee noted the benchmarking data and DR informed the Committee that the Chairs of GPhC statutory committees were generally legally qualified, which is uncommon in other regulatory bodies and justification for the higher than average remuneration rates. The Committee noted the remuneration rates of lay panellists were slightly lower than that of comparators and queried whether this would prove a disadvantage in attracting and retaining high quality candidates. IK responded to inform the Committee that the most recent recruitment exercise had been successful and that unsolicited requests from individuals who would be keen to undertake associate work were frequently received.

87.4 Following a summary of the discussion it was agreed that the daily fee remain the same (option 1) for associates and for associates with additional responsibility, but that the position be reviewed prior to any major recruitment exercise.

87.5 The Committee welcomed the proposal to introduce an hourly fee for members of the investigating committee who would conduct meetings by telephone. It was clarified that the Scheduling Manager would propose whether or not it was appropriate for the meeting to be held by telephone.

87.6 In relation to recommendation iv the Committee agreed that it would be
preferable to undertake a review of the remuneration of associates every two years. However, as no change was being recommended in this instance, it was agreed that a further review be undertaken in September 2013 and from then onwards, the review would take place but every two years. The review in 2013 would ensure that the remuneration rates did not drift too far behind the rates offered by competitors.

The Committee agreed to recommend to Council:

- Option 1 - that the fees paid to members of associate groups stay the same

- that the fees paid to members of associate groups be with additional responsibility stay the same

- that an hourly rate for investigating Committee members be introduced at one seventh of the day rate

- the remuneration of all associate groups be reviewed in September 2013 and from then on every two years.

GPhC Expenses Policy

The Chair introduced paper 09.12/Rem/04 and noted the work done to benchmark the GPhC’s expenses policy against other regulatory bodies.

The Committee welcomed the proposed amendment to the wording which clarified the position in relation to the use of first class travel.

The Committee considered that the policy should be expanded to include an allowance of up to £10 for breakfast when no overnight stay was involved, provided the start time for the meeting / activity means that the individual would have to leave home early. This allowance would not be applicable to staff travelling to their normal place of work.

The Committee agreed:

- to recommend to Council a change in the wording of the expenses policy in relation to rail and air travel

- to expand the GPhC expenses policy to include an allowance for breakfast (as set out above).
INTRODUCTION OF NEW REMUNERATION STRUCTURE — EXTERNAL ASSESSMENT

90 Viv Murch (VM) introduced paper 09.11/Rem/05 setting out the findings of an independent review which had been undertaken by the Hay group on behalf of the GPhC on the design of the new pay structure. VM led the Committee through the key findings of the review, she informed the Committee that the Executive team were addressing each of the areas for future work that had been highlighted by Hay and that an update would be provided to the Committee at their February meeting.

90.1 The Committee welcomed the report and the reassurance it offered. The Committee noted that no new risks had been identified and that any risks associated with equal pay had been further mitigated.

91 The Committee noted the outputs from the independent review of the design of the new pay structure and noted that recommendations for addressing any anomalies would be brought to the Committee’s next meeting in February 2013.

INTRODUCTION OF NEW REMUNERATION STRUCTURE — HANDLING PAY PROGRESSION

92 VM introduced paper 09.12/Rem/06 and led the Committee through the key points. She asked the Committee to note that paragraph 5.2 should read that reviews would be held every four months, and not every three months.

92.1 The Committee noted that the success of the new structure was dependent on all staff being clear about what competent performance looks like and on assessing performance correctly and consistently. To enable the Committee to understand more fully the objective setting system the Committee requested sight of the paperwork for feedback following a review session and anonymised examples of the associated objectives.

92.2 The Committee requested information on how the implementation of the new structure would impact on the workload of managers and how much time would be required of staff to complete the reviews.

92.3 In response to a member query VM confirmed that steps had been taken to reduce and manage risks in relation to inspectors who were not yet fully transferred onto the new structure and that those in the inspectorate would not be treated differently to those who had been transferred onto the new structure if the issues are not resolved in time. VM assured the committee that the turnover of individuals within the inspectorate was not a cause of concern but that this
would be monitored.

93 The Committee noted the work under way to support the success of the new performance monitoring development review process and individual pay decisions for June 2013.

**2013 Dates and Business Cycle**

94 The Committee considered paper 09.12/Rem/07 and

i. agreed its 2013 business cycle; and

ii. noted its 2013 meeting dates.

There being no other business the meeting closed at 3.05 pm.

Date of next meeting – 14 February 2013, 1.00pm to 4.00pm - London