Finance and Planning Committee - external member

Application pack

June 2019
Contents

Background .......................................................................................................................... 1
Information on the Finance and Planning Committee .......................................................... 1
Role requirements ............................................................................................................... 2
Qualities and experience ................................................................................................. 2
Competencies required ...................................................................................................... 2
Time commitment ............................................................................................................. 3
Fees and expenses ............................................................................................................ 3
Equality and diversity ........................................................................................................ 4
The appointment processes ............................................................................................. 5
The application process .................................................................................................... 5
Shortlisting process ........................................................................................................... 6
Appendix A: Finance and Planning Committee Terms of Reference ............................... 7
Appendix B: Draft Investment Policy ............................................................................... 10
Background

The General Pharmaceutical Council (GPhC) was created by statute in March 2010 as the independent regulator for pharmacists, pharmacy technicians and pharmacy premises in Great Britain.

It is our job to protect, promote and maintain the health, safety and wellbeing of members of the public by upholding standards and public trust in pharmacy.

**We have these core functions:**

- Setting the standards of education and training which pharmacists and pharmacy technicians must meet in order to join our register and to remain registered throughout their professional life.
- Registering pharmacists and pharmacy technicians and setting the standards of conduct and performance which they must meet in order to stay on our register.
- Setting standards which must be met by the owners of registered pharmacies and the pharmacists who act as superintendents in company-owned pharmacies.
- Registering pharmacies which meet those standards and inspecting them to check that they continue to do so, as the services they provide and the environment within which they operate constantly change.
- Taking action when our standards are not met.

We are an independent health regulator, funded by the annual registration fee paid by pharmacists, pharmacy technicians and pharmacies. We receive no money from government. We were created by statute and are accountable to the UK Parliament. We are also overseen by the Professional Standards Authority, which conducts an annual performance review of our work.

The GPhC employs about 240 staff, mainly via our headquarters in Canary Wharf, London. In 2019 we expect our income and expenditure to be around £24m. The level of cash we hold varies during the year, typically ranging between £23-£30m. This is due to peak income being concentrated in the summer months whilst expenditure is broadly linear throughout the year.

Information on the Finance and Planning Committee

The Council has established the Finance and Planning Committee (FPC) to provide the Council with assurance on the continuing efficiency and effectiveness of the organisation, and to support the Council by overseeing its financial and business planning and monitoring the implementation of the GPhC’s investment strategy and policy.

The Committee is a non-executive committee and has no executive powers except as set out in these Terms of Reference.

The Council is ultimately responsible for determining and reviewing the overall investment policy, objectives, risk appetite and target returns. However, the investment portfolio represents an important asset for the GPhC and the Committee fulfils an important role in the long-term stewardship of those assets. Administration of the GPhC’s financial and other resources is delegated to the Chief Executive & Registrar.
The Finance and Planning Committees terms of reference (including the key investment activities of the FPC) are set out in Appendix A. The FPC consists of five members of Council, and one external member with appropriate skills and investment experience.

Role requirements

The GPhC is seeking an external person to be co-opted as an independent member onto its Finance and Planning Committee, who will be appointed for a period of 3 years.

Re-appointment can be made at the end of the first period of appointment for a further period of up to 3 years, subject to satisfactory performance and the needs of the GPhC. There should therefore be no expectation of automatic reappointment.

The investment advisor will be responsible for providing advice to the FPC on investment matters, but any investment decision will be made collectively. The Advisor is expected to:

- Support the procurement process for the appointment of an Investment Manager.
- Attend relevant FPC meetings and consult with the chair as needed.
- Provide a short-written comment to the FPC on the Investment Manager’s quarterly performance.
- Advise on any investment matters including the setting of long-term return targets, the selection, monitoring or termination of the Investment Manager, or the level of income to be drawn.
- Provide a short annual governance review to the FPC.
- The appointment will commence from 13 September 2019.

Qualities and experience

The GPhC is seeking candidates with experience of the following essential criteria:

- Significant and broad investment experience, either directly in fund management or through the monitoring and reporting of investment performance.
- Demonstrable experience at a senior level of working on boards, either in an executive or non-executive role.
- Highly developed knowledge, understanding and experience of investments, and corporate governance.
- Strong appreciation of the ethical dimension to investments.

Competencies required

Council members and external members of committees need to able to demonstrate the competencies listed overleaf:
Criteria

E1 Working within a framework

How you can demonstrate this
An appreciation of and commitment to protecting, promoting and maintaining the health, safety and wellbeing of patients and the public. Experience of working within, either professionally or in other ways, a set of rules, guidance, policies or other boundaries.

E2 Analytical and decision-making skills

The ability to identify problems, options and solutions, considering risks, consequences and impact. Ability for forward thinking and to see the bigger picture. Knowledge/experience of analysing and understanding different types of information and situations and contributing constructively to the collective decision-making process. A willingness to change your thinking in the light of new information.

E3 Working collaboratively and communicating professionally with others

The ability to work with others, to challenge, listen and question constructively. Good communication skills and an ability to put views across clearly, persuasively and sensitively.

Influencing and persuading others using well-reasoned arguments, experience of participating in group discussions and working effectively in a team of people. Understanding and being open to different points of view.

E4 Integrity and respect

Gains trust of others, principled and values-based actions. An understanding of and commitment to good governance and to the Nolan principles of public life. Taking an ethical approach to your work and being open and honest, including when things go wrong.

Time commitment

The FPC meets four times a year, although additional meetings may be arranged at the discretion of the Chair if required. Members will therefore be expected to be available at least four days a year plus any additional days required to support the planned procurement process during 2019 and ad hoc tasks as needed. The remaining meetings of the sub-committee in 2019 are planned for September and November. Meetings are usually held at the GPhC offices in London.

Fees and expenses

The role pays a rate of £1500 per annum. You can claim expenses for travel, accommodation, subsistence and carer’s costs incurred on GPhC business, in line with the expenses policy.
Equality and diversity

The GPhC values equality and diversity and welcomes and encourages applications from all sections of the community. We are committed to making our processes fair, transparent and free from unlawful discrimination or bias. To make sure that we are treating all candidates fairly, we will ask you to complete an equality and diversity monitoring form (please see ‘the appointments processes’ section below). This does not form part of the selection process – it is used only for statistical purposes and to enable the GPhC to review our performance in relation to our Equality, Diversity and Inclusion responsibilities.
The appointment processes

The appointment process will be carried out in line with the GPhC’s recruitment processes. The procedure for appointing members to the Finance and Planning Committee consists of the following stages.

Those stages and the deadline for their completion are set out below:

- Submission of an application by 5.00pm on 15 July.
- A shortlisting exercise to identify those applicants who best demonstrate through their application that they have the competencies required to become a member of the Investment sub-committee by 22 July.
- Attendance for interview in London on 31 July.
- Appointment will be subject to satisfactory references and a basic criminal background check being carried out.
- Further details about each stage are set out below.

The application process

The application is formed of two parts. The first part is to provide a covering letter and CV. Applicants will be short listed against the essential criteria required for this position. The covering letter should therefore cover the following points:

Reason for application

- Detail with examples how you display the essential criteria as set out above.
- As part of the application process applicants will be required to complete a declaration on submission of their application. These will include:
  - Unspent Criminal Convictions or outstanding criminal charges
  - Right to work in the UK.

The cover letter should be no longer than two sides of A4 paper.

The second part is completion of an accompanying form where applicants are asked to provide some biographical information, reference details, declarations and equality and diversity monitoring information.

Applicants should submit all three documents via email to: jobs@pharmacyregulation.org by 5.00pm 15 July 2019.

Should applicants have any queries with regards to the application process or to request reasonable adjustments, please get in touch via the above email address.

Applications cannot be considered from current or former members of the Council of the GPhC.
**Shortlisting process**

All applicants will be notified by 22 July whether they have been successful in passing through to the interview stage.

**Interview**

Interviews will be run by a Selection Panel of 3 Council Members including the Chair of the Council and the Chair of the Finance and Planning Committee. **The interview will take place the 31 July at the GPhC’s London office.**

**Additional information**

**Eligibility**

You will need to confirm that you meet certain criteria such as eligibility to work in the United Kingdom. These are included in the form that should accompany your application.

**Conflicts of interest**

As an appointee to a public body, you may find that your business or personal financial interests could become matters of public interest. We will therefore ask you to declare any interests that may be perceived as a potential conflict of interest in relation to this appointment.
Appendix A: Finance and Planning Committee Terms of Reference

1. Role and purpose

1.1. The Council has established the Finance and Planning Committee to provide the Council with assurance on the continuing efficiency and effectiveness of the organisation, and to support the Council by overseeing and monitoring the implementation of the GPhC’s investment strategy and policy.

1.2. The Committee is a non-executive committee and has no executive powers except as set out in these Terms of Reference.

1.3. The Council is ultimately responsible for determining and reviewing the overall investment policy, objectives, risk appetite and target returns. However, the investment portfolio represents an important asset for the GPhC and the Committee fulfils an important role in the long-term stewardship of those assets. Administration of the GPhC’s financial and other resources is delegated to the Chief Executive and Registrar.

1.4. Under the Council’s Scheme of Delegation, the Committee has delegated authority to:

- Oversee the organisation’s business and financial planning, to ensure that it aligns with the overall strategy set by the Council.
- Review the organisation’s ongoing work to improve the efficiency and effectiveness of the GPhC, including any metrics, evaluation and benchmarking.
- Oversee and monitor the investment strategy and policy, including the GPhC’s ethical policy, to ensure it remains appropriate, and to recommend any changes to Council.
- Make recommendations to Council regarding the appointment or termination of investment managers, where appropriate.
- Monitor and evaluate the performance cost and cost-effectiveness of services provided by investment managers appointed by the Council.
- Oversee the GPhC’s internal business improvement investment activities, including reviewing the organisation’s business and financial planning, and work to improve its efficiency and effectiveness.
- Ensure that all policies and work within the Committee’s remit take account of and promote the GPhC’s culture and values, and commitment to equality, diversity and inclusion.
- Report annually to the Council on the activities of the Finance and Planning Committee.

1.5. The Committee may request the attendance of any employee or member, as set out in section 5 of these Terms of Reference and may incur expenditure for the purpose of obtaining advice, where required.

2. Duties and activities

2.1. The group’s primary activities in relation to investment are set out in more detail at Annex A.
3. **Accountability and reporting**

3.1. The Committee is accountable to the Council. The minutes of each Committee meeting shall be circulated to Council in confidential business. The Committee shall report to the Council annually on its work.

4. **Membership**

4.1. The Committee shall have five members, but may operate with fewer while a vacancy exists, provided the quorum is maintained. Committee members may include the Chair of Council, Council members, and include at least one lay member and one registrant member. The group may also include one external member with appropriate skills and investment experience.

4.2. The Council will appoint one of the Council members serving on the group as Chair, based on relevant background and skills. In the absence of the Chair, the Committee shall elect another of its members to chair the meeting.

4.3. The Committee, including its Chair, is appointed through arrangements agreed by the Council. This will be carried out in line with the Appointment of members of the non-statutory committees (Audit and Risk, Remuneration Committees and the Finance and Planning Committee policy (reference 0021).

5. **Quorum**

5.1. The Committee will be quorate with two members of Council.

6. **Attendance**

6.1. Only members shall be entitled to attend Committee meetings. The Chief Executive & Registrar, and the Associate Director of Finance and Procurement will attend the meetings along with other key members of staff, as necessary.

6.2. Other Council members may attend meetings at the invitation of, or with the agreement of, the Chair of the Committee.

6.3. The Committee may request any employee or member to attend a meeting to assist with its discussions on any particular matter or to provide any information it may reasonably require in order to fulfil its remit. All employees and members are directed to co-operate with any reasonable request made by the Committee.

6.4. The Committee may ask any or all non-members to withdraw for all or part of a meeting if it so decides. In such an instance, the Chair shall ensure that a proper record is made of the meeting.

6.5. Investment managers who are appointed to manage investment funds on behalf of the GPhC will be expected to attend Committee meetings, as required.

7. **Secretariat**

7.1. The Chief Executive & Registrar shall ensure that appropriate secretariat support is provided to the Chair and to the Committee.
8. Frequency of meetings
8.1. The Committee shall meet not less than four times a year. Additional meetings may be scheduled if necessary.

9. Dealing with concerns
9.1. Processes have been agreed by Council for raising concerns (Raising concerns policy ref: 0022)
9.2. Within these processes, the Chair of the Committee is identified as a point of contact for individuals who still have concerns having followed the policy or where they feel matter is so serious that it cannot be discussed by senior management.
9.3. Further information on how matters are handled is detailed within the Raising Concerns policy. The Chair of the Committee will receive appropriate training in this area.

Key investment activities

a. In relation to the GPhC’s investment portfolio, the Committee is responsible for:
b. Ensuring the management of assets is consistent with the investment strategy and policy set by Council.
c. Monitoring the investment strategy and policy, including the ethical policy, to ensure it remains appropriate, and to recommend changes to Council where necessary. This includes scrutinising the implementation of any changes approved by the Council.
d. Agreeing the terms of appointment of the investment managers. This includes the level of portfolio management discretion and fee scales.
e. Setting and reviewing with the investment managers appropriate investment mandates, ensuring consistency with the investment strategy and policy. This includes setting performance benchmarks for investment managers and monitoring performance over relevant time periods.
f. Monitoring the organisation’s response to legislative, financial and economic changes affecting, or potentially affecting, investment policy. The Committee may engage external professional advisers to undertake a periodic review of the investment arrangements, as required.
g. Reviewing the investment policy so that it remains consistent with, and supportive to, Council’s overall business plan, budget and reserves policy. This includes periodically reviewing the fees paid and appraising value for money.
h. Reporting annually to the Council on investment performance.
i. Make recommendation to the council on the appointment and termination of investment managers.
Appendix B: Draft Investment Policy

1. Introduction

1.1. The General Pharmaceutical Council ("GPhC") is the independent regulator in the UK for pharmacies and pharmacists. It is a statutory organisation set up by the UK and Scottish parliaments whose main purposes are to protect the public and ensure they get safe and effective care when using pharmacy services, and to set standards to enter and remain on the register of pharmacies and pharmacists. GPhC raises fee income from registering pharmacies, pharmacists and pharmacy technicians on an annual basis.

1.2. GPhC has an annual income from these sources of about £23m. Annual expenditure is approximately the same. GPhC holds sufficient working capital to meet normal cash-flow purposes and provide sufficient flexibility to avoid temporary borrowing and to deal with any short term variations in operational income and expenditure. The working capital is held as cash in short term instant access interest-bearing accounts in UK banks.

1.3. After taking account of its working capital requirements GPhC has determined it has up to £15m available for long term investment.

2. Governance

2.1. The Board of GPhC has delegated most investment decisions to the Finance and Planning Committee ("FPC"), which reports to Council.

2.2. Investment management of long-term investments is delegated to one or more authorised professional investment managers regulated by the FCA. The GPhC has opted to remain classified as a per se professional investor in FCA terms.

2.3. Management of the short-term working capital is conducted by an internal team in line with an approved cash management policy.

2.4. The FPC has responsibility for recommending overall investment strategy for long term investment, for recommending the appointment and termination of investment managers, and for the evaluation and monitoring of the appointed manager(s).

2.5. In the absence of a suitably experienced internal member, the FPC will appoint a suitably qualified external independent advisor to advise it on investment matters.

2.6. Council retains responsibility for approving the overall investment strategy, the appointment and termination of investment managers and of any independent advisor who may serve on the FPC.

2.7. The FPC conducts an annual governance review of the investment objectives, this Investment Policy, and its own processes and structures to ensure continued improvement and compliance with relevant regulations.

2.8. The FPC is charged with agreeing a suitable return target for long-term investment. The Investment Manager is responsible for setting a strategic allocation to achieve this without taking excessive risks.
3. Objectives and Attitude to Risk

3.1. The GPhC has a low risk appetite and believes that a Cautious to Balanced approach to long term investment is most consistent with its role as a regulator and its appetite for risk.

3.2. Short term working capital is required to be available for use for GPhC’s purposes at any time subject to the maturity of deposits made.

3.3. The investment objective for the short-term working capital is to preserve the capital value with a minimum level of risk. Short term working capital is required to be available for use for GPhC’s purposes at any time, subject to maturity of the deposits made and readily available to meet unanticipated cash flow requirements.

3.4. The objectives of our long-term investments are to provide protection against inflation; to generate a modest level of income to support the ongoing activities of GPhC; and to diversify our funds to reduce the risk of capital and/or revenue loss.

3.5. The long-term investments are to be invested on the basis they will not be required other than income generated, for five years and the GPhC believes that using a third-party professional investment manager to invest a diversified portfolio of financial assets is most likely to achieve the best financial return consistent with the agreed level of risk.

3.6. GPhC additionally seeks, if possible, to gain additional positive social, health, or environmental outcomes from its investments without compromising the return target.

4. Risk mitigation

4.1. Attitude to risk

- GPhC’s income is largely fee income, which can be considered secure.
- The key investment risks are the diminution of capital through inflation or unwise investment decisions, and the reputational risk associated with that.
- Long term investments are invested to mitigate inflation risk over the long term and generate income for GPhC’s uses.
- Short-term working capital are held to provide financial security and investment of these assets should be focused upon minimising capital volatility.
- Clear governance structures are put in place to mitigate the risk of poor investment decisions. 4.1.6 The FPC maintains a risk register, which is reviewed and updated annually as required.

4.2. Assets

- GPhC’s short-term working capital will be invested entirely in bank deposits of up to 12-month maturity.
- Long term investments will be invested widely and diversified by asset class and by security. Permitted investments include cash, listed bonds and equities, commodities, alternative investments such as private equity or debt, and any other asset deemed suitable by the Investment Committee.
• Funds (for instance, exchange-traded fund (ETFs), hedge funds) and products with more than 100% balance sheet leverage are not permitted.
• Unquoted private or illiquid vehicles (for example, private equity and debt including infrastructure) are permitted subject to a maximum of 20% of total assets.

4.3. Currency
• The base currency of the investment portfolio is Sterling. The free reserves may be invested into non-sterling assets to a maximum of 50% of the value of the total assets under management in this portfolio value. Hedging of this currency risk is permitted at the Investment Manager’s discretion.
• Short term working capital are held 100% in sterling assets.

4.4. Credit
• The cash balances are deposited with institutions with a minimum rating of investment grade or invested in a diversified money market fund.
• Deposits are spread by counterparty: either no more than 20% of available funds will be placed with any one institution or up to 50% of funds may be invested in Money Market Funds, provided that no more than 5% of the fund is invested with any one institution.

5. Income and liquidity requirements
5.1. Income from long term investment will be used to fund the activities of the GPhC. To facilitate budgeting a target income figure, normally equivalent to an agreed % of the average of the portfolio’s value at the end of each of the previous three years, will be agreed on an annual basis.
5.2. At least 80% of the long-term investments will be held in investments which can be realised within three months.

6. Ethical investment policy and potential conflicts of interest
6.1. The GPhC promotes safe and effective distribution of healthcare to the public and advocates good health and the GPhC has adopted an ethical investment policy to ensure that its investments do not conflict with its aims.
6.2. There is a proven link between poor health and the consumption of tobacco. The GPhC will therefore restrict its investment universe to specifically exclude companies whose principle purpose involves tobacco.
6.3. GPhC will avoid any conflict of interest and will instruct its investment manager not to invest in any company which owns pharmacies which it has regulatory responsibility for. GPhC will also not invest in the pharmaceutical industry other than bio-technology and life sciences. Should a potential for conflict of interest unintentionally arise, GPhC’s conflict of interest policy would be used to manage it.
7. **Stewardship**

GPhC is aware of the importance of acting as a responsible investor and investing in sustainable businesses. As it does not have the resources to engage with companies directly, it outsources these activities to the Investment Manager. It holds them to account in this respect on an annual basis.

8. **Management, reporting and accounting**

- GPhC has appointed one or more professional FCA authorised investment management firms (“Investment Manager”) to manage the long-term investments on a discretionary basis in line with the Investment Committee’s agreed investment policy. The selection of the Investment Manager will be overseen by the Investment Committee but requires approval by Council.
- GPhC has a list of authorised signatories, two of which are required to sign instructions to the Investment Manager.
- The investment of short-term reserves will be monitored quarterly via a report produced by the Associate Director of Finance showing the amount placed in each scheme, the rate of return, maturity dates and the terms available from alternative institutions.
- The FPC will be responsible for monitoring the performance of the Investment Manager against the agreed performance benchmarks, as well as any ethical or other constraints placed on them. It will review the information provided by the investment manager on a quarterly basis and will invite them to report in person at least twice a year.
- The Investment Advisor will be responsible for providing advice to the FPC on investment matters, but any investment decision will be made collectively. The Advisor is expected to:
  - Attend relevant FPC meetings.
  - Provide a short-written comment to the FPC on the Investment Manager’s quarterly performance.
  - Advise on any investment matters including the setting of long-term return targets, the selection, monitoring or termination of the Investment Manager, or the level of income to be drawn.
  - Provide a short annual governance review to the FPC.

9. **Approval and review**

This Investment Policy will be reviewed annually by the FPC to ensure continued appropriateness, reflecting the Councils overall financial position, budgetary requirements, and any changes to reserve policy.