

Agenda item:	10
Report title:	Report of the Remuneration Committee 2015
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Considered by:	Remuneration Committee
Action:	To consider

Executive summary

The Remuneration Committee is required to report to Council on its activities at least annually. The report summarises the work undertaken in 2015.

The Committee is also required to review its Statement of Purpose and has proposed amendments which it considers are appropriate to reflect and clarify its role and responsibilities for Council's consideration.

Recommendations

Council is asked to:

- a** Consider the report on the work of the Remuneration Committee in 2015.
- b** Agree the proposed amendments to the Remuneration Committee's Statement of Purpose.

Issue

- 1 The Remuneration Committee's Statement of Purpose is at [Annex A](#) (this includes proposed amendments for consideration, these are shown in tracked changes). The Committee has met twice in 2015 and has also considered issues on email circulation where action was required to be taken between meetings. The Committee is satisfied that in undertaking its work programme for 2015 it has fulfilled its responsibilities under its terms of reference.

Performance assessment, pay award and succession planning

- 2 In November 2015 the Committee considered the processes which support the annual performance assessment and pay award for the roles within its remit. The Committee agreed revised reporting arrangements which would be put in place for future reporting, starting with the review of 2015 performance. The reports would include summary details of performance against corporate and strategic targets, objectives, personal development and a recommended performance level.
- 3 The Committee also considered whether to commission an evaluation of the roles within its remit to inform any decisions on pay, normally undertaken every two years. Given that none of the roles had changed significantly since the previous review, the Committee decided that a full job evaluation exercise was not required before the 2016 pay award, and that this would be informed only by an update on external market data. The Committee will review the position again by the end of 2016.
- 4 The Committee also considered an update on succession planning and talent management, including a report on a review of the senior management roles. A review will be undertaken on an annual basis and the Committee will be updated of any developments related to the Change Programme. The Committee decided that future reports would include information for each post holder within its remit as well as an overview of the senior management team.

2015 Pay award

- 5 In February 2015 the Committee considered the annual pay award for the Chief Executive, Chief Operating Officer, Senior Medical Adviser and Responsible Officer, individual Directors and the Chair of the Medical Practitioners Tribunal Service (MPTS). This was supported by reports on individual performance. The Committee agreed that the standard award as agreed for all other staff (which comprised a core award of 1% for satisfactory performance). The Committee also awarded a small element of variable pay based on performance which mirrored the arrangements for all GMC staff (but was awarded on a non-consolidated basis).

- 6 The Committee agreed that the performance rating scale used for the Senior Management Team should also be used for the Chair of the MPTS role from 2015.

Senior staff remuneration policy

- 7 The Committee reviewed and approved a policy on senior staff remuneration, which consolidated policies on salary levels, salaries on appointment, the link between performance management and the pay award, benefits and pensions. The policy sets out the Committee's responsibility for upholding the aims of the GMC's Equality and Diversity Strategy and for ensuring that the equality and diversity implications of remuneration policy and related decisions are considered appropriately.
- 8 The Charity Commission will in future require all larger charities to disclose their pay and remuneration policy for senior staff in their annual report. This will apply to the Trustees annual report 2015 (published in 2016). The policy will be used to inform the report and enable the GMC to meet the new reporting requirements.

Senior Medical Adviser and Responsible Officer salary

- 9 The Committee agreed the salary for the Senior Medical Adviser and Responsible Officer post, following external advice on the responsibilities of the role and benchmarked externally.

Appointments

- 10 The Committee authorised interim cover arrangements for the Director of Education and Standards role, required to cover a period of absence, in line with the terms and conditions agreed for other director posts.

Proposals for MPTS Committee member appointments

- 11 The Committee considered the outcome of a review of the remuneration and terms of service for MPTS Committee members and agreed the arrangements which would inform recommendations to Council, in preparation for appointments being agreed ahead of the new statutory MPTS Committee coming into existence on 31 December 2015. The Committee also agreed that a sitting panellist member would not have to automatically demit office as a MPTS Committee member on termination of their panellist contract but that they could remain in post for an interim period aligned to the appointment of a replacement member, as this would allow flexibility in maintaining membership and ensure an orderly transition. The Committee agreed to review the approach to staggering members terms of service once future appointments for the Chair and one other member had been made.

- 12 The Committee also considered arrangements for the future appointment of the MPTS Chair, and agreed that the process would be supported by an external recruitment agency. A selection panel would be established comprised of the Chair of Council and another Council member and two external members, with its composition decided by the Chair of Council. A review of the competencies and expertise required for the role would be carried out and the Committee will review the proposed arrangements in March 2016, prior to the start of the appointments process which is expected to begin in May 2016.

Procedure for dealing with complaints against MPTS Committee members

- 13 The Committee agreed the procedure for dealing with complaints against MPTS Committee members, established to ensure that a formal process is in place which enables the GMC to deal with any issues that may arise in a fair, robust and transparent manner, and which support the legislative provisions for removal and suspension from office.

Pensions

- 14 The Committee considered pension benefit options for senior staff at or approaching the lifetime allowance and decided that no changes to pension arrangements should be made at this time. It was noted that any staff pension reforms associated with the Change Programme would be reported in relation to its remit as required.

Review of Council members expenses policy

- 15 The Committee reviewed the Council members expenses policy, following a review of the staff and associates expenses policies. The Committee considered feedback from members and agreed to recommend changes to the policy, which were agreed by Council at its meeting on 30 September 2015.

Review of Statement of Purpose

- 16 The Committee is required to review its Statement of Purpose at least once a year and suggest any amendments considered necessary to Council. In September 2015 the Committee agreed to recommend changes arising from the Section 60 Order which establishes the MPTS as a statutory committee of Council. The changes reflected the Committee's responsibilities for determining the appointment and suspension/removal process for the Chair and members of the MPTS Committee, and to clarify its responsibilities for the design of the appointments process. Council approved the revised Statement of Purpose at its meeting on 30 September 2015.

- 17** In November 2015 the Committee considered whether to recommend further changes to the Statement of Purpose to clarify the role and extent of the Committee’s responsibilities within its remit. The Committee agreed that changes were necessary to better reflect its role in:
- a** Ensuring that equality and diversity principles are embedded in the issues relevant to its remit.
 - b** Ensuring that the assessment of succession planning and talent development of the senior management team roles takes place within an appropriate framework.
 - c** Ensuring that the assessment and measurement of performance takes place within an appropriate framework for the senior management team and Chair of the MPTS.
 - d** Determining terms and conditions, benefits and contractual arrangements, and any non-routine proposed changes for the roles within its remit.
- 18** A draft revised Statement of Purpose is at [Annex A](#) for approval.

2015 Work programme

- 19** The Committee reviewed and agreed its work programme for 2016.

M10 – Report of the Remuneration Committee 2015

M10 - Annex A

Statement of purpose of the Remuneration Committee

Purpose

- 1 The Remuneration Committee advises Council on remuneration, terms of service, and the expenses policy for Council members including the Chair.
- 2 The Remuneration Committee will determine:
 - a The appointment process for the Chief Executive.
 - b The remuneration policy and underlying principles for remuneration of the senior management roles within its remit.
 - c Remuneration, benefits, and terms of service for permanent and interim appointments to the role of Chief Executive, Chief Operating Officer/Deputy Chief Executive, Directors, the Senior Medical Adviser/GMC Responsible Officer.
 - d The appointment and suspension/removal process for the Chair of the Medical Practitioners Tribunal Service (MPTS) and members of the MPTS Committee.
 - e Remuneration, benefits and terms of service for the Chair of the MPTS and members of the MPTS Committee.

Duties and activities

- 3 The Committee is responsible for reviewing and advising Council on the remuneration arrangements and levels (including expenses policy) for Council members, including the Chair.
- 4 The Committee sets all aspects of salary or honoraria, the provision of any other benefits, and any other arrangements or contractual terms, unless these are required

~~by employment law or are routine changes to GMC staff policies. and offers advice in respect of the following roles:~~

- 5 The Committee will consider all proposed changes which will have a material impact on agreed terms and conditions, such as an extended leave of absence, sabbatical arrangements and relocation support, and offers advice in respect of the following roles:
 - a The Chief Executive.
 - b The Chief Operating Officer/Deputy Chief Executive.
 - c Directors and the Senior Medical Adviser/GMC Responsible Officer.
 - d The Chair of the MPTS and members of the MPTS Committee.
 - e Any other such staff and posts as may be required.
- 6 In respect of the appointments of the Chief Executive and the Chair of the MPTS and members of the MPTS Committee, the Committee is responsible for designing the recruitment/appointment processes in accordance with Council's agreed delegation.
- 7 The Committee will:
 - a Ensure that the assessment and measurement of performance takes place within an appropriate framework for the senior management roles within its remit.
 - b Ensure that the assessment of talent management and succession planning issues takes place within an appropriate framework for the senior management roles within its remit.
- 8 The Committee will ensure that equality and diversity principles are embedded in the issues relevant to its remit.

Working Arrangements

- 9 The Committee may commission appropriate external advice where required.
- 10 Meetings are held twice a year. At the discretion of the Chair of the Committee, additional meetings can be convened.
- 11 The Committee should review its statement of purpose at least once a year and suggest any necessary amendments to Council.

- 12** Papers for each meeting will be sent electronically to Committee members at least seven days in advance of meetings.
- 13** Draft minutes, recording conclusions of the issues discussed, should be cleared by the chair and circulated to members for comment within two weeks of the meeting. The Committee approves minutes at its next meeting.
- 14** The Chair of the Committee presents a report on its activities to Council at least annually.