

Amendments to Committees' terms of reference

Purpose of paper	This paper sets out revisions to various Committees' terms of reference, for Council to approve.
Status	Public session
Action	For decision.
Corporate Strategy 2016-19	Performance - <u>Objective 1</u> : To improve our performance across all our functions so that we are highly effective as a regulator.
Decision Trail	The appended terms of reference have been considered by the respective Committees, as appended, and are recommended for approval. Approval of Committee terms of reference is reserved to the Council.
Next stage	The GDC's Standing Orders and Resolution for the Non-Statutory Committees of Council will be updated to include the revised terms of reference
Recommendations	The Council is asked to approve the revised terms of reference, as appended, and the associated amendments to the GDC's Standing Orders and Resolution for the Non-Statutory Committees of the Council.
Authorship of paper and further information	Clare Mitchell, Head of Governance, 020 7617 6348, cmitchell@gdc-uk.org . Bobby Davis, Executive Director, Organisational Development.
Appendices	Appendix 1 – Policy and Research Board Terms of Reference Appendix 2 – Finance and Performance Committee Terms of Reference Appendix 3 – Audit and Risk Committee Terms of Reference Appendix 4 – Remuneration Committee Terms of Reference

1. Executive Summary

- 1.1. The Council's Committees are required to review their terms of reference annually to ensure that they are up-to-date and fit for purpose.
- 1.2. The proposed changes to the terms of reference have been considered by the relevant Committee.
- 1.3. The proposed additions to the terms of reference are underlined in the attached appendices. The Terms of Reference of the Remuneration Committee have also been amended to remove the reference to employer nominated trustees of the GDC's Pension Scheme or Schemes.

2. Risks and considerations

- 2.1. Out-of-date or inadequate terms of reference could result in unclear roles for committees and undermine clear and effective decision-making.

Communications <ul style="list-style-type: none">• The Committee terms of reference are available on the GDC website as part of the Standing Orders
Equality and Diversity <ul style="list-style-type: none">• No EIA has been carried out as part of this exercise.
Legal <ul style="list-style-type: none">• The Committees derive their powers from the Council.
Policy <ul style="list-style-type: none">• N/A
Resources <ul style="list-style-type: none">• No cost implications.
National <ul style="list-style-type: none">• No national implications.
Risks on registers <ul style="list-style-type: none">• This proposal does not link to risks on either the strategic or an operational risk register.

3. Recommendations

- 3.1. The Council is asked to approve the revised terms of reference, as appended, and the associated amendments to the GDC's Standing Orders and Resolution for the Non-Statutory Committees of the Council.

4. Internal consultation

- 4.1. The Committees and PRB all considered their terms of reference in late 2017.

5. Appendices

Appendix 1 – Policy and Research Board Terms of Reference
Appendix 2 – Finance and Performance Committee Terms of Reference
Appendix 3 – Audit and Risk Committee
Appendix 4 - Remuneration Committee Terms of Reference

Appendix 1: Terms of Reference: Policy and Research Board

Key Purpose

The Policy and Research Board will provide oversight of the development and implementation of strategy, policy and research initiatives and report on them to the Council. In so doing, the Policy and Research Board will work with the Executive to ensure that strategy and policy making is coordinated across the GDC, liaising with other committees as appropriate.

Terms of reference

- S.1 To engage the GDC's key stakeholders in the key activities of the Board including: the development and dissemination of research, the development and implementation of current and future policy, and the development and implementation of the GDC's strategy.
- S.2 To oversee a programme of research to inform our work, focussing on the attitudes, expectations and experiences of patients, the views of dental professionals and the practical implications for dental practice in different settings.
- S.3 To oversee the development of an "upstream" regulatory model based on promoting professionalism, including in relation to education and training, and reducing the GDC's reliance on enforcement activities.
- S.4 To ensure that effective horizon scanning is undertaken in areas such as changing stakeholder expectations, variations in models of dental care delivery, use of new technology, and wider changes and developments in regulation of healthcare and other relevant sectors.
- S.5 To work with the Executive on developing strategy for approval by the Council.
- S.6 To approve an annual Policy and Research Board work plan proposed by the executive.

Appendix 2 - Terms of Reference: Finance and Performance Committee

Key purpose

- F1. To challenge and monitor the Executive on financial and other performance, to work with the Executive to develop an appropriate and proportionate data set to enable the Council to carry out its functions, and to provide guidance to the Executive on major operational matters such as property strategy, investment and technology development.
- F2. To work with the Executive in developing the General Dental Council's (GDC) financial strategy, including assisting the Executive in developing the Business Plan (which includes the annual budget), and the rolling three-year Business Plan, and to assist the Council in reaching its decision on the Business Plan and the Corporate Plan.

Delegated Powers

- F3. Approval of assumptions and objectives to be used in the planning cycle.
- F4. Approval of the budgeting approach and annual targets for efficiency in accordance with the Council's strategy.
- F5. Approval of the GDC's banking procedures and arrangements.

Functions and Duties

Financial and business planning

- F6. Provide in-depth scrutiny of the Business Plan (which includes the annual budget) and the rolling three-year Business Plan, to ensure that they are fit for purpose and in line with Corporate Strategy.
- F7. Assist the Council with the approval of the Business Plan (which includes the annual budget) and the rolling three-year Business Plan; any changes to the Annual Retention Fee and any other fees¹; and the reserves policy.
- F8. Assist the Council with consideration of any amendments to the current year budget, including any virements between directorates, which exceed the agreed limits.
- F9. Advise the Council on any calls on reserves.
- F10. Review the Management Accounts and other Performance Reports which will enable the Committee to hold the Executive to account in terms of its financial and operational performance.
- F11. Provide in-depth scrutiny on the coherence and rigour of the financial modelling underlying the fees strategy.
- F12. Advise the Council on the approval of any contracts or purchases which require Council approval.²

¹ Examples include the ORE fee, initial registration fee and restoration fee.

² Purchase or lease of property and major building works.

- F13. Advise the Council on the treasury and investment policies and oversee the adherence to these policies.
- F14. Advise the Council on any borrowing which it needs to undertake.
- F15. Advise the Council on an accommodation strategy.
- F16. Advise the Council on any changes to the Financial Procedures policy.
- F17. Advise the Council on the adequacy of its insurance arrangements.
- F18. Communicate to the Remuneration Committee any financial advice it receives in relation to the Pension Scheme, which may require a change to the GDC Pension Scheme.
- F19. Advise the Council on any actuarial assumptions in regard to the GDC Pension Schemes and the financial implications of any proposed changes to pension arrangements.

Performance

- F20. The development, with the Executive, of a performance data set which will be meaningful to the Council so that the Council has the right performance data to be able to understand the performance of the GDC operationally and its compliance with its targets including tracking delivery of the annual business plan and three-year corporate plan.
- F21. To review, with the Executive, and report to the Council on:
- a. the continued appropriateness of the indicators
 - b. the reliability of the data.
- F22. To review the GDC's performance and report quarterly to the Council on:
- a. the GDC's performance against targets and plans
 - b. the effectiveness of the Executive's proposals to tackle areas of under-performance with emphasis on areas of particular risk or sensitivity.
- F23. To review, with the Executive, opportunities to deliver operational improvements with existing approaches and resource allocation.
- F24. To review, with the Executive, whether the shape and nature of operational resource deployment may need to change to support longer term strategic developments.
- F25. To review, with the Executive, the annual and exception reports on procurement activities.

Miscellaneous

- F26. Perform such other functions as the Council may delegate to, or confer upon, the Committee.

Appendix 3 - Terms of Reference: Audit and Risk Committee

Key purpose

- A1. To monitor the integrity of the financial statements, to review the General Dental Council's (GDC) governance, internal control and risk management systems and the comprehensiveness, reliability and integrity of the assurances provided and review the internal and external audit services.

Delegated Powers

- A2. Investigate any activity within its terms of reference. Any investigation will normally be initiated in consultation with the Chief Executive and Registrar.
- A3. Seek any information it may require from any member, employee or office-holder. All members, employees or office-holders are directed to co-operate with the Committee.
- A4. Obtain external legal or other professional advice and to secure the attendance at committee meetings of anyone it considers has relevant experience, expertise or knowledge.
- A5. Review the statements in the annual report and accounts relating to internal control and risk management (the Governance Statement).
- A6. Appoint and remove the internal auditors and approve their fee and terms of engagement and the internal audit strategy and plan.
- A7. Approve the fee and terms of engagement of the external auditor and the external audit strategy and plan.

Functions and Duties

Financial reporting

- A8. Review the Annual Report and Financial Statements before submission to the Council for approval, focusing particularly on the wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee including:
- i. changes in, and compliance with, accounting policies and practices;
 - ii. unadjusted mis-statements in the financial statements;
 - iii. major judgemental areas;
 - iv. significant adjustments resulting from the audit;
 - v. external audit's management letter; and
 - vi. management's letter of representation to the external auditors.
- A9. Ensure that the systems for financial reporting to the Council, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Council.

Governance, Risk Management and Internal Control

- A10. Review the delegated authorities and governance structure annually, report to the Council on whether they are adequate and make any recommendations to the Council.
- A11. Monitor the integrity of the system of internal controls. In particular, to review management's and the internal auditors' reports on the effectiveness of the system of internal control, including Health and Safety and compliance with the Dentists Act.

- A12. Assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor significant risks.
- A13. Review the comprehensiveness, reliability and integrity of the assurances provided in relation to governance, internal control and risk management.
- A14. At the request of the Council, advise it on matters of corporate governance (but without prejudice to the Committee's power to make recommendations to the Council on corporate governance issues arising from the work of the auditors).
- A15. Provide assurance to the Council on the adequacy and effectiveness of the risk management processes. This involves reviewing the Strategic Risk Register, obtaining assurance on risk management arrangements from internal auditors, and reviewing the status and trends of all risk in the strategic risk register.

Internal Audit

- A16. Review the internal audit programme and ensure that the function is adequately resourced and has appropriate standing within the organisation [see above delegated authority A6].
- A17. Consider and monitor management's responses to any major internal audit recommendations.
- A18. Meet with the internal auditors at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.¹ The internal auditors should be given the right of direct access to the Chair of the Council and the Committee.
- A19. Monitor and review the effectiveness and quality of the internal audit function to ensure it provides appropriate independent assurance to the Council and value for money.

External Audit

- A20. Consider and make recommendations to the Council on the appointment, reappointment and removal of the external auditors [see above delegated authority A7].
- A21. Review the findings of the audit with the external auditor considering any material issues which arose during the audit, any accounting and audit judgements and levels of errors identified during the audit.
- A22. Meet with the external auditors at least once year, without the management being present, to discuss their remit and any issues arising from the audit.²
- A23. Monitor and review the effectiveness and quality of the audit, assessing annually their independence and the relationship with the auditor as a whole, including the provision of any non-audit services, and value for money.

¹ The Chair shall decide whether the Secretariat members should withdraw also; if so, the Chair should ensure that an adequate note of proceedings is kept to support the Committee's conclusion, rationale and actions. In order for completeness of records the note should be deposited with the Secretariat.

² Same process to be followed as in the footnote above.

Whistle-blowing, fraud and investigations:

- A24. Review the GDC's arrangements for employees, Council Members and associates to raise concerns about possible wrongdoing in financial reporting or other matters and ensure that they allow proportionate and independent investigation.
- A25. Review the GDC's arrangements for external parties to raise concerns about another individual or organisation with the GDC in its role as a Prescribed Person and ensure that they are appropriately dealt with.
- A25. Review the anti-fraud and bribery policies and arrangements in place for special investigations.

Review of effectiveness

- A26. Periodically review its own effectiveness and report the results of that review to the Council.

Appendix 4 - Terms of Reference: Remuneration Committee

Key purpose

- R1. To establish a transparent procedure for the remuneration of the Chief Executive, Executive Management Team, Council Members (including the Chair) and other associate post holders.
- R2. To ensure that there are appropriate incentives to encourage enhanced performance and that rewards are made in a fair and responsible manner, and are linked to the individual's contributions to the success of the General Dental Council (GDC) and the successful performance of the GDC in general.
- R3. To annually review the organisation's pension schemes and make reports and/or recommendations as appropriate to Council, based on actuarial data and advice.

Delegated Powers

- R4. Approve the appointment process for the Chief Executive.
- R5. Approve the remuneration, benefits and terms of service for the Chief Executive and the Executive Management Team annually, in line with the remuneration policy set by the Council.
- R6. Approve the policy for authorising claims for expenses from the Chief Executive and the Chair of the Council.
- R7. Where necessary, the Committee is authorised by the Council to obtain external legal or other professional advice, but only within budgetary limits.

Functions and Duties

Chief Executive and Registrar (Chief Executive), the Executive Management Team and HR Policy

- R8. Oversee the process for the appointment of the Chief Executive, in accordance with the Council's delegation.
- R9. Review and recommend to the Council an appropriate remuneration policy for the Chief Executive and the Executive Management Team (EMT), consistent with the organisational objectives and within the overall budget agreed by the Council.
- R10. Approve the terms of any special severance arrangements applying in the event of any required and unplanned early termination of employment of the Chief Executive or any member of the EMT, having regard to relevant guidance and codes of practice and their contracts of employment.
- R11. Develop a system for, and oversee the appraisal of, the Chief Executive.³
- R12. Review the arrangements for succession planning of the Chief Executive and the EMT so that adequate assurances can be provided to the Council.
- R13. Consider any significant changes to HR policy or changes to the employee benefits structure, including the pension scheme, and offer advice and direction to the Executive Director, Organisational Development, as appropriate.⁴

³ The appointment, performance review, disciplining and setting of terms and termination of contracts of staff are the sole responsibility of the Chief Executive.

⁴ The Finance and Performance Committee will consider any financial implications of changes to the Pension Scheme.

- R14. Advise the Council on any actions which it must, or is advised to, take as an employer under pension fund arrangements.
- R15. Provide review and oversight of the organisation's People Strategy workstreams (including EDI) and report to and advise the Council accordingly.
- R16. Communicate to the Finance and Performance Committee (FPC) any advice it receives, or action it would wish the Council to take in regard to the GDC Pension Scheme, which has a financial implication for the GDC.
- R17. Regularly receive the Executive Director, Organisational Development's report on HR / workforce indicators (including the outcome of staff surveys or similar exercises, and the annual staff appraisal round) before it is presented to the Council. This should include matters relating to Risk and the actions being taken to mitigate these risks.

The Council, the Chair and Associates

- R18. Recommend to the Council any changes to the remuneration and terms of service for the Council Members, including the Chair, and any associates.
- R19. Review the expenses policy for Council Members and associates and recommend any changes for approval at the Council.
- R20. Advise the Council on the process for the appraisal of the Council Members and the Chair.
- R21. Agree with the Chair arrangements for the Council to review annually its performance and effectiveness.
- R22. Review the process for the recruitment of new Council members and the reappointment of existing Council members.