

Remuneration Committee Annual Report to Council 2018

Purpose of paper	To provide a report on the work of the Remuneration Committee in 2018
Action	For discussion and noting
Status	Public Session
Corporate Strategy 2016-19	Performance Objective 1: To improve our performance across all our functions so that we are highly effective as a regulator.
Business Plan 2018	N/A
Decision Trail	<p>In accordance with the General Dental Council Standing Orders for the Non-Statutory Committee of Council 2018, Rem Co will report to Council annually on its activities.</p> <p>The draft annual report was approved by Rem Co on 8 November subject to additions following the meeting which it was agreed would be approved by the Chair. The Committee also approved the draft Work Programme 2019.</p>
Recommendations	The Council is asked to discuss and note the 2018 Annual Report to Council
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Appendices	<p>Appendix 1. Rem Co Terms of Reference</p> <p>Appendix 2. Draft 2019 Work Programme</p>

Executive Summary

1. This paper sets out the work undertaken by the Remuneration Committee (the Committee) during 2018 and the planned work for 2019. Some aspects of the Committee's work are highly confidential and therefore not described in detail in this report.
2. The Council is asked to discuss and note the 2018 Annual Report to Council

Introduction and background

3. The key purposes of the Committee as defined in its Terms of Reference (Appendix 1) are:
 - 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.
 - To ensure that there are appropriate incentives to encourage enhanced performance and that rewards are made in a fair and responsible manner, 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.
4. In accordance with the GDC's Standing Orders for the Non-statutory Committees of Council 2016, the Committee must report annually to the Council on its expenditure, its progress made against the work programme for that year and its planned work programme for the following year.
5. The current membership of the Committee is Geraldine Campbell (Chair and Council lay member), Anne Heal (Council lay member), Caroline Logan (Council registrant member) and Philippa Hird (Independent Member).
6. In 2018 the Committee held five meetings, which took place on 21 February, 25 April (teleconference), 24 May, 13 September, 8 November (Workshop).

Remuneration report for the annual report and accounts

7. In February 2018, the draft remuneration report for the Council and Executive Directors for 2017, which included fees, salaries, expenses, other payments and the organisation's gender pay gap was presented to Remco for recommendation to the Audit and Risk Committee.
8. The Committee also reviewed remuneration proposals presented by the Chief Executive following annual appraisals of the Executive Directors.

Council Member recruitment

9. The Committee were informed that the GDC would be recruiting a registrant Council member from Scotland to take office from 1 October 2018.
10. The Committee were satisfied with the proposed process and recommended the Advanced Notice be submitted to the Professional Standards Authority. The Recruitment Panel consisted of Philippa Hird (Independent Member of the Remuneration Committee) - Chair of the Recruitment Panel, William Moyes (Chair of Council), Margaret Kellett (Registrant Council Member), Cindy Butts (Independent Panel Member)
11. The applications closed on 13 April 2018 and the Council was asked to recommend the successful candidate to the Privy Council for appointment at its meeting in Edinburgh.
12. In September 2018, the Committee were updated on the appointment of the Scottish

registrant member of Council, Simon Morrow. His term of office started on 1 October 2018.

13. In September and November, the Committee focused on what the recruitment process would look like going forward. The Executive Director assured the Committee that the Northern Ireland lay member issue would be considered and work would be underway regarding self-screening and promoting transferable skills
14. The Head of Governance who started on the 1 November 2018 requested time to investigate the issues and map out the timetable accordingly. The Committee were content with this approach and were assured that work was underway to meet the appropriate timescales for 2019.

Executive appointments for former non-executives and DSG lessons learned action plan

15. The Committee received the action plan to implement the recommendations made by Chair of the Audit and Risk Committee in relation to the appointment of the DSG Chair, at its February meeting. It was agreed that updates on the implementation of the action plan would be presented to each meeting of RemCo in 2018 and included in the Committee's report to the following Council meetings.
16. A further progress report was discussed at Remco on the 24 May 2018 and a subsequent paper produced for July Council including amendments to the Council Member Agreement and Code of Conduct.
17. Council have requested that Remco further reviews their recommendation regarding the length of time required between demitting office and taking up other paid employment within the GDC.
18. At the November meeting the Committee received further considerations and requested clarity and explanation of the corporate governance code requirements within the paper. It was agreed the paper would be amended and presented to Council on 13 December 2018.

Non-Executive remuneration policies

19. The review of the non-executive remuneration policies took place every 2 years and was due at the November meeting. The review required further detail on benchmarking which had not been possible within the timeframe. The Committee were assured that benchmarking had started against other healthcare regulators and the second stage would include wider benchmarking. Therefore, the review would be provided at the next meeting in January 2019.

Council Member appraisal process

20. The Committee were advised that individual Council Members were due to have their appraisals at the end of 2018, and that the same process would be used as had previously.
21. The Committee discussed the appraisal process and requested to see the appraisal forms amended to ensure the process for Council members included discussions on developing such as mentoring, support and personal development rather than merely training needs.
22. **The Committee recommended the Council Member appraisal process for approval to Council.**

Appraisal of the Chief Executive and Chair- external feedback

23. The Committee sought advice regarding the collection of feedback from external stakeholders on the performance of the Chief Executive and Chair.

Arrangements for succession planning of the Chief Executive and Directors

24. The Committee received updates on the work underway for succession planning and progress updates on the leadership cohort (now referred to as the Senior Leadership Team (SLT)).

Annual Report from the Chair of the Sole Pension Trustee

25. In November, the Committee welcomed the Chair of the pension scheme and sole trustee to deliver their annual report. The Pension Trustee provided an annual update of on-going projects and significant developments over the scheme year.

Organisational Development- Pensions, Performance, EDI, People and Organisational Development Strategy (POD)

26. At each meeting the Committee received updates on the development of the People Strategy. This explored workforce planning, resilience in the workforce, staff development, staff engagement, reward and associate engagement.
27. In the September 2018 the People Strategy was renamed the People and Organisational Development Strategy (POD). The POD set out plans, ambitions, timelines and commitments that were aligned with the GDC corporate strategy.
28. The POD programme pack was discussed at the November workshop and would be shared at each subsequent meeting. It also formed part of the basis for the new style 2019 RemCo work programme which was discussed in great detail at the November Workshop. It was noted that work was underway in Governance to consolidate all Committee, Council and SLT workplans.
29. At each meeting the Committee received updates on the GDC's pension schemes as a standing item. During the year a full Pensions Strategy was developed to capture all aspects of each scheme and what actions needed to be taken for each of them.
30. The Committee were also presented with the GDC staff performance rating data, highlighting the work undertaken to improve the quality of performance conversations between managers and staff.
31. At the workshop the Committee discussed HR performance indicators which were shown as largely positive, in particularly recruitment – focusing on transferable skills, reducing agency spend and running assessment centres had greatly improved the selection experience.
32. At the May meeting, the Committee received an update on the Associates project which aimed to bring together a uniform understanding on how the Associates were managed across the organisation. In November, the Committee received a further update on phase 1 findings and next steps as part of the workshop.
33. There is a requirement for further updates on all aspects of Associates throughout the remainder of the project plan and into business as usual which needs to be considered by the Committee as to their remit.
34. For Equality, Diversity and Inclusion, the Committee received regular quarterly updates of the EDI action plan through the POD update and discussed the relevant indicators and potential risks in the HR balance scorecard. EDI updates included the new mandatory new starter EDI data logging process, the Disability Confident Scheme and progress on the Time to Change Pledge. From September, the Head of EDI left the GDC and responsibilities to be undertaken by the Head of OD

Expenditure

35. The Committee reviewed the benefits to the GDC by continuing to pay the subscription

of the Chair of the Council's Royal Society of Medicine (RSM) annual membership. As a result, an accommodation business case was presented, however the Committee did not approve and requested a re-write of the accommodation business case with more information on different membership options.

36. The Committee were presented with a report which explained that the financial policies and procedures were reviewed annually to ensure that all related policy documentation reflected the GDC's latest requirements, arrangements and controls, including correct terminology. The Committee were happy with the policy rewording and recommended approval for Council.

Committee effectiveness

37. In May the Committee held an effectiveness session, based around the Facet5 Teamscape. The main premise was collaborative working across all parties to ensure best committee effectiveness.
38. The November workshop was a successful mechanism combining the POD's strategic intentions, the work of Associates and the work programme 2019. The work underway developing the programme 2019 supported the Committee's commitment to continuous review of their effectiveness

Recommendations

39. The Council is asked to note and discuss the Annual Report.

Appendices

40. Appendix 1 – Rem Co Terms of Reference
41. Appendix 2 – Draft Work Programme 2019

Appendix 1- 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 advice¹.

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.
- 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 - to the Executive Director, Organisational Development, as appropriate.²
- R14. Advise the Council on any actions which it must, or is advised to, take as an employer under pension fund arrangements.

¹ The Finance and Performance Committee will consider any financial implications of changes to the Pension Scheme.

- 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. Recommend to 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.