

## Annual Remuneration Committee Report to Council - 2019-20

### **Purpose of the Report**

The terms of reference of the Remuneration Committee as detailed in Annex 3 to the Council's Code of Corporate Governance provide as follows - *"the Chair of the Committee will present a report to the Council on its activities annually"*.

A brief summary of the Committee's activity in 2018-19 was included in the Council's annual report as follows:

*"The Remuneration Committee determines the annual salary review for HCPC employees including SMT and the Chief Executive and Registrar. In 2018–19, the Committee considered and recommended proposed changes to the HCPC's pay system, following an independent review of pay and reward. The Committee also made recommendations to Council on changes to the remuneration of Council and Committee members. This recommendation was informed by an independent benchmarking exercise"*

This report seeks to provide additional information in relation to the period 2018-19 and detailed information on the period 2019-20. It will cover committee membership, and both remuneration issues and organisation wide issues considered by the committee.

### **1. Membership**

- (a) By way of context, the Committee has seen considerable turnover in both its membership and its executive advisers in the period 2018-20.
- (b) Graham Towl resigned from Council and from his post as Chair of the Committee in July 2018. Council appointed an existing Committee member Jo Mussen as its new chair, and Stephen Wordsworth and Kathryn Foreman as new members of the Committee to replace Graham Towl and Gavin Scott who moved to the Council's Audit Committee. Due to personal reasons, Jo was unable to take up the Chair role though she remained a member of the Committee until her Council term expired in February 2019. The Committee recommended Kathryn Foreman to be its new Chair and this was ratified by Council in December 2018. Jo was replaced by David Stirling in September 2019.
- (c) The Committee's Independent Member Nicola Scrivings was appointed in September 2017 for a four year term which is renewable. Nicola is an asset to the committee and her presence and insightful contributions add much more than just fulfilling the requirement of our rules to include an independent member. It was particularly helpful to have her independent considered opinion in the discussion about Council member remuneration. She was very much considering the perspective of how any decision would be viewed from outside the organisation.

(d) Teresa Haskins, the Director of HR left the organisation to take up a new position in January 2019. Her successor Joanna Mark-Richards left the organisation in May 2019. The Committee was then supported by Kim Wilcox, one of our HR business partners until her maternity leave began in July 2019. Support is currently provided by Claire Holt, Interim Director of HR and OD and her team.

## **2. Remuneration**

- (a) The Committee has carried out the annual review of salary of relevant senior executives and in relation to the HCPC salary bands. Recommendations have been made to Council in accordance with the remuneration policy and principles as to annual pay awards for inclusion in the Council's budget. Similarly, approval has been given to the remuneration package for the current CEO recruitment and that for the recruitment of the Council Chair in 2019
- (b) The Committee tendered for and commissioned a review of the organisation's pay structure, principles and policy from QCG in July 2018. Reports were received and considered in October 2018 and January 2019. The final proposals were recommended to Council for approval in February 2019.
- (c) However, as the implementation plan was drawn up, the Council was engaged in the diagnostic phase of its transformational work which resulted in the Council's Accelerated Strategic Priorities Change Plan. At its meeting in September 2019, the Committee considered how the recommendations should be taken forward in the light of the organisational design principles emerging from that diagnostic work. The Committee approved these principles which were aligned to a "whole package" approach to employment and training, rather than looking at pay and reward in isolation. The result was a package of immediate, staged and deferred implementation of the recommendations which the Council approved at its meeting in September 2019. The Committee was most recently updated on the implementation of the recommendations at its meeting on 12<sup>th</sup> March 2020.
- (d) During early 2019, the Committee considered the remuneration of Council members to take effect from the financial year 2019/20. The Committee considered benchmarking information in relation to other regulators and recommended to Council a move from "day rates" to annual salaries. These were pitched in line with comparable regulators in terms of size and turnover, with a salary differential between members and Committee chairs.
- (e) The Committee has also approved special severance arrangements in accordance with its Terms of Reference, and adopted the practise of receiving information on all severance arrangements for information where these are outside the scope of requiring Committee approval.

(f) The Committee is currently engaged in a review of the expenses policies for staff, partners and Council members which were last reviewed in October 2018. The recommendations to Council are elsewhere on this agenda.

### **3. Organisation Wide Issues**

**(a) Risk Appetite:** In February 2019, the Committee considered the organisational appetite for risk in people matters and recommended to Council that this should be an area of “measured” risk appetite. This will be reviewed annually by the Committee.

**(b) 360 degree appraisal:** One of the recommendations of the review of pay etc was a review of the organisation’s appraisal system. This is underway and the Committee has advocated its extension to a 360 degree scheme.

**(c) Interviews:** The Chair of the Committee has supported the Chair of Council in interviewing candidates for senior executive roles.

**(d) Review of Effectiveness:** The Committee has considered its own effectiveness and considers that it has managed its business effectively despite the changes detailed above. However, one area of improvement has been identified and actioned. When some decisions have needed to be made quickly, the full Council has made them rather than convene an extraordinary Committee meeting. This has meant that the value of the independent member’s views has not been taken into consideration. In future, the Committee will retain ownership of these decisions which will be made through correspondence and a telephone conference if necessary.

**(e) Review of Committee Terms of Reference:** The Committee looks forward to participating in the forthcoming review of Committee terms of reference being led by the Senior Council member. The Committee recognises the need to ensure that strategic HR risks and HR/OD strategic matters are considered within the Committee infrastructure.

**(f) Equality, Diversity and Inclusion:** In the exercise of all of its functions the Committee has been and remains cognisant of both its statutory duties and the Council’s policy on Equality, Diversity and Inclusion.

**Kathryn Foreman  
Remuneration Committee Chair  
March 2020**