

**MINUTES OF A MEETING OF THE REMUNERATION COMMITTEE HELD ON
WEDNESDAY 24 JULY 2013 AT 4.30pm AT 4 MATTHEW PARKER STREET, LONDON
SW1H 9NP**

Present:

Stephen Thornton, Deputy Chairman (Chair)
Heather Lawrence, Non Executive Director
Keith Palmer, Non Executive Director

In attendance:

David Bennett, Chief Executive
Philippa Harding, Board Secretary
Fiona Knight, Executive Director of Organisation Transformation

1. Welcome and apologies

1.1 No apologies were received.

2. Declarations of interest

2.1 No interests were declared.

3. Minutes and matters arising from the meeting held on 25 March 2013 (RC/13/06)

3.1 The minutes were considered. An oral update was provided on the matters arising.

4. Remuneration for New Appointment of Chief Medical Adviser (Executive Director of Patient and Clinical Engagement) (RC/13/07)

4.1 The Committee considered the report which provided information about the proposed appointment to the role of Chief Medical Adviser (Executive Director of Patient and Clinical Engagement). The remuneration for the proposed appointment was of a level that required approval by the Department of Health (DH) and the Chief Secretary to the Treasury (CST). Remuneration Committee members were asked to endorse the proposed remuneration package ahead of its submission to DH and the CST.

4.2 Remuneration Committee members emphasised the importance of being able to appoint to this position. It was noted that the role had initially been advertised in November 2012 and that it had not been possible to shortlist any candidates at that point. It was

proposed that this had been as a result of the remuneration levels previously associated with the role. Remuneration Committee members also noted the importance of providing appropriate benchmarks for the role. The Committee was assured that the Medical Directors of NHS England and the NHS Trust Development Agency were the closest comparable roles.

RESOLVED:

4.3 The Remuneration Committee resolved to endorse the proposed final annual salary package (inclusive of a consolidated recruitment and retention premium) for the role of Chief Medical Adviser (Executive Director of Patient and Clinical Engagement) and agreed that the business case for this should be submitted to DH and the CST for final approval.

5. VSM Pay Uplift (RC/13/08)

5.1 Fiona Knight introduced the report which presented the annual salary uplift proposals for Monitor's Chief Executive and senior executive team members. This was in the context of DH's directions to Arm's Length Bodies (ALBs) regarding Very Senior Manager (VSM) salary uplifts and their application to Monitor. The Committee was also provided with additional information about the financial implications of the proposals set out in the paper.

5.2 It was noted that the VSM framework provided for two potential pay awards each year, comprising an annual salary uplift consolidated into salary and a non-consolidated bonus (also referred to as performance related pay (PRP)), both based upon performance. DH had notified its ALBs that all eligible staff on a VSM contract could receive an annual salary uplift of 1% of their base pay, subject to an appropriate performance rating for the year. Monitor had received dispensation from DH to treat 2013/14 as a transitional year, which enabled it to pay eligible individuals a 2% uplift, as long as it ensured that the organisation's overall pay bill did not increase by more than 1% overall.

5.3 Remuneration Committee members confirmed that, within this restriction, they were content with the principle that all eligible staff on a VSM contract should receive a consolidated annual salary uplift of 2%. It was considered appropriate that any member of staff on a VSM contract who had received an appropriate performance rating but was not entitled to a pay uplift on a consolidated basis should receive the same uplift on a non-consolidated non-pensionable basis.

5.4 It was noted that details of the arrangements for PRP were expected to be issued by DH within the next month. It was anticipated that this would be up to 5-7% of base pay and could only be paid to circa 25% of the eligible group at each ALB. Remuneration Committee members considered it appropriate to await the issuing of the detail of the VSM PRP arrangements by DH before determining whether they should be applied at Monitor. It was also noted that the effectiveness of the VSM framework for Monitor as an effective management tool could be reviewed at that time.

RESOLVED:

5.5 The Remuneration Committee resolved that:

- (a) Those members of Monitor's senior executive team eligible for a consolidated annual salary uplift should receive a consolidated pay uplift of 2% of individual base pay for 2013/14;

- (b) Those members of Monitor's senior executive team who were not eligible for a consolidated annual salary uplift should receive the 2% pay uplift as a non consolidated monthly allowance;
- (c) The pay uplift awards should be backdated to 1 April 2013; and
- (d) Consideration should be given to the use of the VSM PRP arrangements when further information had been issued by DH.

6. Any Other Business

6.1 No other business was raised.

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