

**MINUTES OF A MEETING OF THE REMUNERATION COMMITTEE HELD ON
TUESDAY 30 OCTOBER 2014 AT 12.00pm AT WELLINGTON HOUSE, 133-155
WATERLOO ROAD, LONDON SE1 8UG**

Present:

Iain Osborne, Non Executive Director (Chair)
Heather Lawrence, Non Executive Director
Keith Palmer, Deputy Chairman and Non Executive Director

In attendance:

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

1. Welcome and apologies

1.1 No apologies were received. Remuneration Committee members welcomed Iain Osborne to his first meeting of the Committee.

2. Declarations of interest

2.1 No interests were declared.

3. Minutes and matters arising from the meeting held on Thursday 25 March 2014 (RC/14/10)

3.1 The minutes were considered and agreed. The matters arising were noted.

4. Items considered in correspondence (RC/14/11)

4.1 The Committee noted the following decisions that had been made in correspondence:

- Remuneration for proposed substantive appointment of Chief Information Officer, Knowledge and Information Management;
- Salary Review 2014; and
- Remuneration for proposed substantive VSM appointment of Executive Director of Strategic Communications.

4.2 It was noted that the salary levels of senior appointments required final approval from the Department of Health (DH). Remuneration Committee members requested that clarification be sought from the DH with regard to requests for involvement in other aspects of senior appointments.

ACTION: FK

5. Reward Priorities (RC/14/12)

5.1 Fiona Knight presented the report which provided the Remuneration Committee with information about Monitor's reward programme of work, including the organisation's reward philosophy, its grade structure, pay frameworks and pay management.

5.2 Remuneration Committee members confirmed that they were content with the proposal that Monitor's reward philosophy should include the principle that rewards should recognise outstanding contribution linked to the organisation's values.

5.3 With regard to Monitor's grade structure and pay framework, Remuneration Committee members noted the plan to undertake external salary benchmarking in relation to roles that were not part of the Very Senior Manager (VSM) pay framework. It was anticipated that this would enable salary range options to be identified that addressed differentials between pay grades and provided a consistent set of pay progression principles. This was not a job evaluation exercise; however it was expected to enable the clustering of job roles into broad "job families". "Job families" were considered to be useful for addressing differing market rates for roles that were within the same organisational grade. Remuneration Committee members confirmed that they were content with this approach. It was proposed a further Remuneration Committee meeting be arranged to take place in January 2015, in order to enable the Committee to review the outcome of this work.

ACTION: PH

5.4 Remuneration Committee members considered the question of whether performance related pay (PRP) awards should be made to any VSMs for the year ending 2013/14. As in previous years, the Committee remained of the opinion that it would not be appropriate for any individual PRP award to be made to VSMs, as it did not consider the PRP awards available through the VSM pay framework to be suitable for use at Monitor.

5.5 On the organisation's scheme for recognising "exceptional" service, Remuneration Committee members suggested that further thought be given to the level of payments to be made, as well as non-monetary awards.

6. Update on Senior Salaries Review Body work in relation to Very Senior Managers (oral item)

6.1 Remuneration Committee members were provided with an oral update on the recent discussion by the Senior Salaries Review Body (SSRB) with regard to VSM recruitment and retention. It was noted that DH was also in the process of reviewing the VSM pay framework. Both the work of the SSRB and the DH were expected to report at the end of 2014.

7. Pay Protection Policy (RC/14/13)

7.1 The Remuneration Committee reviewed the report which proposed an organisational pay protection policy.

7.2 Consideration was given to the manner in which the proposed policy would be applied and how to ensure that cases were treated consistently over time. It was proposed that the Executive Committee and the Remuneration Committee should regularly review approved pay protection cases.

7.3 As the policy remain subject to legal review, the Remuneration Committee confirmed that it was content, subject to no significant amendments being required, to approve the policy and already identified pay protection cases in correspondence.

ACTION: FK

8. Any Other Business

8.1 No other business was raised.

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