

Remuneration Committee minutes

The meeting of the Remuneration Committee was held on Friday 14 December 2018 at 10:15am at 97 Haymarket Terrace, Edinburgh.

Present: Douglas Mundie (Chair)
Veena O'Halloran
Marlene Wood

Officers: Martin Fairbairn, Chief Operating Officer (for items 18/29-185/38)
John Kemp, Interim Chief Executive (for item 18/37)
Helen Gibson, Assistant Director – HR & OD (minutes)

18/29 **Welcome**

The Chair welcomed the members and those attending.

18/30 **Minutes of previous meeting (RC/18/Min3)**

The minutes of the meeting on 21 September 2018 were agreed as a true record.

18/31 **Chair's business**

The Chair asked to note formally the Committee's appreciation for the support provided by the Assistant Director of HR & OD during the CEO recruitment process: in particular the professionalism shown throughout the process, the strength of working relationships with the main stakeholders (Government colleagues and the recruitment partner Aspen) and the professional support and advice provided to the Board throughout the process.

18/32 **Matters arising**

There were no matters arising not otherwise on the agenda.

18/33 Rolling agenda (RC/18/13)

The Committee noted the items on the rolling agenda. The Committee suggested some agenda items for the next meeting, i.e.:

- Review of transition arrangements
- Workforce planning (as a standing item for the foreseeable future)
- Review of physical capacity within office workspace.

18/34 Strategic HR & OD report (RC/18/14)

The Committee noted the report, and in discussion:

- recorded a strong concern that the organisation's running costs budget continues to remain static year on year
- welcomed the work being undertaken to develop a common set of Values across the enterprise and skills agencies, and requested sight of the outputs to date
- suggested that in future the pulse survey data on staff engagement should include a note highlighting any significant issues impacting on organisational life at the time of the survey.

18/35 Update on pay settlements for 2018-19 (RC/18/15)

The Committee noted this paper, which recorded that the staff pay settlement for 2018-19 was still in the process of negotiation.

18/36 Draft budget and pay policy for 2019-20 (oral)

The Committee noted that in the draft budget, recently published on 12 December, SFC had been given a running costs budget for 2019-20 the same as that for the previous year.

A paper was tabled which summarised the key parameters of the Scottish Government's pay policy for 2019-20, also published on 12 December.

18/37 Workforce planning (RC/18/16)

In addition to the paper on this subject, the Chief Operating Officer presented to the Committee a range of data showing current and future workforce needs set against the projected budget. He explained that the executive had been engaging with the Sponsor Team, using this data, to identify strategies to relieve the workload challenges identified. In the short term, particularly in light of the draft budget settlement for

2019-20, the executive would be undertaking a work prioritisation exercise across the organisation in consultation with the Sponsor Team.

The Committee welcomed the paper and the ongoing dialogue with the Scottish Government. The Committee also emphasised strongly the need for sustained dialogue on this issue in order to ensure that the organisation is appropriately resourced to realise its potential and play its part in delivering the Scottish Government's ambitions.

18/38

Preparation for incoming CEO (RC/18/17)

The Committee received a paper inviting it to discuss a proposal from the Chair and Deputy Chairs to put in place a set of interim arrangements at senior management team level to facilitate the smooth entry of the new Chief Executive. The Committee was invited to provide formal advice to the Board, recognising that neither the Interim Chief Executive nor the incoming Chief Executive had authority to take such decisions (the former because of a conflict of interest and the latter because she had not yet taken up office) and therefore any decisions would need to be taken by the Chair using the urgent action procedure.

The Committee discussed the matter and concluded that:

- the new Chief Executive will require a period of time to focus on building her knowledge and relationships
- there are key policy matters with which the Interim Chief Executive has been significantly involved and which require sustained momentum in the short- to medium term
- it would therefore be desirable for the current Interim Chief Executive to take up a transitional Director-level role on 14 January, lasting up to 31 July 2019 to help give the best possible start to the new Chief Executive
- this (the above) would require the current secondment of the Interim Director of Access, Skills and Outcome Agreements to continue, ideally up to 31 July 2019.

However the Committee noted the forecast position with respect to the organisation's running costs in 2019-20 and agreed that the recommendation above should be contingent on securing additional funding to support this beyond 31 March. It was noted that this had been the subject of a separate discussion with the Scottish

Government. Should that funding not be available, a firm commitment could not at this stage be made beyond 31 March.

18/39 Review of CEO recruitment process (oral)

The purpose of this item was to review the effectiveness of the recent CEO recruitment process, which concluded in late November with a successful appointment, and identify any lessons learnt.

The Committee agreed unanimously that the process had been a success from start to finish. The agency involved (Aspen) had offered a good level of service and had sourced a competitive pool of applicants. An effective set of tools had been used for the selection process, involving two rounds of interviews as well as a media test and personality profiling. Overall, the Committee concluded that this had been a robust process.

18/40 Any Other Business

There was no further business to discuss.

18/41 Date of next meeting

The next meeting of the Committee is scheduled to take place on Friday 15 March 2019.