

REMUNERATION COMMITTEE

Minutes of the Meeting of the Remuneration Committee of the Board held at 1 Sheldon Square, Paddington, London W2 6TT on Thursday, 16 June 2011 at 10.30 a.m.

PRESENT:

Rodney Green (RG) (in the Chair)
John Bywater (JB)
Duncan Sutherland (DS)
Jon Hargreaves (JH)

IN ATTENDANCE:

Tony Hales (TH)
Robin Evans (RE)
Jane Cotton (JC)
Gaenor Prest (GP)

1. MINUTES

Minutes of the meeting of 4 May 2011 were distributed.

2. MATTERS ARISING

RG thanked Maggie Carver for her work as Chairman of the Remuneration Committee.

Item 4.1 of 4 May minutes was amended to read 'RE outlined the PRP structure 2011/2012'.

RG questioned whether the matter of Performance Related Pay was closed and questioned the Committee's ability to commit to item 4.5 of 4 May minutes.

3. PERFORMANCE RELATED PAY (PRP)

RG wanted his view recorded that the senior management team performed extremely well in 2010/2011 and considered that PRP should be paid. RG recognised the political climate in relation to public sector PRP, but nevertheless wanted to revisit the discussion.

JB outlined that there had been an extensive debate at 4 May meeting. All had agreed that the executive team had performed very well, particularly in light of the economic climate, but the Remuneration Committee considered that PRP probably could not be paid in 2010/2011 but must **without question** be paid in 2011/2012.

TH commented that in 2008/9 the executive had voluntarily waived their awarded PRP. PRP in 2009/10 was restricted in accordance with Defra's guidelines. BW had recently received a letter from Defra detailing senior civil service PRP payments for 2010/2011. Given the outstanding performance of the executive in 2010/11 and the Remuneration Committee's inability to guarantee such payments in 2011/2012, the Committee may wish to review its position. TH recognised that in light of forthcoming changes the executive remuneration terms may need to change, but that this could not happen overnight.

JH outlined the importance of maintaining a motivated senior team.

JB commented that if the Committee are unable to stand by 4 May minutes and deliver a guaranteed PRP payment in 2011/12, then it would be appropriate to amend this stance.

TH considered it appropriate to follow the Defra guidelines and given the Executive teams achievement against target it would be more than acceptable to do so.

After detailed consideration it was agreed that the Executive would be awarded PRP payments as a team in accordance with the Defra guidelines. RG confirmed that the Executive had exceeded the corporate target (worth 15% of salary) which in itself would exceed Defra guidelines without considering personal targets. This decision would enable the Committee and the new Trustees to review next year's PRP in an unfettered way, taking account of performance, business outcomes and the public/political climate at that time.

It was agreed that the decision recorded in item 4.5 of 4 May minutes was now superseded by the 16 June discussion. RG would meet the executive to explain the current and future position.

RE reminded the Committee the Executive had already decided that it would make payments of PRP for 2010/11 to high performers throughout the organisation below director level.

4. EXECUTIVE TARGETS 2011/12

RE outlined 2011/2012 executive targets and all were agreed.

RG commented that the performance of the executive team had been outstanding and that as a result the ground has been set for BW to move forward to the NWC. The next step was to ensure that transition occurred no later than March/April 2012.

4. DIRECTORS REMUNERATION BENCHMARKING EXERCISE

Information redacted as issues of policy still under consideration

5. OTHER BUSINESS

Meetings will be held in August or September and an agenda will be issued.

There being no other business, the meeting closed at 12.30pm.

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Chairman