

Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body²³ on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of Departmental services;
- the funds available to departments as set out in the Government's Departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code²⁴, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the Directors covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Steve Dean was appointed on a fixed term contract which has been extended to expire on 31 March 2009.

Salaries and Pension Benefits (Audited)

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Staff are appraised annually against a set of competencies and individually targeted objectives. Bonuses, which form only a small percentage of total salaries, are the only form of remuneration subject to performance conditions.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. None of the Directors received any benefits in kind during the year. The salary and pension entitlements of the senior managers of the Agency were as follows:

23. Further information about the work of the Review Body can be found at www.ome.uk.com

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Salaries and Pension Benefits (Audited)

2006-07	S Dean – Director and Chief Executive	J FitzGerald – Director of Policy	J Atkinson – Director of Licensing (Appointed 8 January 2007)	J O'Brien – Director of Licensing (Retired 31 May 2006)	C J Bean – Director of Corporate Business (Retired 27 October 2006)
	£000	£000	£000	£000	£000
Salary (as defined above)	90-95 including 5-10 bonus	85-90 including 10-15 bonus	10-15 including 0-5 bonus	10-15 including 0-5 bonus	35-40 including 0-5 bonus
Real increase in pension and related lump sum at age 60	0-2.5 plus 2.5-5 lump sum	0-2.5 plus 2.5-5 lump sum	0-2.5 plus 0-2.5 lump sum	0-2.5 plus 0-2.5 lump sum	0-(2.5) plus 0-(2.5) lump sum
Total accrued pension at age 60 and related lump sum	10-15 plus 30-35 lump sum	30-35 plus 95-100 lump sum	10-15 plus 25-30 lump sum	30 – 35 plus 95-100 lump sum	30 – 35 plus 90-95 lump sum
CETV at 31 March 2006	200	597	167	715	809
CETV at 31 March 2007	229	635	174	685	751
Real increase in CETV after adjustment for inflation and changes in market investment factors	18	18	3	1	(19)
	£	£	£	£	£
Employer contribution to partnership pension account including risk benefit cover – to nearest £100	–	–	–	–	–

2005-06	S Dean – Director and Chief Executive	J FitzGerald – Director of Policy	J O'Brien – Director of Licensing	C J Bean – Director of Corporate Business
	£000	£000	£000	£000
Salary (as defined above)	85-90 including 5-10 bonus	75-80 including 0-5 bonus	70-75	60-65
Real increase in pension and related lump sum at age 60	0-5 plus 0-5 lump sum	0-5 plus 5-10 lump sum	0-5 plus 0-5 lump sum	0-5 plus 0-5 lump sum
Total accrued pension at age 60 and related lump sum	5-10 plus 25-30 lump sum	30-35 plus 90-95 lump sum	30-35 plus 95-100 lump sum	30-35 plus 95-100 lump sum
CETV at 31 March 2005	138	445	490	583
CETV at 31 March 2006	200	597	715	809
Real increase in CETV after adjustment for inflation and changes in market investment factors	26	36	24	–6
	£	£	£	£
Employer contribution to partnership pension account including risk benefit cover – to nearest £100	–	–	–	–

J O'Brien retired on 31 May 2006 and his salary range disclosed above (£10,000-£15,000) relates only to the period in which he was in post. His full-year equivalent salary was in the range £75,000-£80,000.

C Bean retired on 27 October 2006 and his salary range disclosed above (£35,000-£40,000) relates only to the period in which he was in post. His full-year equivalent salary was in the range £65,000-£70,000.

J Atkinson was appointed on 8 January 2007 and her salary range disclosed above (£10,000-£15,000) relates only to the period in which she was in a senior management post. Her full-year equivalent of this salary was in the range £60,000-£65,000.

No amounts have been paid during the year in respect of compensation to former senior managers or to third parties for services of a senior manager.

None of the VMD Directors has held any company directorships or other significant interests during the year that, in the opinion of the Directors, may conflict with their management responsibilities.

Regulatory Agencies Strategy Board

Membership details of the RASB are shown on page 10. With the exception of the VMD and PSD Chief Executives and the external members, the RASB members served only in their capacity as senior managers of the parent or other government department. Defra bears the cost of their representatives and the external members and details of these members' salaries, pensions, company directorships or other significant interests are included in their departments' resource accounts. This cost is included in the notional Defra service recharge.

None of the external members of the RASB has held any company directorships or other significant interests during the year that, in the opinion of the members, may conflict with their management responsibilities.

Civil Service Pensions²⁵

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (Classic, Premium, and Classic Plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, and Classic Plus are increased annually in line with

changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium and Classic Plus. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in Classic.

The Partnership Pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include

25. Further details about the Civil Service pension arrangements can be found at www.civilservice-pensions.gov.uk

the value of any pension benefit in another Scheme or arrangement which the individual has transferred to the Civil Service scheme and for which the Scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional benefit accrued to the member as a result of their purchasing additional years of pension service in the Scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. The factors used to calculate the CETV were revised on 1 April 2006 on the advice of the Scheme Actuary. The CETV figure for 31 March 2006 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2007.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Environmental matters and social and community issues

The VMD continued in its efforts to recycle materials where possible. Action included the following: recycling facilities for plastic cups and bottles in all kitchens; waste paper taken by

the Veterinary Laboratories Agency (VLA)²⁶ for incineration and the resulting energy used for heating; we recycled toner and printer cartridges; 99% of the paper used for photocopying and printing was recycled; and we used a stationery supplier that supplies stock made from recycled material where possible.

We introduced a policy requiring trips to Brussels to be made using Eurostar where possible, to help contribute to reducing carbon emissions and cost. Likewise with travel within the UK we have reinforced the policy that requires staff to travel via train where possible. We are calculating carbon emissions for air travel on a quarterly basis and will be comparing figures year on year to monitor reductions in emissions.

The VMD continued to dispose of electronic equipment in accordance with the EC Directive on Waste Electrical and Electronic Equipment (WEEE)²⁷ and the EC Directive on Restricting the use of Certain Hazardous Substances in Electrical and Electronic Equipment. The purpose of the WEEE Directive is to reduce the quantity of waste from electrical and electronic equipment and increase its re-use, recovery and recycling.

During 2007/08 the VMD will be exploring the options of linking with Defra or the VLA Sustainable Development Action Plans and will be reviewing options for undertaking further audits of recycled materials used and measurement of carbon emissions.

We have continued to provide mentors for pupils at a local school.

26. You can find out more about the VLA via www.vla.gov.uk

27. Further information about the EC Directive on WEEE can be found at www.dti.gov.uk/innovation/sustainability/weee/page30269.html

