

Agenda Item 22 (i)

Enclosure 19

**Health and Care Professions Council
06 December 2018**

Council member remuneration

For approval

From Claire Amor, Secretary to Council

Council, 6 December 2018

Council member remuneration

Executive Summary

Introduction

The Council is responsible for determining the allowances to be paid to Council members, including the Chair. The Remuneration Committee is responsible for recommending any changes to the Council.

Council member remuneration was last reviewed in 2014 along with Partner fees. In early 2018 an initial review found that the HCPC is an outlier among its comparator organisations in retaining a daily fee approach for member remuneration. The positioning of remuneration levels is also out of step with organisations of its type and size.

Taking this initial assessment into account the Remuneration Committee commissioned an independent review of member remuneration, this is included as appendix 1.

The Remuneration Committee met on 18 October 2018 and agreed the following principles in making its recommendation on future Council member remuneration to Council:-

- remuneration should move from a day rate to an annual allowance;
- Committee Chairs should receive a premium of 15-20% member allowance for their additional responsibilities and time requirements;
- independent committee members would remain on a day rate due to the variances in time commitments between committees'; and
- the allowance is exclusive of expenses.

Following their discussion, set out in appendix 2, the Committee agreed that an annual member allowance of £12,000, and £14,500 for Committee Chairs, would be recommended to Council.

In making this recommendation the Committee considered the QCG report, but also additional benchmarking work undertaken by the Executive (set out at appendix 2)

and the Council's positioning of the Chair of Council's remuneration agreed at its September 2018 meeting.

The Committee's recommendation of an annual allowance includes the activities set out in the Executive's additional benchmarking information namely;

- Council and Committee meetings
- Council or Committee workshops/seminars
- Agenda meetings (Chairs of Committees)
- Meetings with the Executive
- Annual performance review
- Training or development activity
- Attending stakeholder events
- Engagement in research or procurement
- Registration appeals chairing
- Recruitment panel membership
- Reading/emails/telephone calls

The recommendation is also dependent on a clear expectation of minimum attendance of 80% of governance meeting in a 12 month period.

Background

The Committee considered reports on member remuneration in March and July 2018.

Following this an independent report was commissioned to increase independence and depth of the review. This report was considered by the Committee in October and is attached at appendix 1.

Decision

The Council is asked to discuss the paper and agree the remuneration approach and level of Council member remuneration from the 2019-20 financial year.

Financial implications

A move to an annual remuneration approach would have an impact on the Council budget. The extent of the impact would depend on the level of remuneration agreed.

Should the Council agree the Remuneration Committee's recommendation the annual cost of council member remuneration will be £139,500 (with no vacancies).

The maximum total Council member fee cost for 2018-19, based on current remuneration for members, is £112,530. However the Council currently has two vacancies which is not reflected in this figure, and this does not account for members unable to attend meetings.

Resource implications

A move to an annual remuneration rate would reduce the administration of member remuneration.

Appendices

1 – QCG benchmarking report.

2 – Additional benchmarking information from the Executive.

3 – Remuneration Committee 18 October 2018 - minutes extract.

Date of paper

23 November 2018.

Council & Committee Remuneration

Project Report

To: Health & Care Professions Council

Prepared by: P. Fairchild and J. Novoa, QCG

Date: September 2018



Introduction

This report has been prepared in order to present the outcomes of a review of remuneration, requirements and practices for Council Members, Council Chairs and Committee Chairs.

As agreed with the Executive, QCG compiled a survey consisting of questions covering time requirements, practices and remuneration rates for the roles. This information has been supplemented with research conducted by QCG.

The survey was sent to organisations comparable to HCPC consisting of Healthcare Regulators and other related Regulators from QCG's database (please see Annex A for a full list of comparator organisations used for this exercise). HCPC also accessed their contacts within the Healthcare Regulatory industry to help put together as robust a sample as possible for this review.

The results of the survey - and supplementary research - are summarised in this report, which include:

- Annual remuneration rates;
- Time and attendance requirements;
- Committee membership and activity;
- Activities outside of formal meetings; and
- Information on travel, accommodation and other expenses.

We then build on these findings to provide a series of recommendations in line with the requirements from HCPC and an overview of the impact of recommendations on Council members.

The organisation-specific data used in this report has been analysed by QCG only and will remain in confidence. This report presents aggregate analyses across all data sources and all data presented are anonymous.

Research Findings

Remuneration practices

The vast majority of comparator organisations in this report remunerate their Council Members, Council Chair and Committee Chair **on an annual basis**:

	Council Members	Council Chair	Committee Chair
Hourly	0%	0%	0%
Daily	13%	8%	29%
Annually	87%	92%	71%

The table below shows the median, lower quartile and upper quartile of annual remuneration rates in these organisations for each role, and an estimate of annualised rates for HCPC:

Role	HCPC Annualised Rate	Market Assessment		
		Lower Quartile	Median	Upper Quartile
Council Members	£7,673*	£10,193	£13,231	£18,750
Council Chair	£58,250**	£55,750	£61,500	£105,000
Committee Chair	£2,728***	£11,813	£16,500	£27,250

* Amount calculated as the current Council Member day rate multiplied by the average number of days' attendance for Council meetings, Committee meetings, Training and Other activities.

** Amount calculated from the previous Chair's invoice over a four month period for April – July 2018, then annualised over a 12 month period.

*** Amount calculated as the current day rate multiplied by 8 1-day meetings in a year.

Evidence shows that Committee Chairs tend to receive a premium over the rate for other Council Members typically ranging from 15% to 25%. Some organisations set a fixed amount for this premium, typically in the region of £2,500.

Typically, organisations do not offer overtime remuneration for additional time requirements when meetings/agendas overrun.

It is also important to note that remuneration for Committee members not belonging to the Council is typically based on day rates in the region of £300 to £500.

Overall, remuneration rates show a broad level of correlation with the average time commitment for each role as shown in the following section.

However, we found a large degree of dispersion in rates from comparator organisations. Our findings suggest that remuneration arrangements do not follow a particular pattern based on type of organisation. Instead, remuneration practices at this level are more of a reflection of internal circumstances and requirements in each organisation. This large degree of dispersion should be taken into account when considering options for remuneration rates.

Time/Attendance requirements

The breakdown of days spent per year on Council/Committee meetings, training and other activities for HCPC and the comparator sample is as follows:

HCPC average days per year*	Council Members	Council Chair**	Committee Chair
Council meetings	13.9	-	-
Committee meetings	4.9	-	3.0
Training activities	1.6	-	-
Other activities	2.1	-	2.0
Total	22.5	141	5
Total (exc. Other activities)	20.4	-	3

* HCPC time commitments are calculated on the basis of average days' attendance data for Council members provided for April 2017 – March 2018.

** The estimated time commitment for the Council Chair is based on an expectation of 3 days' work per week over 47 weeks a year, however a breakdown of this time into the different items on the table was not available.

Sample average days per year	Council Members	Council Chair	Committee Chair
Council meetings	9.6	9.6	10.0
Committee meetings	7.8	7.5	8.9
Training activities	2.0	2.3	2.0
Other activities	15.0	81.8	-
Total	34.4	101.2	20.9
Total (exc. Other activities)	19.4	19.4	20.9

When looking at minimum attendance requirements, these typically range from 75% to 80% of core activities.

In terms of activities outside Council/Committee meetings and training, these are the activities which most time is dedicated to:

- Attending briefings on policy issues;
- Attending conferences;
- Conducting all-staff events;
- Governance activities (e.g. audit); and
- Industry visits.

HCPC Council Members show a similar time distribution pattern in relation to Council meetings, Committee meetings and training activities as do comparator organisations, with the Council Chair role demanding a significantly higher time commitment than similar roles in comparable organisations.

Committee membership and activity

Our research showed that in general terms, c. 75% of Council/Board Members belong to Committees, with these individuals typically taking part in 1.5 committees.

The table below shows details for different comparator groups and the current position at HCPC.

	HCPC	All comparators	Healthcare regulators
% of Council Members in Committees	80%	73%	80%
Number of Committees per Council Member	1.2	1.49	1.38

Travel, accommodation and other expenses

By and large the preferred approach from comparator organisations to cover travel and accommodation costs, as well as other expenses, is through reimbursement. Depending on the role and type of expenditure, 75% to 90% of organisations follow this approach.

There is little differentiation in the amounts received by role, showing that this is more a matter of expense management rather than remuneration.

In terms of “other” arrangements past travel and accommodation, these include:

- Carer expenses;
- Childcare costs;
- Disability costs;
- Hospitality;
- Magazine subscriptions;
- Meals;
- Personal protective equipment (PPE) for site visits;
- Phone calls;
- Role appropriate training;
- Reading allowance; and
- Subsistence allowance.

The typical monthly expenditure in each category, as indicated in the survey we conducted, is as follows:

Role	Travel		Accommodation		Other	
	Median	Average	Median	Average	Median	Average
Council Members	£200	£288	£120	£154	£55	£354
Council Chair	£339	£408	£232	£280	£43	£350
Committee Chair	£205	£190	£200	£151	-	-

These figures are primarily an indication of current expenditure levels, in line with activity requirements, rather than a reference to guide expenditure decisions by.

Recommendations

In this section we present our recommendations for the different areas subject to review.

It is important to note that these recommendations are based on a series of assumptions, **the validity of which should be tested by HCPC** in order to inform a final position on these areas.

As stated earlier in this report, our findings suggest that overall, remuneration arrangements for Council Members do not follow a particular pattern based on type of organisation. Instead, remuneration practices at this level are more of a reflection of internal circumstances and requirements in each organisation. This should also be considered when exploring changes to remuneration for Council roles.

Annual remuneration rates

In order to introduce annual rates we suggest HCPC consider the following as guiding principles in line with the current approach to setting reward for employees:

- Market alignment;
- Internal equity; and
- Affordability.

Therefore, we recommend taking market rates - and current practice - as a reference in order to set the same annual rate for Council members performing the same role.

In this context, another factor that should be taken into consideration is expected time commitments and comparison to time commitments in other organisations.

The time distribution for HCPC Council Members in 2017-2018, including non-core activities outside of Council/Committee meetings and training, shows that HCPC Council Members spend on average 66% of the time spent by Council Members in other organisations.

However, there are a number of factors that may impact these figures like not all non-core activity by HCPC Council Members being reported to the Secretariat and HCPC averages including the time commitments of Council members who served for part of a year

Adjusting the market median rate by time commitment as measured in this report would result in a **recommended annual rate for Council Members at HCPC of £8,650**. But, if there is an expectation that time commitments for Council Members will increase, or if there is a view that time commitment may not be the only relevant factor to take into account, then this would support offering a higher annual rate.

For Committee Chairs, we recommend following the same principle of a percentage uplift on the rate for Council Members. We find that a 20% uplift in this case would be appropriate. Consequently, **the recommended annual rate for Committee Chairs would be £9,950**. This assumes that the role of Committee Chair will be performed by a Council Member. Should the Council Member rate be set a higher level, then a commensurate increase to the Committee Chair role would be recommended.

Finally, in the interest of consistency in terms of alignment to market and approach to setting rates for other Council roles, **our recommendation of an annual rate for the Council Chair is £86,100.**

This rate reflects the recommended positioning against the market median in light of the time requirements of the Council Chair at HCPC compared to peers elsewhere as described in the “Research Findings” section of this report. The Council Chair rate also reflects the greater complexity of the role in relation to peers focusing on smaller professional groups, with additional stakeholder demands supporting a more competitive rate.

However, factors like internal equity or affordability would provide cause for reviewing this rate downward.

In relation to independent members, our recommendation is to continue with a day rate approach, with the current day rate of £341 being at an appropriate level.

Time/Attendance requirements

Time requirements in comparable organisations are broadly similar to those of HCPC, with the exception of activities outside of Council/Committee meetings and training.

In general, market data shows a commitment for Council Members of 15 days per year to these activities against an average of 2 days at HCPC. This is partly explained by Council Members using discretion when reporting activities for remuneration purposes on a day rate basis.

We suggest that HCPC continue its current position of not paying for reading time, leaving to Council Member discretion the extent to which they engage in non-core activities complementary to their roles.

In terms of minimum attendance requirements, the minimum level of **attendance should be set at 75% of core activities**, with the option of setting this requirement at 80% if there is a view that a more rigorous approach is required.

Committee membership and activity

Current levels of participation in Committees at HCPC are broadly in line with market and therefore merit little if any review.

Travel, accommodation and other expenses

In line with market practice, **HCPC should follow a reimbursement approach** to cover costs from travel, accommodation and other expenses.

This approach should be informed by current policy in place for senior roles at HCPC in order to guarantee consistency throughout the organisation.

Implications of Recommended Changes

Changes to current levels of remuneration

All other things remaining equal, and based on 2017-18 time commitments, all but two Council Members would receive a higher level of remuneration of c. £1,000 on average.

The two Council Members who would see a reduction in remuneration showed the highest level of time commitment at 28 days, against an average of 22.5 days for all Council Members, and would see their remuneration come down by c. £900.

These concerns could be addressed by rebalancing the expected time contribution of Council Members.

Remuneration for the Council Chair role would increase from the current estimated annualised figure of £58,250 to £86,100 p.a. This substantial increase could be potentially sensitive and would need to be considered in the context of internal equity and affordability.

In order to successfully move to an annualised rate model, and balance affordability with fair remuneration, it is of critical importance for HCPC to determine the expected time commitment of each role going forward.

Ways of working

Ahead of an eventual move to annual remuneration rates, Council Members should be briefed in relation to new expectations concerning time commitment, minimum attendance and participation in Committees.

In this context, it is critical to emphasise the need for a degree of flexibility in distribution of time, mindful that remuneration will no longer be directly linked to time commitments on a day rate basis, but on an annual rate determined by expected responsibilities and estimated time commitments to fulfil them.

Changes to purpose and responsibilities of roles

The current description of responsibilities is primarily focused on the core activities of the council itself, with no reference to complimentary activities described in previous sections of this report.

If a decision is made to ask Council Members to engage on wider series of complimentary activities, HCPC should review the current scope of roles and make adjustments to annual rates if necessary.

Annex A – Comparator Organisations

Below are a list of comparator organisations which are of a similar size/scope to HCPC, and who face similar pressures in the market:

Healthcare Regulators

- General Chiropractic Council;
- General Dental Council;
- General Medical Council;
- General Optical Council;
- General Osteopathic Council;
- General Pharmaceutical Council;
- National Institute for Health & Care Excellence; and
- Nursing & Midwifery Council.

Other Regulators

- Architects Registration Board;
- Competition & Markets Authority;
- Food Standards Agency;
- Gambling Commission;
- Information Commissioner's Office;
- Oil and Gas Authority;
- Office of Rail & Road;
- Ofgem; and
- Parliamentary & Health Service Ombudsman

Appendix 2 - Additional information provided by the Executive

Basis of QCG recommendation

The QCG report is based on average actual Council member attendance over 2017. This would not be an accurate basis for determining future time requirements or remuneration, as member attendance varies for numerous reasons. Full attendance remains aimed for and should be the basis of remuneration.

For this reason the Executive feels that the recommendation on Council remuneration is too low (it would represent a reduction in remuneration for members with full attendance), and instead should be based on the market assessment data. As reproduced below:

	Lower Quartile	Median	Upper Quartile
Council Members	£10,193	£13,231	£18,750
Committee Chair	£11,813	£16,500	£27,250

The Chair's remuneration was based on the market median, as the HCPC generally positions employee pay at the median quartile.

For reference the actual remuneration of Council members of the other health and care professions regulators is provided below

Regulator	Approach	Remuneration	Committee Chair supplement
GCC	Annual	£6,650	
GDC	Annual	£15,000	£3,000
GMC	Annual	£18,000	
GOC	Annual	£13,595	
GOSc	Annual	£7,500	£2,250
GPhC	Annual	£12,000	£2,000
HCPC	Day rate	£341	
NMC	Annual	£14,724	
PSNI	Day rate	£285	

Current Council member time commitment and remuneration

Taking the 2018 Council calendar as a basis for annual time commitment member's current commitment is;

- Council meeting days 16
- Committee meeting days 5 (average)

- Training days entitlement
- Registration appeals and recruitment activity 2 (averaged per member)
- Performance review activity 1
- **Total days 30**

This amounts to a current annual remuneration of **£10,230** (30 x day rate of £341). This is a core commitment, in practise members may sit on more than one committee or undertake stakeholder engagement (e.g. meet the HCPC, meetings in their locale) which will increase their annual remuneration.

Additionally some members may not attend all meetings, or may not be members of a committee (currently only one Council member is not a member of a Committee) which would lower the remuneration.

Requiring a minimum commitment of **30 days annually** is in keeping with similar organisations and is suitable for the level of commitment historically required from members.

Activities to be included in the fee

- Council and Committee meetings
- Council or Committee workshops/seminars
- Agenda meetings (Chairs of Committees)
- Meetings with the Executive
- Annual performance review
- Training or development activity
- Attending stakeholder events
- Engagement in research or procurement
- Registration appeals chairing
- Recruitment panel membership
- Reading/emails/telephone calls

Minimum attendance levels

As the report states, a change to an annual remuneration system would require agreed minimum levels of attendance for formal governance meetings. The public sector norm for this is 80% attendance annually. This would be counted as 80% attendance over a 12 month period.

Should a member's attendance fall below this level the Chair of Council will initiate a discussion with the member on their ongoing ability to commit to the role. The process for addressing attendance levels will be formalised within the Code of Corporate Governance.

Benefits of an annual remuneration approach

Expected benefits include reduced administration of fee claims for both the HCPC and members.

More importantly, it is expected that a move to an annual rate will attract a more diverse range applicants as remuneration is a set level (the role is likely to be more attractive and viable for those who need to take time out of main employment or require a set income).

An annual remuneration approach would also reflect the more informal HCPC engagement members undertake between

Appendix 2 – Remuneration Committee 18 October 2018 minute extract

Item 10. Council and Committee member remuneration (report ref: REM 19/18)

- 10.1 The Committee received a paper from the Head of Governance
- 10.2 The Committee noted that the Chair of Council's remuneration was considered directly by the Council due to time limitations and a planned remuneration Committee not being quorate. The Committee regretted the opportunity for additional Remuneration Committee involvement in the decision was missed.
- 10.3 The Committee noted that QCG were commissioned to undertake an independent Council and Committee member benchmarking report. This report provides a market comparison scale and recommendations for future remuneration.
- 10.4 The Committee noted that the Executive has undertaken additional healthcare profession regulator specific benchmarking and made recommendations to the Committee.
- 10.5 The Committee agreed the following principles assumed within the QCG report, that:-
- remuneration should move from a day rate to an annual allowance;
 - Committee Chairs should receive a premium of 15-20% member allowance for their additional responsibilities and time requirements;
 - independent committee members would remain on a day rate due to the variances in time commitments between committees'; and
 - the allowance is exclusive of expenses.
- 10.6 The Committee noted that the QCG recommendation for future member remuneration is based on average actual Council member attendance over 2017. This would not be an accurate basis for determining future time requirements or remuneration, as member attendance varies for numerous reasons.
- 10.7 The Committee agreed that full attendance at governance meetings remains the aspiration and should be the basis of future remuneration. It was agreed that members with attendance falling below 80% (on a rolling basis) would be required to discuss their attendance with the Chair of Council. Poor attendance would also be taken into consideration at annual performance reviews and potentially any reappointment consideration.

- 10.8 The Committee discussed the activity that should be included in the annual allowance. It was agreed that charring registration appeals should be included, as the commitment was similar to being a committee member. Members also agreed that it should be explicit that travel time is included, as is any ad hoc Executive recruitment a member may be involved in. It should also be stated that the list of included activity is not exhaustive.
- 10.9 The Committee agreed that the allowance should be based on 30 days activity. This would be assessed during annual performance reviews with the Chair.
- 10.10 The Committee agreed that for annual remuneration to be introduced, parity is needed in member committee commitment. This is a question for the Chair of Council to assess in setting annual objectives for committee members.
- 10.11 It was noted that, based on a 30 day commitment, at the current day rate an annual allowance would be £10,230. This is below the market median rate provided in the QCG report, and is considerably lower than comparable regulators. The Executive noted that member remuneration had not been reviewed for a number of years and was considerably lower than comparators.
- 10.12 The Committee agreed that the market median should be aimed for in the long term, as this is the approach taken for employee pay decisions. However the Committee did not feel that a move to the market median currently was suitable due to the scale and perceptions of such a change. The Committee agreed that an annual member allowance of £12,000, and £14,500 for Committee Chairs, would be recommended to Council.
- 10.13 The Committee noted that historically Council member remuneration has been comparable to Partner remuneration. The Committee agreed that this link should be ended as the two roles were not comparable in terms of responsibility and commitment.