

**Agenda Item 18(ii)**

**Enclosure 18**

**Health and Care Professions Council  
19 September 2018**

**Council Chair Remuneration**

**For decision**

**From Claire Amor, Secretary to Council**

Council, 19 September 2019

Council Chair remuneration and time commitment

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.

The report attached at Appendix 1 'Council and Committee Remuneration: Project Report' was produced by QCG (Quintige Consultancy Group) in response to requirements set by the Remuneration Committee at its meeting on July 2018.

The Remuneration Committee was due to discuss the report at its meeting on 6 September 2018 and advise the Council on its recommendations. Unfortunately, the Committee was unable to meet on 6 September as it would have been inquorate.

The Remuneration Committee intends to review the report at its next meeting and advise the Council on recommendations for Council and Committee members at the December 2018 Council meeting. It is envisaged that the Committee's advice will cover both remuneration rates and expected future time commitments.

However, there is an immediate requirement to set a remuneration rate for the Chair of Council role. The vacancy for a Chair needs to be advertised in October 2018 in keeping with the timeline for recruitment set out in a previous paper.

### **Background information**

The executive has provided additional information at Appendix 2, 'HCPC Chair of Council remuneration and expected time commitment' that the Council may wish to consider during discussions.

### **Decision**

The Council is invited to:

- discuss the attached report and additional information in relation to the remuneration of the vacancy for a Chair of Council and
- agree an appropriate remuneration rate and expected time commitment for the role of Chair of Council.

## **Appendices**

Appendix 1 – Council and Committee Remuneration: Project Report

Appendix 2 – HCPC Chair of Council remuneration and expected time commitment'

## **Financial implications**

The agreed remuneration for the vacancy of Chair of Council will be included in the 2019-20 budget.

## **Date of paper**

10 September 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:

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

\* HPCP 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.

<b>Sample average days per year</b>	<b>Council Members</b>	<b>Council Chair</b>	<b>Committee Chair</b>
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	-
<b>Total</b>	<b>34.4</b>	<b>101.2</b>	<b>20.9</b>
<b>Total (exc. Other activities)</b>	<b>19.4</b>	<b>19.4</b>	<b>20.9</b>

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.

HPCP 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 HPCP.

	<b>HPCP</b>	<b>All comparators</b>	<b>Healthcare regulators</b>
% 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

## HCPC Chair of Council remuneration and expected time commitment

### 1. Time Commitment

- 1.1 The benchmarking report shows that on average Chairs dedicate 101.2 days a year to formal activity. On a 47-week basis this would average to 2.1 days a week. This does not include informal activity such as time spent reading papers or engaging with members outside of meetings.
- 1.2 However, the HCPC's closest comparators in terms of size and profile are the GMC, NMC and GDC. The time commitment for these Chairs is 2.5 to 3 days per week.

	Days per week
GMC	3
NMC	3
GDC	2.5
GOC	2-3
GPhC	1-3
GCC	1
GOsC	1-1.5

#### *Former HCPC Chair time commitment*

- 1.3 The outgoing HCPC Chair was remunerated on an annual basis. This took the form of a 'buy out' of the Chair's time from her main employer for 3/5 of her working time (3 days a week)
- 1.4 The former HCPC Chair, Anna van der Gaag CBE, was remunerated on a day rate basis. This rate was the same as that for Council members.
- 1.5 In her last two years in office the former Chair dedicated on average 4 days a week to HCPC business. However during this period she was extensively involved in stakeholder engagement and research activity.

#### *Future HCPC Chair time commitment*

- 1.6 When setting the expected time commitment for the future HCPC Chair of the HCPC the Council may wish to consider the following:-
  - The HCPC has 16 professions presenting a more demanding and complex stakeholder engagement environment than non-multi-profession regulators.
  - The transfer of social worker regulation in England, prevention agenda and potential regulatory reform may require more time from the Chair.
  - The HCPC is undergoing significant activity to improve PSA standard compliance.

- Setting a requirement at 3 days a week would make it clear that the expectation is that this would be the dominant and principal role of the individual that undertakes it.

1.7 Taking the above factors into consideration the Executive recommends that the expected time commitment for the future HCPC Chair should be either 2.5 or 3 days a week.

## 2. Remuneration

2.1 In agreeing a remuneration rate for the Chair of Council, the Council may wish to consider the following considerations raised in the report;

- There is a broad level of correlation between the remuneration level and the average time commitments for Council Chairs
- However, remuneration rates for Council Chairs are broadly distributed and more likely to reflect the specific circumstances in each organisation rather than market benchmarking rates
- The recommended rate for the Chair of Council has been set in relation to the time spent by former Chairs of Council, rather than in relation to future expected time commitments
- The recommended rate for the Chair of Council is qualified by advice to consider the impact of a comparatively large increase in remuneration against factors such as internal equity and affordability.

2.2 In addition to the considerations covered in point 2.1 above, the Council may also wish to consider any potential external perceptions of a significant increase in the Chair's remuneration.

2.3 The Council may also wish to consider the publically available rates for Chairs of other regulators of health professionals, set out below.

	Annual Allowance	Days commitment per week
GMC	£110,000	3
NMC	£78,000	3
GDC	£55,000	2.5
GOC	£58,806	2-3
GPhC	£56,500	1-3
GCC	£23,440	1
GOsC	£25,500	1-1.5

### *Former HCPC Chair remuneration*

- 2.4 As set out in 1.3 above, the employer of the outgoing Chair was reimbursed for a proportion of her time spent on HCPC business. The HCPC reimbursed a total of £58,250 annually for 3 days' commitment per week.
- 2.5 The previous Chair of Council was paid £63,240 in 2013-14 and £68,200 in 2014-15.

### *Future Chair's remuneration*

- 2.6 Remuneration needs to be competitive to attract high calibre candidates, and reflect the responsibility and exposure of the role. The HCPC is undergoing a period of change and performance development and requires capable Council leadership going forwards.
- 2.7 However, the recommendation from QCG of £86,100 is particularly high and is not recommended by the Executive, taking into account the financial challenges faced by the HCPC, the history of remuneration of the role and comparator rates.
- 2.8 The Executive notes the market rates within the report as set out below

Market Assessment		
Lower Quartile	Median	Upper Quartile
£55,750	£61,500	£105,000

- 2.9 When considering the broad competitiveness of employee remuneration, the HCPC has normally considered that any rate that is within plus or minus 15% of the market median is broadly competitive. This would allow flexibility to consider a rate up to £70,000 p.a.
- 2.10 The previous Chair's annual remuneration of £68,000 is within this 15% range, and would not represent an increase from historical rates paid to former Chairs. It would also position the HCPC well to attract suitable candidates, and remains lower than the remuneration rate of the NMC and GMC Chairs.