

Remuneration Committee, 18 October 2018

HPC Council and Committee member remuneration

Executive Summary

Introduction

A report from QCG, specialist remuneration consultants on Council and Committee member remuneration benchmarking has been commissioned.

The report provides market benchmarking information along with a recommendation on future remuneration.

Aspects of the report relating to Chair remuneration were considered by the Council on 19 September 2018.

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.

Decision

The Committee is asked to discuss the report and make a recommendation to Council on future Council and Committee member remuneration.

Appendices

1 – QCG benchmarking report

2 – Supplementary Executive report

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.

Resource implications

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

Date of paper

10 October 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

Supplementary Executive report

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 professional 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	£334	
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 we have;

- Council meeting days 16
- Committee meeting days 5 (average)
- Training days entitlement 6

- Performance review activity 1
- **Total days 28**

This amounts to an annual remuneration of **£9,548** (28 x day rate of £341)

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

Minimum attendance levels

As the report states, a change to an annual remuneration system would require agreed minimum levels of attendance. The public sector norm for this is 80% attendance annually.

Activities to be included in the fee

Included

- 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
- Reading/emails/telephone calls

Not included

- Registration appeals chairing

Benefits of an annual remuneration approach

Expected benefits include reduced administration of fee claims for both the HCPC and members. It is also expected that a move to an annual rate will attract a more diverse range applicants as remuneration is a set level (for those who need to take time out of main employment or require a stable income).

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