



**Council**  
**2 July 2015**  
**Council member allowances 2016-20**

<b>Classification</b>	Public
<b>Purpose</b>	For decision
<b>Issue</b>	Agreement to a new scheme of Council members allowances from 1 April 2016 to 31 March 2020 as recommended by the Remuneration and Appointments Committee.
<b>Recommendation</b>	To agree the allowances set out in paragraph 16 for the period 1 April 2016 to 31 March 2020.
<b>Financial and resourcing implications</b>	The costs of the proposals are set out in the body of the report. If agreed, the new allowances will be incorporated into the 2016-17 budget.
<b>Equality and diversity implications</b>	A fair system of remuneration and expenses for non-executives is a key factor in facilitating the involvement of people from a wide diversity of backgrounds.
<b>Communications implications</b>	The new allowances will be made public in the recruitment materials for the new Council.
<b>Annexes</b>	None
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## Background

1. At its meetings on 24 March 2015 and 2 July 2015 the Remuneration and Appointments Committee considered the allowances for Council members in the context of a likely reconstitution of Council.
2. At its initial meeting the Committee considered that:
  - a. The rate needs to be sufficient to attract, motivate and retain members.
  - b. Options based on day rates were not attractive although there may be circumstances (e.g. registration appeals) where additional payments should be considered.
  - c. As it is likely that the new allowances will prevail for a period of four years, there needs to be an element of 'future-proofing'.
  - d. The focus on Council members has moved more towards governance and risk management and the level of responsibility is perceived to have increased.
  - e. There is a need to articulate the nature of the 'contract' with members and the expectation on members to add value.
3. At its subsequent meeting the Committee agreed a recommendation to put to Council which is set out in this paper.

## Discussion

### *Comparison with other regulators*

4. At the time of the last reconstitution of Council in 2009 the allowances for Council members were set at £6,500 for members and £22,000 for the Chair of Council. Additional payments were made of £2,000 for the Chair of the Education Committee and £5,000 for the Treasurer. The scheme of allowances was developed on the advice of Cumberledge Connections, a consultancy that has worked with a number of regulators on such matters.
5. Since that time there have been minor changes to allowances. The Chairs of the Osteopathic Practice Committee and the Audit Committee (a non-Council member) are now paid a £2,000 allowance and one inflationary increase of 2% was made in 2010 to allowances bringing them up to £6,630 and £22,440 for Council members and the Chair respectively.
6. The table below sets out the most recently available remuneration figures from across the regulators:

<b>Regulator</b>	<b>Member</b>	<b>Committee Chair</b>	<b>Council Chair</b>
GCC	£6,650	-	£23,000
GDC	£15,000	£3,000	£55,000
GMC	£18,000	-	£110,000
GOC	£13,000	-	£40,000
GOsC	£6,630	£2,000	£22,440
GPhC	£12,000	-	£48,000
HCPC (based on daily allowance)	£5-10,000	-	c.£60-65,000
NMC	£11,000	-	£48,000

7. The amount paid to GOsC Council members is low compared to other regulators and may, if left unchanged, present a challenge to the recruitment of new members.

*The impact of the freeze in allowances*

8. In the five years from 2011 to 2015 where no increase has been made in Council members' allowances, staff pay awards have been 1.5%, 1%, 1.5%, 2% and 2% respectively. If these inflationary amounts had been added to Council allowances they would now stand at £7,177 and £24,292 for members and the Chair respectively.
9. Although it is difficult to gauge the future levels of inflation, if the annual inflationary increase were to be 1.5% from 2016 to 2019 (the duration of the next Council) then by that point the allowances would be £7,617 and £25,782. Should this increase to 2% the levels would be £7,768 and £26,294.

*Workload*

10. At the time of appointment of the current Council the anticipated time commitment for members and the Chair were 18 days and 78 days respectively. The proposed new Council will have ten members and it is anticipated that the time requirements on individual members will increase.
11. The 2012 Governance Review considered the potential workload for Councils of differing sizes based on the existing and proposed governance model at that time, which anticipated time requirements as set out in the table below:

<b>Size of Council</b>	<b>Number of governance days required</b>	<b>Number of days per member</b>
14	217	15.5
10	164	16.4

12. However, this calculation is a bare cost of scheduled committee meetings and not any additional activities.
13. In 2014 the mean time commitment of members (excluding the Chair) was 10.7 days per annum with a maximum of 17.5 days. This figure excludes activities such as reading papers, and ad-hoc discussions with the Executive and colleagues. The time requirements also vary from year-to-year and between members.
14. The workload of the Chair includes attendance at a range of other meetings, for example monthly one-to-ones with the Chief Executive, joint chairs' meetings, PSA meetings and wider engagement activity. On this basis the estimated figure for 2014 of 52 days may be an underestimation of the requirement particularly in years where there is significant recruitment or engagement activity.

*Proposed increase*

15. It is suggested that it would be reasonable to increase the allowances to reflect the need for an inflationary increase over the period from 2010 (the time of the last increase) and 2019 (the start of the final year of the new Council).
16. Therefore it is proposed that from 1 April 2016 until 31 March 2020 (or otherwise as Council decides) the allowances for members should be as follows:

<b>Role</b>	<b>Allowance</b>	<b>% increase</b>
Council member	£7,500	13.1%
Chair of Council	£25,500	13.6%
Committee Chair	£2,250	12.5%

17. The overall cost to the GOsC of this proposal would be £99,750 (taking into account the reduction in the size of the Council and including the Chair of the Audit Committee) compared to the current amount of £114,630. If the Council size were to remain unchanged the cost would increase by £15,120 to £129,750.
18. It should also be noted that if allowances had been increased annually instead of implementing this one-off increase the additional cost to the GOsC would have been £24,000 over the period.

*Other issues*

19. The Committee also considered the arrangements to make payments to members for additional activities, e.g. chairing the liaison meetings with the OEIs and sitting on registration appeals. It is recommending no changes in the current arrangements and no change to the day rate.
20. The Committee also agreed that there was a need to articulate clearly the nature of the 'contract' with members and the expectation on members to add value. As part of the recruitment process for the new Council there will be a clear statement of the expectations on Council members, including:
  - a. The shared accountability for public protection and the high performance of the GOsC
  - b. The need to make a consistent high quality contribution that both challenges and supports, while adding value to the work of the organisation
  - c. Attendance requirements including:
    - i. Core governance meetings
    - ii. Participation in working groups and other policy discussions
    - iii. Preparation for meetings including wider reading and research
    - iv. Involvement in interview and tender panels, and, where necessary registration appeals
    - v. Preparation for, and participation in, appraisals.
    - vi. Occasional attendance at GOsC and external events.

**Recommendation:** to agree the allowances set out in paragraph 16 for the period 1 April 2016 to 31 March 2020.