



To: Council
From: Leonie Milliner & Matthew Redford
Date: 8 May 2019
Paper: C19/006

Council fees & allowances; Audit Committee Terms of Reference

Classification Public

Purpose For decision

Issue This paper describes the following issues for decision by Council:

- a. Council fees and allowances
- b. Audit Committee Terms of Reference

Recommendations

1. To agree the following recommendations of Remuneration and Appointments Committee in relation to Council fees and allowances:
 - a. The annual allowance for Council Members from 1 April 2020 to April 2024 remains at £7,500 per annum;
 - b. The annual allowance for Chair of Council from 1 April 2020 to April 2024 is increased to £27,000 per annum (from £25,500);
 - c. The annual responsibility allowance for the Chairs of the Audit Committee and the Policy Advisory Committee from 1 April 2020 to April 2024 remains at £2,250 per annum;
 - d. To note that there will be no changes to the expenses policy for Council and committee members.
2. To agree the following recommendation of Audit Committee in relation to its Terms of Reference:
 - e. Updated Audit Committee Terms of Reference.



3. To note the process for reappointment of Council members for a further term of office.

Financial and resourcing implications

The budget strategy paper 2020-21 will include the uplift to the Chair of Council's annual allowance.

Equality and diversity implications

None identified.

Communications implications

None identified.

Annex

A: Audit Committee Terms of Reference

Introduction

1. Remuneration and Appointments Committee (RaAC) met on 21 March 2019 to consider allowances payable to Chair of Council and Council members and the responsibility allowances payable to Chairs of Committees from 1 April 2020, as well as expenses from 1 April 2019. A summary of the Committee's recommendations to Council is provided below in paragraphs 4-16.
2. Audit Committee, when it met on 21 March 2019, considered amendments to its terms of reference. A summary of the Committee's recommendation to Council for changes to its terms of reference is provided below in paragraphs 17-18 and in the annex to this paper.
3. Council is asked to note that the process for reappointment of Council members without open competition for a further term of office, as described below in paragraphs 19-28, will be considered by Remuneration and Appointments Committee on 27 June 2019.

Discussion

Council and Committee allowances

4. The review of the remuneration and expenses of non-executives, including the Chair of Council and Council members, is the responsibility of the RaAC, who are tasked within their Terms of Reference to make recommendations to Council.
5. The current levels of remuneration were set by Council in July 2015 for the period of 2016-2020. When RaAC met on 21 March 2019 March 2019 it considered the remuneration and expenses of Council and Committee members for the period covering April 2020 - April 2024.
6. In reaching its recommendations, RaAC had regard to external data from other regulatory bodies which included equivalent amounts paid to Council members, Chairs of Council and the associated time commitments for each position.

Council member allowances

7. RaAC considered data from across the regulatory sector which highlighted the range in the fees payable to Council members, from £6,650 to £18,000.
8. The RaAC examined data from the General Chiropractic Council and General Optical Council, who the committee considered were the most closely comparable regulators in terms of their size and complexity. This data was extrapolated based on time commitment to ensure comparability with the time commitment expected from a GOsC Council member, equivalent to approx. 1.5 days per month.
9. The committee noted that the average allowance from the two comparable regulators was £6,029, below the allowance payable to GOsC Council members. RaAC considered that the GOsC allowance was therefore within range and

recommended no change from the existing allowance from 1 April 2020 to 1 April 2024.

Chair's allowance

10. RaAC considered data from across the regulatory sector which highlighted the range in the fees payable to the Chair from £23,440 to £110,000.
11. The RaAC noted that by the nature of its position the role of Chair carries additional responsibilities and a higher risk profile, as well as a higher workload, and that this justified the additional remuneration. However, whilst the committee noted that the role of Chair carried additional risk, particularly reputational risk, beyond that of individual Council members, it considered that GOsC was an organisation with a low-risk profile.
12. The RaAC also noted data which indicated market drift when comparing the GOsC Chair's allowance with comparable organisations, and therefore agreed it would be reasonable to recommend a small increase in allowance of £1,500 from April 2020. The committee reflected that such an increase would be attractive for an incoming Chair, and that a further uplift was unlikely to attract a greater range of candidates.
13. The RaAC therefore recommended an increase of £1,500 in the Chair's allowance from £25,500 to £27,000, to be paid annually for the period from 1 April 2020 to 1 April 2024.

Responsibility allowances

14. Finally, RaAC considered data from across the regulatory sector which highlighted a range in responsibility allowances from £0 to £3,030, with a sector average of £2,326.
15. The RaAC noted that the current responsibility allowance paid by GOsC is £2,500, which was considered by RaAC to be within an acceptable range and therefore recommended no change from the existing allowance from 1 April 2020 to 1 April 2024.

Council and Committee member expenses policy

16. The level and type of expenses which may be reclaimed by Council and Committee members was also considered. A benchmarking exercise against the sector did not highlight any areas which needed review and therefore the RaAC were content to recommend no change to the current expenses policy.

Audit Committee Terms of Reference

17. During recent meetings Audit Committee has been considering whether its terms of reference are drafted appropriately and whether any changes were required. Following the March 2019 meeting, Audit Committee agreed to recommend to Council a minor change to its terms of reference.

18. The changes, which are set out in the Annex to this paper, have been noted by the Chair of Council in advance of this meeting of Council.

Reappointment of Members of Council

19. The following Council members' term of office ends on 1 April 2020:

Alison White	Lay member (Chair)	Appointed 1 April 2012
John Chaffey	Osteopath	Appointed 1 April 2012
Haidar Ramadan	Osteopath	Appointed 1 April 2012
Joan Martin	Lay member (Northern Ireland)	Appointed 1 April 2014
Bill Gunnyeon	Lay member (Scotland)	Appointed 1 April 2016
Deborah Smith	Osteopath	Appointed 1 April 2016

20. Alison White, John Chaffey and Haidar Ramadan will have completed their eight-year term of office in April 2020. A process for making new appointments for these three roles has commenced (please see agenda item 4 from the Private meeting of Council, 6 February 2019.)
21. Bill Gunnyeon, Deborah Smith and Joan Martin are eligible for reappointment for a further term of office; Bill Gunnyeon and Deborah Smith for a further term of four years, until 1 April 2024 and Joan Martin for further term of two years, until 1 April 2022.
22. Whilst appointments to Council are made by the Privy Council, we are responsible for managing the process to select candidates and to make the recommendation to the Privy Council. The Privy Council are advised by the PSA about the processes we use to recommend candidates for appointment and re-appointment.
23. The PSA has recently updated its guidance document on making appointments, see; *'Good practice in making council appointments, 'Principles, guidance and the scrutiny process for regulators making appointments which are subject to section 25C scrutiny,'* published March 2019.
24. Three aspects of the PSA updated guidance will be relevant in making the decision as to whether reappointments should be made without open competition. They are:
- In considering whether to make a reappointment without open competition, and in the reappointment process, no member should be involved in any matter affecting their own reappointment.
 - For those eligible for reappointment, it should be clear that there is no automatic right for a further term. Decisions to recommend individuals for

reappointment should be based on an assessment of whether they have performed satisfactorily, and whether their skills and expertise will continue to meet the council's future needs. Each application should be considered on merit following an assessment of the Council's expected future needs and current skill set.

- c. In designing the process for agreeing a recommendation for reappointment, we will need to be able to demonstrate that the candidate for reappointment has been appraised and has demonstrated satisfactory performance and that during the process of reappointment third party and key stakeholder feedback is sought, in particular from the Chief Executive and Registrar, or, should this not be possible, other members of our senior team.
25. RaAC at its meeting on 27 June 2019 will consider in principle whether to make reappointments to Council without open competition. In the meantime, the Chair and/or Chief Executive will ascertain which eligible members would like to seek reappointment, early enough to allow an open competition to be run if the decision of an eligible member is not to seek reappointment.
26. If RaAC agrees to make reappointments without open competition, RaAC will then be asked to consider and agree a process to assess each candidate's suitability for reappointment. In previous years, this process has been led by the Chair of Council and has included:
- a. a standard GOsC application for reappointment form, which includes a statement setting out the individual's case for reappointment and a confirmation that they can meet the time commitment for the role.
 - b. a completed appraisal form, including report on attendance.
 - c. a due diligence check, including complaints, any FtP matters and conflicts of interests.
 - d. submission of an 'Advance Notice Form' to the PSA, at least six months beforehand.
27. On conclusion of the reappointment process in December 2019, a letter from the Chair of Council recommending reappointment will be sent to the Privy Council recommending reappointment from 1 April 2020.
28. RaAC will also be asked to consider how, in assessing each candidate's suitability for reappointment in accordance with the updated PSA advice, the Chair of Council will seek feedback from relevant stakeholders and the Chief Executive/ SMT.

Recommendations

1. Council is asked to agree the following recommendations of Remuneration and Appointments Committee in relation to Council fees and allowances:
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 - b. The annual allowance for Chair of Council from 1 April 2020 to April 2024 is increased to £27,000 per annum (from £25,500);
 - c. The annual responsibility allowance for the Chairs of the Audit Committee and the Policy Advisory Committee from 1 April 2020 to April 2024 remains at £2,250 per annum;
 - d. To note that there will be no changes to the expenses policy for Council and committee members.
2. Council is asked to agree the following recommendation of Audit Committee in relation to its Terms of Reference:
 - e. Updated Audit Committee Terms of Reference at Annex A.
3. To note the process for reappointment of Council members for a further term of office.

Audit Committee Terms of Reference

Current	Proposed change	Revised
The role of the Audit Committee is to provide oversight that the necessary internal and external systems and processes are in place for identifying, managing and mitigating the risks relating to the discharge of the GOsC's statutory duties, and make recommendations for any actions to Council and the Executive as appropriate. To do this it will:	Delete word 'oversight' and replace with 'assurance to Council'.	The role of the Audit Committee is to provide assurance to Council that the necessary internal and external systems and processes are in place for identifying, managing and mitigating the risks relating to the discharge of the GOsC's statutory duties, and make recommendations for any actions to Council and the Executive as appropriate. To do this it will:
Agree the content of the risk register at the start of each business planning cycle and keep it under review.	Delete word 'agree' and replace with 'Review and make recommendations to Council about'. Insert words 'and structure' after word 'content'.	Review and make recommendations to Council about the content and structure of the risk register at the start of each business planning cycle and keep it under review.
	Insert new Term of Reference.	Review and make recommendations to Council about the effectiveness and proportionality of the risk management process.
Request and receive reports on the management of risk areas identified in the register and make any recommendations.	Delete word 'any'.	Request and receive reports on the management of risk areas identified in the register and make recommendations to Council about improvements needed.

Current	Proposed change	Revised
	Insert words 'to Council about improvements needed' after word 'recommendations'.	
Review the internal financial controls and advise on these controls.	Insert word 'Council' after word 'advise'.	Review the internal financial controls and advise Council on these controls.
Make a recommendation to Council on the appointment of financial auditors to conduct the annual financial audit.	No change.	
Receive a report on preparations for the annual financial audit.	No change.	
Receive the audit report, Audit Findings Report (AFR), draft Annual Report and Accounts, and Governance Statement; make recommendations to Council on the approval of these, and monitor the implementation of agreed recommendations in the AFR.	Insert word 'and' after word 'statement'.	Receive the audit report, Audit Findings Report (AFR), draft Annual Report and Accounts, and Governance Statement and make recommendations to Council on the approval of these, and monitor the implementation of agreed recommendations in the AFR.
Approve proposals for the commissioning of audits of key functions within the organisation and to recommend any areas where special investigation might be necessary.	No change.	

Current	Proposed change	Revised
Receive audit reports and the Executive's response and make recommendations to Council on the implementation of recommendations arising from such audits and investigations.	No change.	
Receive reports on any critical incidents (whether or not reportable to the Charity Commission), data breaches, corporate complaints or whistleblowing, and the Executive's response to them, and make any recommendations to the Executive and Council.	Delete words 'critical incidents (whether or not reportable to the Charity Commission)' and replace with 'incidents reportable under the serious events framework'.	Receive reports on any incidents reportable under the serious events framework, data breaches and corporate complaints or whistleblowing, and the Executive's response to them, and make any recommendations to the Executive and Council.
Receive reports on the Executive's approach to organisational performance management and corporate governance and make any recommendations.	No change.	
Make an annual report to Council on the work of the Committee and an overall opinion on the management of risk within the GOsC.	No change.	
To review periodically its own effectiveness as a Committee.	No change.	