

**Health Professions Council
Finance and Resources Committee Meeting –27th April 2006**

COUNCIL AND COMMITTEE ALLOWANCE FEE CHANGES- PUBLIC PAPER

Executive Summary and Recommendations

1. Introduction

2. Decision

The Committee is asked to agree the following:

- That the attendance fee for HPC Council and Committee members (CCM's) be raised from £260 per day to £300 per day, VAT inclusive, backdated to attendances commencing 1st April 2006. In the latest version of the 06/07 Budget, this adjustment has been built in.
- That the fee rise for CCM's be funded from Budget cost savings made elsewhere i.e. be "bottom line neutral".
- That changing other types of allowance fees such as Partner and PLG member fees be reviewed in early 2007 when the Council reviews the annual Budget for 2007/08.
- That CCM rate changes be periodic adjustments rather than perpetual adjustments (see background section 3.3 for details).

3. Background information

At the last Finance and Resources Committee, it was proposed that CCM daily allowance fees be raised by approximately 15% to £300. This was in response to a request in early 2005 that CCM fee levels be reviewed in one year's time.

There are three key aspects to allowance fees namely, level, scope and how often rates should be changed (duration).

3.1 Regarding level, this is controversial in a similar way that Registrant fee levels are controversial. It may be difficult to agree a "right" level, but it is important that allowance fees be set at a level sufficient to continue to attract people to stand for Council and Committee positions, such that good governance and strategic management can be achieved for HPC and such that fee-paying Registrants believe they are receiving value for money. The same goal applies to partners to perform partner services. For some candidates who stand for CCM office, they may only do so if they believe they are being paid a "market competitive" rate for their services. For others, in standing they accept they (or their employer)¹ are providing some degree of "public good" subsidy in sitting on an HPC Committee and/or Council. As a guide to what is a reasonable level, the Council could consider; what CCM's at similar sized UK Health Regulator bodies are being paid as a daily allowance fee (survey attached). Another guide is whether the fee at a particular level is attracting a good supply of CCM's with the skills and expertise to help HPC meet its goals.

¹ In some cases, the "public good" element comes from the employer paying the CCM a salary but agreeing for them to attend HPC Council or Committee meetings as a CCM in exchange for the allowance fee (which is less than the CCM's actual salary cost). In other cases, where the CCM may be self-employed, they might forgo their (higher) commercial charge-out rate in exchange for the HPC attendance allowance fee, to help HPC meet its objectives.

- 3.2 Regarding scope, this is about fees being paid to CCM's, partners and PLG members (currently only paid to CCM's who serve as PLG members). There is a significantly larger 2006/07 Budgetary impact in widening the proposed 15% fee rise beyond CCM services. The decision is for Council to make, but the likely 06/07 Budget cost impact from including Legal assessors, Registration Assessors, Test of Competence assessors, Hearing Panel members and Visitors in the scope of the 06/07 rise backdated to 1st April 06 is at least £127k. PLG member fee rises would add minimal amount of further cost.
- 3.3 Regarding how often attendance allowance fees should be changed, firstly the CCM daily fee of £260 was set in April 2002. During the period April 2002 to February 2006, Retail price inflation increased by 11.3% cumulative². In raising fees by 15%, this will likely adjust the rate to above the 2002 level in real terms.

For similar reasons adopted in changing Registrant fees by small amounts on a regular basis, it is desirable to change attendance allowance fees by small amounts on a regular basis. On a practical level, it is also easier to implement, as only requires Council meeting approval, unlike for altering Registrant fees, which is a lengthy statutory process.

In addition, there is a question of whether allowance fee rises should essentially be perpetual rises (constantly index-adjusted) or periodic rises (index-adjusted on a periodic basis, but adjustments aren't backdated more than a couple of months). Assuming agreement was reached on the "right" index to apply, the Budgetary cost of perpetual rises³ is likely to be considerably higher than for periodic rises. It also over-rides the "public good" subsidy given by some members and their employers. Furthermore, because of the extra cost imposed by adopting a perpetual system, if a perpetual method was adopted, such rates may need to be adjusted on a case-by-case basis for an individual's actual performance (level of experience and skill demonstrated, quality of contribution etc), in a similar way as for HPC employees.

4. Resource implications

Nil

5. Financial implications

Various, depending on decisions taken.

6. Background papers

Sector Survey on Council and Committee Allowance Fees

7. Appendices

Nil

² Source – Retail Price Indices, National Statistics Office

³ If just CCM fees were raised by Retail price inflation (as the index for all CCM's) for each year's fees paid from 1st April 2002 to March 2006, the backlog of "fee top ups" payable (pre PAYE) would be approx £55k.

8. Date of paper 13th April 2006

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