

# Office Bearer and Committee Convener Remuneration

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Report of the Remuneration Working Party  
presented to the Council of the Law Society  
of Scotland

November 2010

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## FOREWORD

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In October 2009, we were asked by the Council of the Law Society of Scotland to undertake a review of all aspects of remuneration of non-executive roles within the Society. We understood that the Council was concerned that the current system of remuneration is not 'fit for purpose' and that there was considerable frustration amongst many members that a number of earlier reviews had not led to any significant changes.

For this reason, we have sought to ensure that, for this review, we had good reliable information to inform our discussion and underpin our recommendations. We have been able to draw on a variety of benchmarking and other survey material listed in the appendices. We used this information and benchmarking data, together with our own experience of these issues in varied contexts, to understand the basis of current practice and to compare it with remuneration policies and practice within other organisations. We have subsequently developed a set of key principles which we propose as the basis for reforming the Council's policies on remuneration. These were presented to the Council on 24 September 2010 and it was content with the general principles and direction of travel upon which we have developed this final report.

Our goal has been to ensure that the Law Society of Scotland develops a system for remuneration for its non-executive roles which removes or diminishes barriers to taking office, promotes balanced and non-discriminatory representation. We have also sought to 'future proof' our recommendations to ensure a system that enables the Society to pursue its policy objectives over a longer period and for this reason have made a number of additional observations.

We are grateful to the Chief Executive of the Law Society of Scotland for her advice and assistance in our work and in particular commissioning the research and surveys.

This report presents our findings, recommendations and additional observations together with the results of the research and detailed analysis which have informed these. The original planned timescale to conduct and complete this review was delayed following the impact of the Society having two unplanned general meetings and two unplanned referenda, with resources available to the working party having to be diverted elsewhere. However this unavoidable delay resulted in us being able to consider the wider implications of changes contained in the Legal Services Bill which will impact on the Society's committee work and which would not have been available to us if we had reported in the first quarter of 2010 as planned. Our recommendations are still sufficiently early to be implemented in time for the 2011/12 convener year, should the Council so wish.

Bronwen Cohen (Chair) Chief Executive, Children in Scotland and lay observer,  
Council of the Law Society of Scotland  
Douglas Connell, Joint Senior Partner, Turcan Connell  
Alastair Gray, Director, Renaissance & Company; Chairman, British Swimming

November 2010

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## THE WORKING PARTY

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The decision to set up a working party to review the remuneration of non-executive roles undertaken for the Law Society of Scotland followed concerns raised at Council meetings of July and August 2009. Following questions raised at the July 2009 meeting over whether there was any need to pay committee conveners, the President of the Law Society committed to establishing a working party to review remuneration, including benchmarking with other law societies. Subsequently, concerns raised at the Council meeting of August 2009 concerning the President's remuneration led to the scope of the review being expanded to consider the appropriateness of remuneration paid to office bearers. It was to be chaired by a lay Council observer who could report back to Council.

In October 2009, the Board agreed the working party's membership should comprise up to four individuals with the lay Council observer as Chair. The other members were to be a Council member of another professional body; a senior executive with experience of setting remuneration levels for conveners and other non-executive roles in other organisations; and a working member of the Scottish solicitors' profession who has never been on Council and was unlikely to be in the near future. They were not to be remunerated for this task but would have budget made available to them to commission any research and would have access to all relevant Society-held information.

Dr Bronwen Cohen, Chief Executive, Children in Scotland<sup>1</sup>, agreed to chair the group and she was joined by Douglas Connell, Joint Senior Partner of solicitors firm Turcan Connell<sup>2</sup>, and Alistair Gray, Chairman and founding director of consultancy firm Renaissance<sup>3</sup>. At the first meeting, it was agreed that, in place of a Council member of another professional body, information would be taken from a range of other professional bodies.

**Working party terms of reference :**

- **To look at all aspects of remuneration for non-executive roles at the Society**
- **To make recommendations to Council for improvement**
- **To make any other recommendations and observations on governance improvement uncovered in carrying out our task**

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<sup>1</sup> <http://www.childreninScotland.org.uk/>

<sup>2</sup> <http://www.turcanconnell.com/>

<sup>3</sup> <http://www.renaissanceandcompany.com>

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# THE REPORT

## OUR APPROACH

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The working party met six times between October 2009 and November 2010 to complete our work and dealt with some issues by email. We sought a number of data and information inputs which we felt would be helpful in guiding our work and in supporting us to reach conclusions and make recommendations. We commissioned research as follows:

- remuneration paid by other law societies, legal bodies, professional bodies and public bodies
- a survey of the previous six Past Presidents and the current President

We had access to:

- notes summarising previous remuneration reviews
- the current role descriptors for President and Vice President
- Canadian Bar Association report on the role and remuneration of their President <sup>4</sup>
- summary results of a Professional Association Research Networks (PARN) survey into the payment of other professional association presidents
- results of the confidential survey of committee conveners on current remuneration<sup>6</sup>
- total costs of office bearer and convener remuneration over the past nine years
- individual levels of remuneration paid to each office bearer and committee convener

We used this information and benchmarking data to form a picture of current practice and to gauge the direction of change on governance best practice generally. We also used these inputs to create a short list of principles which we felt we could recommend to Council as the basis for reforming remuneration policy.

An over-riding principle that we agreed up front was to seek to ‘future-proof’ our recommendations by looking beyond the current operation of the Society, looking ahead to the organisation’s future, taking account of changes to governance that the Society had already embarked on and changes that are likely to flow from both the Legal Services Bill and any other future legislation.

Although cost in itself was not a principle that drove our review we have costed our recommendations so that Council can be mindful of the impact of our recommendations. We have also taken equality and diversity impacts into account.

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<sup>4</sup> “*The Role of the President*”, Report of the Special Committee, presented to the executive officers of the Canadian Bar Association, May 2006

<sup>5</sup> PARN Member Enquiry Results Summary “*Payment to the President*”, August 2010

<sup>6</sup> Confidential survey of committee conveners carried out by Past President Ian Smart, July 2009

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## EXECUTIVE SUMMARY

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Our findings are structured as follows:

- recommendations on changes to remuneration policy
- general recommendations on governance matters
- observations

We decided that in order to deliver on our task we first needed to establish the purpose and principles of any remuneration. We arrived at our conclusions on this through discussion and consideration of the research material that we amassed, much of it included in the Appendices to this report.

### **The purpose of remuneration**

The working party agreed that our recommendation on **the purpose of any remuneration should be to ensure that the best candidates from throughout the membership would feel able to put themselves forward for any of the non-executive roles that were necessary in the current and future governance structure of the Law Society**. It should therefore be targeted at addressing barriers to candidates from any section of the profession standing for these roles.

### **The principles of remuneration**

We agreed to recommend that the following principles should underpin the Law Society's remuneration policy:

- barriers to taking on roles should be addressed - including consideration of geographical distribution and different forms of legal practice and equality and diversity issues
- those taking on these roles should not be out-of-pocket but equally should not 'profit' from doing so
- there should be full transparency to the membership on remuneration and expenses

### **Recommendations on remuneration policy**

Following these principles and having considered the research material that we amassed, the working party recommend to Council that:

1. remunerate as a 'troika'<sup>7</sup>, led by the President and tied in to a total minimum level of time commitment. This model explained in sections which follow offers a transparent and flexible model which will allow a longer term approach to be taken to strategic changes which need to be championed, whilst ensuring that a wider group of individuals can be considered for office
2. each of these roles should be considered flexibly including the presidential role with flexibility dependent on what elected individuals can offer and on the specific leadership needs of the year in question
3. convener remuneration should be paid for regulatory roles in recognition of the regulatory responsibility they carry but not for representative committees, these

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<sup>7</sup> Definition of a *troika* is a Russian carriage pulled by three horses abreast

- being roles more usually covered by a pro-bono/giving back effort in other law societies and in other professional bodies
4. internal governance conveners, such as audit, nominations and finance should not be remunerated
  5. Board members should be treated like members of other internal governance committees and not be remunerated for their Board role
  6. lay Council members should be remunerated coupled with a minimum commitment of time. The Lay Regulatory Committee Convener should be remunerated. We recommend that an honorarium<sup>8</sup> is appropriate
  7. the Treasurer role should be redefined as a Finance Committee Convener and should not be remunerated in line with other non-executive internal governance roles
  8. a formal expenses policy should be used as the method of ensuring that no-one giving their time to the Society is out-of-pocket this should include out-of-hours child/carers' costs
  9. non-executive roles should not be remunerated as an alternative to roles that should properly form part of the full-time staff
  10. a formal mechanism for keeping remuneration under review should be built in to the governance processes

### **Recommendations on associated governance issues**

Although not specifically part of our task, in the course of our work, we uncovered some other related issues where improvements could be made in governance standards. We recommend that:

1. full disclosure of remuneration and expenses paid to and attendance records of all Council and committee members should be made to the membership
2. office bearer role descriptors should be updated and shared with Council members at the point that nominations are being invited, to better inform on the role requirements
3. a formal role description should be prepared for the Treasurer/Convener of the Finance Committee and shared with candidates who are considering this role in future
4. future revisions of standing orders should specify any role in respect of finance governance including term limits and appointment process
5. the standing orders of the Council are changed to formally include the nominations process
6. a robust and transparent appointment process for the lay Council and Regulatory Committee members is carried out by the Nomination Committee, including external advertising of the role and the setting of clear performance measures for which the Convener should be accountable

### **Observations**

In carrying out our task, the working party observed some good governance practice that we want to positively comment on:

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<sup>8</sup> an *honorarium* is an ex gratia payment made to a person for their services in a volunteer capacity or for services for which fees are not traditionally required - honorarium payments are treated for tax purposes by HMRC as taxable income

- the use of a Nominations Committee to input to the processes involved in securing the best individuals for critical non-executive roles is to be commended
- the executive staff of the Society need to ensure that they work to minimise and avoid unnecessary travel for office bearers based outwith Edinburgh, by maximising the use of new technology and using flexible working methods to ensure that any office bearer is properly supported to be able to carry out their role efficiently

### **Costs/savings/benefits associated with these recommendations**

Increasing costs were an issue that we considered, although it was not a principal consideration. In the past ten years the total cost of governance oversight and convening has more than trebled, rising from £64,000 in 2000/01 to £230,000<sup>9</sup> in 2009/10. We believe this is out of step for an organisation with £8 million of income and 120 staff. We also believe that the current system is not sustainable.

Based on current levels of remuneration, the implications of our detailed recommendations would result in a minimum annual saving of around £60,000 per annum<sup>10</sup> using a like for like comparison. This arises from the slight reduction in the remuneration paid under the 'troika' model (£100,000 instead of £111,000); the removal of the current level of remuneration for the Treasurer; the removal of all representative committee convener remuneration; and, the addition of remuneration for a currently unremunerated role. No changes have been made to the remaining levels of remuneration but these should be reviewed by Council to establish appropriateness.

In making a like-for-like comparison, remuneration for lay members and for the Regulatory Committee Convener have been excluded as these are both dependent on the outcome of the constitutional changes currently under consultation and the number and level of involvement of lay people. A sum of £14,000 has been estimated on the cost calculations shown in Appendix 15. However at this stage these are merely a guide.

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<sup>9</sup> Appendix 2: The Cost of Remunerating Office Bearers and Committee Conveners

<sup>10</sup> Appendix 15: Costs Associated with Working Party's Recommendations



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## THE PRESIDENT, VICE PRESIDENT AND PAST PRESIDENT

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**The working party's key recommendation with respect to these office bearers is that the 'troika' of President, Vice President and Past President are treated as a group who together give a minimum of 25 - 30 days per month.**

**By keeping the individual commitments expected flexible, one of the most significant barriers to ensuring that the widest possible group of members can consider putting themselves forward for office is addressed. This also allows the opportunity to pursue policy objectives over a longer period of time.**

**We recommend that their total remuneration should be set at around £100,000 which is in keeping with other non-executive payments in Scotland and, for that input, is value for money. We recommend though that this remuneration should be flexibly allocated so that, should an individual be unable to take on all aspects of a given role and responsibility passed to one of the other members of the 'troika', remuneration could also be fairly spread in proportion to the roles.**

**This can be made to work, by agreeing the spread of time commitments for each role in advance of the year(s) in question with the Board and the Chief Executive.**

### **The President, Vice President and Past President roles**

The President and Vice President are roles which are required by statute<sup>11</sup>. The Past President is not a role specified as required by statute but is a role provided for in the Society's constitution<sup>12</sup>. Appendix 1 contains details of process by which these roles are appointed and detail on what these roles have typically involved in the recent past.

To serve as President, an individual must have served at least three years on Council and a year as Vice President. Almost all individuals who are voted in as Vice President have also given a significant amount of their time to the Law Society by serving on and/or convening committees. The minimum commitment that any individual is making to their professional body in serving through to Past President is five years and each of those years will contain a varying level of time commitment. The year of greatest commitment is the year of presidency where in the past few years, on average, Presidents have committed between 12 to 20 days per month<sup>13</sup>.

Amongst recent Past Presidents, there was a very high understanding of the requirements of the role with 80% of those surveyed<sup>14</sup> indicating that they understood the time commitments required before they took up the role.

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<sup>11</sup> Paragraph 2(c) of Schedule 1 of the Solicitors (Scotland) Act 1980 requires the Council to appoint a Chairman and Vice Chairman. The Society's constitution confirms in section 2 that "the President" means Chairman and the "Vice President" means the Vice Chairman

<sup>12</sup> Section 15 Constitution of the Law Society of Scotland

<sup>13</sup> Past Presidents' Survey - August 2010 Appendix 8

<sup>14</sup> Past Presidents' Survey - August 2010 Appendix 8

## Remuneration of President

The Society currently remunerates its President with a payment of £73,920 per annum. This is paid to the individual's firm or employer rather than to the individual him/herself to ensure that any tax implication does not fall back on the Society. This level of payment was set several years ago and was set at a level of 60% of the salary of a sheriff, increasing year-on-year as sheriffs' salaries rose. In 2008, this link was broken when the incumbent President and Vice President voluntarily froze their remuneration in light of the recession.

In our survey of Past Presidents<sup>15</sup>, on the benefits of taking up the role of President, we found that that "remuneration" was cited by no-one as a reason for interest in the role. The most popular responses were "giving back to my profession"; "personal development"; "profile building"; and, "networking". Payment is therefore not seen as a motivating factor. However when asked about the barriers to standing for the role of President, all of the Past Presidents responding ranked "financial implications from being away from their firm/employer" as being a key barrier to taking up the role, alongside "work-life balance" and "lack of support from firm/employer". **Our recommendation therefore is that any remuneration paid should be used to minimise barriers to standing as an office bearer but not to fully replace lost income, given that individuals serving as President do gain other non-financial benefits from doing so.**

In benchmarking presidential payment with other UK and international law societies and other legal bodies<sup>16</sup>, the principle of payment has been found to be consistent. The only law society studied which does not remunerate its President is Sweden. The range of levels of remuneration found ran from £102,921 paid to the President of the Law Society of England & Wales (LSEW), a much larger and more complex society, to £38,465 paid to the President of the Law Society of Northern Ireland (LSNI), a much smaller body. The latter payment was set at that level to reflect the cost of a locum solicitor who could be brought into the President's firm to replace the time the firm would lose. This may be an approach which works for solicitors from small private practices, which is a very large part of the fabric of the LSNI's membership, but we believe that it would not necessarily work for the Society. It may work for a solicitor drawn from general practice but large firms, where many solicitors have specialisms, would find it difficult to replace with locum activity. Nor will it work for solicitors who come from the in-house sector, whether that is private or public sector. A secondment programme supported by the Law Society may work however and should be given some serious consideration as an alternative to remuneration in certain circumstances. **Given the diverse background from which office bearers can be drawn, we recommend flexibility in applying remuneration, as a general theme.**

The other law societies studied pay at a very similar level to the Society, with payments to presidents ranging from £70,000 to £90,000. This is backed up by the views of a majority of current conveners who were surveyed about remuneration<sup>17</sup>. Respondents felt the President was not excessively remunerated (63%) although some of these responses were qualified by statements like "if it was a full-time role/more than a day a week" etc. Those that thought it was too much (37%) favoured a 25% reduction. There was no-one who responded who felt that the President's role

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<sup>15</sup> Past Presidents Survey - August 2010 Appendix 8

<sup>16</sup> Appendix 3 contains this benchmarking information

<sup>17</sup> Results of survey of committee conveners July 2009

should be an unremunerated role nor anyone who felt it should be cut by as much as 50%.

However, the Society is clearly out of step with most other professional bodies. In benchmarking presidential payments against other Scottish professional bodies<sup>18</sup>, four out of six did not remunerate their presidents. Of the two that did, both pay significantly less than the Society with the Optical Council paying its President £35,000 and the Royal Institute of Chartered Surveyors (RICS) Scotland providing only a token payment of £1,500. This is also the general picture provided by the results of the PARN member enquiry<sup>19</sup> on presidential payments, a survey to which 28 international professional bodies responded. Of these only 29% made payment to their President.

### **Remuneration of Vice President**

The Law Society remunerates its Vice President with a payment of £37,920 per annum. As with the presidential payment, this is paid to the individual's firm or employer rather than to the individual her/himself. Again, as with the presidential remuneration, the level was linked to the salary of a sheriff, set at 30%.

In benchmarking vice presidential payments with other UK and international law societies<sup>20</sup>, our principle of payment has been found to be out of step with the majority. Of the nine law societies considered, only three remunerated their vice presidents. The range of levels of remuneration paid ran from £51,420 to the Vice President of the Law Society of England & Wales to approximately £15,000 paid to the Vice President of the Law Society of Germany.

The Society's payment is also out of step with other professional bodies. Of the six studied, none remunerate their vice presidents.

**Our view on vice presidential payment is tied up in our general recommendation that any remuneration paid should be used to minimise barriers to standing as an office bearer but not to fully replace lost income and that for Vice President, it should be agreed in proportion to the role agreed as part of a 'troika'.**

### **Profile and diversity issues**

The working party has studied the profile of those who have served as President in the past 20 years (1990 – 2009) and observe that this has not reflected the profile of the profession either in the sections of the profession from which they are drawn or in gender balance. Past Presidents have overwhelmingly been from professional practice and male. There has been however more balance in terms of age and geographical spread.

In the 20 years studied, 95% of Presidents have been from private practice (55% from firms with ten or fewer partners and 40% from firms with more than ten partners); only 5% have been from in-house in the public sector; and none have been from in-house in the private sector. The current profile of the membership reflects 82% in private practice and 18% in-house. It might be expected that a higher percentage of future

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<sup>18</sup> Benchmarking with Other Professional Bodies – Appendix 5

<sup>19</sup> The Professional Association Research Network (PARN) carried out a member enquiry on presidential payments among their members. 28 responded - the results are included in Appendix 15

<sup>20</sup> Benchmarking with other Law Societies - Appendix 3

Presidents might come from the in-house sector, given the growth in this section of the profession and the current make-up of Council. Therefore any improvements to the remuneration system, the principal purpose of which is to address barriers in the way of this happening, should be addressed.

At present the profile of the profession is 54% male and 46% female. In the 20 years studied, only one President (5%) has been female. The current make-up of Council is 72% male and 28% female. Few female Council members have been nominated as a candidate for the Vice Presidency. If a better gender balance is to be encouraged then any remuneration system might be targeted at also helping address any barriers in the way of this improving. In the survey of Past Presidents, 100% noted both “work-life balance” and “caring responsibilities” as being barriers. We believe that if a structured ‘troika’ approach was adopted then barriers to those who perhaps have such challenges might be addressed through spreading the workload across the three roles when necessary. Remuneration would have to be structured to support this.

In the 20 years studied, the average age of Past Presidents is 48, with the youngest being 37 and the oldest being 65 when they assumed the office of President. This is a reasonable spread given the level of experience required before an individual can be nominated from Council to be Vice President. We note this simply as an observation.

In the 20 years studied, 40% of Presidents have come from Edinburgh, 20% from Glasgow and 40% from other geographical areas. At first glance, this appears to be reasonably well balanced and although “geographical/travel challenges” were cited by one of the Past Presidents as a barrier to standing for presidency, it doesn’t appear to have been the case. If anything, the balance between Glasgow and Edinburgh might attract more commentary than a lack of engagement from outwith the two big cities. We observe that travel costs form part of the reimbursement of out-of-pocket expenses policy and therefore do not recommend any adjustment to remuneration to address this barrier. **We do though, observe that the executive staff of the Society need to ensure that they maximise the use of new technology and flexible working methods to ensure that any office bearer based outwith Edinburgh is properly supported to be able to carry out their role efficiently, minimising and avoiding unnecessary travel.**

### **Length of presidency**

Although not specifically a question which this working party has been asked to address, whilst studying the remuneration issue we have inevitably come upon the issue of the term of office. Many people, both in the membership and outside, have previously remarked on the brevity of a year-long presidency, questioning whether it is too short a period for any individual to be effective. This question has been raised and reviewed in other similar organisations<sup>21</sup> but any change dismissed. We have given consideration to this and the challenges it presents in terms of championing strategic change issues through to a conclusion. It sees the ‘troika’ approach as an alternative to extending presidential office, offering instead a joined up, team approach to the Vice President through to Past President cycle and providing the opportunity to pursue policy objectives over a longer period of time. We also highlight the already high level of commitment required to serve in these roles and since firm/employer’s support is one of the highest ranking barriers to taking on the presidency<sup>22</sup>, offer the observation

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<sup>21</sup> see “*The Role of the President*”, Report of the Special Committee, presented to the Executive Officers of the Canadian Bar Association, May 2006

<sup>22</sup> Past Presidents’ Survey - August 2010 Appendix 8

that extending this beyond a year would put this out of reach of most members of the profession and favour individuals nearing the end of their career.

We also observe that the five-month window between being voted in as Vice President and being confirmed in role is an excellent opportunity to take on a structured programme of preparation in advance of taking up the role. This might be used for anything from making arrangements with his/her firm to cope with the expected time away from their existing roles, both as Vice President and looking ahead to President, to carrying out personal development activity, such as media training, in preparation for the role. We understand that these kinds of activities have taken place in the recent past but they do not appear to be part of a structured plan agreed with the Society's executive. The 'troika' approach is also a good model to reduce the preparation and personal development needs of individuals as it would allow a tri-partite approach that will play to individual as well as collective strengths.

**We recommend that the Society's executive offer more structured induction and support for both Vice President and President which aims to deepen their understanding of the roles and explains the support that is available to make them as effective as possible from the outset.**

### **Role descriptions**

Whilst considering the appropriate remuneration for office bearers, we looked at the current role descriptions for both the President and Vice President<sup>23</sup> which were prepared in 2008 as part of the Society's governance reform programme. We observe that they go some way to describing the requirements of the roles although read alone they do not describe the time commitment required to carry out the role. Using some of the content given in the working party's research conducted with the last six Past Presidents and the current President<sup>24</sup>, **we recommend that these role descriptors be improved. We further recommend that these descriptions are shared with all Council members at the point that nominations are being invited so that members of Council can be better informed about the requirements of the role when considering whether they should stand. These should also be openly shared on the Society's website so that the wider membership and the public understand the content and importance of the role.**

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<sup>23</sup> Appendix 13

<sup>24</sup> Past Presidents' Survey - August 2010 Appendix 8

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## COMMITTEE CONVENERS

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**The working party's key recommendation in this section of the report is that, from a remuneration policy perspective, a distinction is drawn between regulatory roles and representative roles. We recommend that regulatory roles are remunerated and representative roles are not. We also recommend that internal governance roles are not remunerated.**

### **Committee conveners' roles**

Committee conveners, whether they are regulatory, representative or committees concerned with the internal governance of the Society (such as audit), are appointed by Council. Any committee may be established by the Council and any committee may establish a sub-committee<sup>25</sup>. There are no term limits for conveners. Committee conveners used to be appointed from within the membership of the given committee by Council following the nomination of the President<sup>26</sup>. This process of presidential patronage had applied for many years but in August 2009 was replaced by a new process handled by a Nominations Committee. The process looks in more depth at roles requiring to be filled and the competencies and experience required for them. The nominations process, which is detailed in Appendix 12, was signed off by Council in the autumn of 2009 and has been operational since. Convener candidates now come through this process before being approved by Council.

It is understood that there are proposed changes to the Society's constitution and standing orders which will enshrine this more transparent process across the breadth of office bearer and committee roles. **We recommend that this change is included in the changes brought forward to the general membership at its annual general meeting. This is a fit with best practice in organisational governance.**

### **Current policy on remuneration of committee conveners**

Payment for committee conveners was put in place in 2001/02 and was introduced at that time to encourage Council members to take on or to keep important committee chairing roles. There was concern at the time that critical roles would not be filled without some form of inducement. There is no information available as to why they were set at the original levels, although historic files show that there was differentiation between them to recognise that some roles took more time to carry out than others.

In general terms, the Society is out of step with other law societies and professional bodies around the world as the vast majority do not pay their members who carry out these roles. The only exception is the Law Society of England & Wales, which does remunerate committee conveners at £3,510 per annum for the representative committees that it retains following the creation of the Solicitors Regulation Authority (SRA). It is worth noting however that there is a distinction to be made between law societies that retain regulatory and representative roles together and legal bodies which are solely regulators, where payment is the norm. This is explored below.

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<sup>25</sup> Specified by the Law Society's constitution (article 22 (1))

<sup>26</sup> Specified in the Society's standing orders

## **Overarching committee conveners**

In 2009, the Society created three committee convener roles to head up what it saw at the time as the three main areas of the Society's business: admissions and registration; support and representation; and, regulation and standards. The purpose of these roles was to pull together the committee structure and to respond to new challenges that are upon the Society in some of these areas, for example, the need for a clear separation between regulation and representation proposed by the Legal Services Bill. This is covered in the definition section below.

No remuneration was specified for these overarching convener roles at the time of their creation, largely as a result of pragmatism in that those Council members who were appointed by Council to take up these roles already held remunerated roles and the Society's policy of no individual being in receipt of two remunerations was applied.

The size of the role assumed by, and the importance placed both by the Society and by Government in terms of the Legal Services Bill on, the lay member who will convene the Regulatory Committee mean that the Society will need to consider whether to remunerate this individual. The reason for doing so would be to tie in the necessary level of commitment from a suitably qualified individual. This would also be in keeping with other equivalent regulatory roles which the benchmarking research identified and which were all remunerated. These are, for example, the chair of the Scottish Legal Complaints Commission, Scottish Legal Aid Board and SRA, remunerated at the levels of £21,600, £35,000 and £75,000. It must be noted however that all three of these chairs are also the most senior role in the governance structure of these organisations. This will not be the case for the Society where the Convener of the Regulatory Committee will remain accountable to the Council. The levels of remuneration paid to these bodies would therefore be inappropriate for this role. **We recommend that a payment is made to the lay Regulatory Committee Convener.**

**We also recommend that the Society put in place a robust appointment process for lay roles on the Regulatory Committee which is carried out by the Nominations Committee and includes transparent external advertising of the roles. We also recommend clear performance measures for the Regulatory Committee for which the Regulatory Committee Convener should be accountable.**

## **Definition of regulatory and representative**

The working party sought to find definitions of regulatory and representative since, from our benchmarking work, this emerged as a key differentiator in remuneration policies of other organisations. This issue has also become clearer with the finalisation of the Legal Services Bill which specifies in the legislation the requirement on the Society to have a distinct Regulatory Committee, chaired by a lay individual. The Legal Services Bill provides guidance on what is anticipated to fall under the regulatory remit of this committee. This is contained within what is proposed to be section 93(9) of the Bill and states:

*“For the purposes of this section, the Council’s ‘regulatory functions’—*

- (a) are their functions of regulating in respect of any matter the professional practice, conduct and discipline of solicitors (including firms of solicitors) and incorporated practices,*
- (b) include their functions of—*

- (i) *setting standards of qualification, education and training,*
- (ii) *keeping the roll,*
- (iii) *administering the Guarantee Fund,*
- (iv) *making rules under sections 34 and 35”*

This has provided a steer to allow the Society’s executive team to take the current committee structure and map it on to a diagram based on this regulatory definition. This appears in Appendix 6. We understand that there may be further work to be done to reorganise committee activity and to further clarify but it provides a helpful guide meantime.

### **Conveners of regulatory committees**

Using the schematic at Appendix 6 allows some clarification of which committees might be considered regulatory. At present, conveners of all of these committees are remunerated with the exception of the Practising Certificate Committee, which is unpaid. Remuneration runs from the highest paid at £10,500 (the Convener of the Guarantee Fund Committee) to the lowest at £5,000 (the Convener of the Admissions Committee).

Appendix 10 provides details of a short survey carried out by the Society to clarify the amount of time dedicated by individuals convening regulatory committees. Although there is some variation, conveners appear to be spending on average around six hours per month preparing for their committee, with the meeting itself lasting around two-and-a-half hours. These committees generally meet monthly. On average, the workload of a regulatory committee convener approximates one full day per month. Their workload will generally involve agreeing agendas and minutes of past meetings, reading papers which have been analysed and prepared by Society staff. They will chair the meeting and ensure that decisions are taken robustly and in adherence with the Society’s standard processes.

Amongst legal regulatory bodies (eg SRA and SLCC) there are payments made to board members (the equivalent of our regulatory committees). These vary from £8,500 paid to SRA board members to £3,480 paid to members of the Judicial Appointments Board for Scotland. Almost all of these payments are tied to participation in meetings.

**We recommend that regulatory committee conveners are remunerated and that remuneration should be set according to the complexity and responsibility associated with the role and not just the time commitment.** This is in keeping with other legal regulatory bodies (eg SRA and SLCC) and with some professional bodies (General Medical Council and General Dental Council).

Although any payment to individual members of committees is not strictly part of the remit of this remuneration working party, it would be incomplete not to consider it as part of this comprehensive look at the Society’s remuneration policies. Attendance allowances are currently paid to a small number of individual committee members, they being the non-Council members of Client Relations Committees, Client Care Committees and the Professional Conduct Committee. These will be paid to both solicitors who are not members of Council and lay members. This allowance amounts to £50 per meeting and involves an annual cost to the Society of just over £20,000. This sum has almost halved since 2005 following the reduction in the number of Client Relation Committees with the advent of the Scottish Legal Complaints Commission. It is intended to cover both attendance at a meeting, lasting between two and three



hours, and the preparation which can take between five to six hours. This was introduced during 2003 to recognise the onerous and time-consuming level of work carried out by those involved in the complaints system in attending committee meetings. At the time, it was becoming more difficult to attract the right quality of lay members given the voluntary nature of the job when a number of other organisations doing similar work were moving to an attendance allowance regime.

The same allowance is paid to solicitor and non-solicitor members of the weekly sifting panel. This panel deals with the review of cases where members of the Society's staff (principally complaints investigators) have recommended that all or part of a complaint should be sifted out. This is seen as an independent check on that area of work and was agreed with the Scottish Legal Services Ombudsman as a positive step some years ago. The work normally takes most of a morning and there is a panel once a week to once a fortnight depending on the volume of work.

**We recommend that consideration is given to tidying up any attendance allowance system and making it consistent across all regulatory committees taking these kinds of decisions.**

### **Conveners of representative committees**

From the responses to questions asked of secretaries to these committees, approximately one day per month is spent on executing the convener's role on these representative committees. However not all of these roles involve an absolute requirement for them to meet monthly and some are breaking away from this modus operandi and are now doing things differently. For example, the Legal Aid Committee has formed itself into a small working group which spends its time dealing directly with the Society staff, negotiating our position with the Scottish Government and Scottish Legal Aid Board and communicating with groups of our members. It doesn't meet monthly as a committee in the way that others do.

At present, there is a very inconsistent picture regarding payment of representative committees, with just over half of them attracting remuneration. Those that are remunerated run from the highest paid at £10,500 (the Convener of the Legal Aid Committee) to the lowest at £4,000 (the Conveners of the Law Reform Committee and Professional Remuneration Committees). **We recommend that the Society is consistent with all of its representative committees and that it ceases remunerating these conveners.** This would be consistent with such committees in other law societies and professional bodies who generally do not to pay representative committees with the exception of LSEW where payment is made to some but at lower levels than the Society pay<sup>27</sup>.

### **Conveners of internal committees**

There are four committees which might be considered as having an internal focus (see Appendix 6). They are Finance Committee; Nominations Committee; Audit Committee and Equality & Diversity Committee. Finance has already been discussed in the previous chapter. The Nominations Committee is currently convened by a member of the Council; equality & diversity by a solicitor who is a non-Council member and audit is convened by a lay Council observer. Of all of these roles, only the Finance Committee Convener is remunerated as a result of being the Treasurer. All other

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<sup>27</sup> Appendix 3

bodies studied did not remunerate such committees, the exception being LSEW which pays the Convener of its Audit Committee £9,000.

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## THE TREASURER AND BOARD MEMBERS

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**The working party's key recommendation with respect to the Treasurer is that this role is reconstituted as a Finance Committee Convener whose role is to oversee the work of the executive finance function. Remuneration for this role should be in line with conveners of other internal governance committees and therefore should be unremunerated. We further recommend that Board members (not already in receipt of remuneration) are also not remunerated, given that the Board is also effectively an internal governance committee.**

### Treasurer

The Treasurer is not a role specifically required by the constitution and is, in constitutional terms, a committee convener elected by Council like any other committee convener under the Council's standing orders. The Treasurer convenes around five Finance Committee meetings a year (generally about two hours at a time) and each meeting involves around two hours of preparation. She/he is ex-officio a member of the Board and therefore involved in Board meetings 12 times a year. She/he reports on the financial performance of the Society at the annual general meeting and presents the budget and proposed membership fees at a special general meeting each year with around four hours' preparation time required in advance of each. There will be occasional inputs required on items such as Audit Committee issues and/or project issues or an annual meeting with relationship managers at our bank. This workload approximates half a day per month<sup>28</sup>. **The working party note that there is no formal role description for the Treasurer and we recommend that this is prepared and shared with candidates who are considering standing for this role in future.**

### Remuneration of Treasurer

The Law Society remunerates its Treasurer with a payment of £10,500 per annum. In benchmarking with a number of national and international law societies, legal bodies and other professional bodies<sup>29</sup>, this payment has been found to be unique both in terms of the level of payment and in the principle of the role being remunerated at all. We found only one other body which remunerated its Treasurer, that being the Law Society of England & Wales. Even then, the payment that is made by LSEW is only £3,510.

Our view is that the general direction of travel in governance of professional bodies is away from having an elected and remunerated Treasurer towards a model where full-time financially qualified executive staff (such as a finance director or chief accountant) are appointed to take responsibility for the financial performance of the organisation and are accountable to the membership through the Chief Executive and a non-executive Finance Committee, Board and/or Council. The Law Society has a full-time, fully qualified accountant and has recently put in place a Finance Committee convened by the Treasurer to increase the accountability of the staff in financial matters. We question whether a remunerated Treasurer is now necessary **and recommend that**

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<sup>28</sup> Role description provided by Jamie Millar as most recent past Treasurer October 2009

<sup>29</sup> Appendix 3, 4 and 5 contain this benchmarking information

**this role is reconstituted as a Finance Committee Convener whose role is to oversee the work of the executive finance function. This should be a non-remunerated role in line with committee conveners of other internal governance committees.**

### **Process to become Treasurer**

The period which a Treasurer serves is not determined. As with any general convener role, there are no term limits and the only requirement is that the individual continues to be a Council member. The past Treasurer served for five years before giving up the role when he became Vice President in May 2009. The process adopted to replace him involved inviting Council to nominate candidates and, for the first time, a relatively recently constituted Nominations Committee vetting candidates against criteria which they had determined were required for the Treasurer role. Had there been more than one candidate nominating themselves for this role, there would then have been a private ballot of Council members to elect the individual. As it was, only one candidate stood and Council unanimously confirmed that appointment. **We recommend that any future revision of standing orders includes specific reference to any role in respect of finance governance including term limits and appointment process. We also observe the use of a Nominations Committee to input to that process and note that this is in line with current best governance practice.**

### **Board members**

The Board was formed to replace the President's Committee in June 2009 as part of the overall governance improvements that the Society had embarked on. The President's Committee was not a committee originally required by the constitution and is, in constitutional terms, a committee set up by Council under the Council's standing orders. The Board has therefore become in effect a committee of Council and Council has determined its role and make-up. The Board meets once per month for around two-and-a-half hours which, together with reading and preparation time, provides for an average commitment of around a day per month for an ordinary Board member.

The Board has 11 members, seven are ex-officio and four are elected by Council. The seven ex-officio members are the President; Past President, Vice President, Treasurer and the appointed conveners of the three overarching committees (see above). The principle of remuneration adopted for the Board pending the completion of this review has been that if an individual is remunerated already, on account of another role they perform for the Society, then they will not receive an additional payment as a Board member. Those Board members not already in receipt of any remuneration are offered a payment which is the equivalent of the lowest remunerated convener, currently £3,000.

We sought benchmarking information from national and international law societies, legal bodies, other professional bodies<sup>30</sup> and public bodies and in doing so found a variety of practices. Amongst law societies that had boards or equivalents there was no payment for these roles, with the exception of England & Wales which pays £1,170. The only professional body studied which pays its board members is the Royal Institute of Chartered Surveyors, which pays £4,800.

A number of other professional bodies, whilst not remunerating their professional members, do pay their lay/public interest members. For example, the Institute of

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<sup>30</sup> Appendices 3,4 and 5 contains this benchmarking information

Chartered Accountants of Scotland (ICAS) pays £7,880 to their three lay members but ties this to a requirement for them to give a set number of days to work for the professional body. The Optical Council pays lay Council members £12,000. This is further explored in the section on lay Council members below.

**We recommend that Board members (not already in receipt of remuneration for another role they perform) are not remunerated, given that the Board is also effectively an internal governance committee.** This is in keeping with the majority of law societies and other professional bodies.

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## NON-SOLICITOR COUNCIL MEMBERS

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**The working party recommends that when the Society appoints non-solicitors as full members of Council, that they remunerate them. The Society should be clear in specifying the role expected to be played by non-solicitor members and should tie individuals to a minimum level of commitment. We recommend as that an honorarium would be appropriate.**

At present, the Society's Council has four non-solicitor observers on its Council. They are non-voting members and are effectively volunteers who receive no payment for their input. They were recruited through an open public advertisement, screened by a working party convened by an office bearer and appointed by Council initially with a term limit of two years. This has been extended by Council three times since. At the time of their introduction to Council, there was no nominations process. The Legal Services Bill now compels the Society to have an unspecified number of non-solicitor members in recognition of its public interest obligations.

The working party has researched lay membership on the governance councils of other professional bodies<sup>31</sup> and has found that a proportion of lay membership is pretty much standard practice for all professional bodies. For example, ICAS have three non-chartered accountant members in a Council of almost 30; the General Optical Council has six non-professional members out of a Council of 12.

We also found that, in the overwhelming majority of cases, lay members were remunerated. The bodies studied pay their public interest members day rates averaging from £175 (Social Services Council) to £310 (General Medical Council) per day. These bodies also typically tie their public interest members into a minimum number of days per month. Some of these bodies also tie their lay/public interest members in to set commitments beyond attendance and participation in Council meetings, for example, by seeking a number of days' commitment to committee or working party activity.

We also looked for comparison purposes at the level of remuneration for non-executive roles on boards of Scottish public sector bodies. On average, these are remunerated at a level of £200 per day.

Given that the Legal Services Bill has now received royal assent, the Society will need to have an appointments process and a clear remuneration policy in advance of putting these roles in place. This is likely to be sometime in the early part of 2011. We therefore recommend that if and when the Society appoints non-solicitors as full members of Council, that they remunerate them. The Society should be clear in specifying the role expected to be played by non-solicitor members and should tie individuals in to a minimum level of commitment. The Council will also have to consider appropriate remuneration for the new lay Regulatory Committee Convener once that role is better understood.

**We recommend that an honorarium<sup>32</sup> is the appropriate way to remunerate non-solicitor Council members and we certainly recommend that they do not go**

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<sup>31</sup> Appendix 5

<sup>32</sup> An *honorarium* is an ex gratia payment made to a person for their services in a volunteer capacity or for services for which fees are not traditionally required - honorarium payments are treated for tax purposes by HMRC as taxable income

**beyond the level of payments made by other professional and public sector bodies of the scale and complexity of the Society, currently around £200 per day.**

**We also recommend that the Society put in place a robust appointment process for these lay Council member roles, which is carried out by the Nominations Committee and includes transparent external advertising.**

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## OUT-OF-POCKET EXPENSES

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A principle established by the working party from the outset was that no individual should take on a non-executive role for the Society and be personally out-of-pocket as a result. We looked in detail at the current travel policy<sup>33</sup> of the Law Society and were content that it was appropriate and covered the vast majority of personal expenses which might ordinarily be incurred in carrying out these roles and if not repaid might be a barrier to candidates from throughout the membership putting themselves forward for such non-executive roles. The exception to this, we believe, is child and other carer costs for work that might need to be carried out outside of normal business hours, which is currently not covered by the Society's policy.

**We therefore recommend that carer costs be added as a category to the Society's expenses policy.**

The working party did discuss the use of 'per diems without receipts' as an alternative solution to covering regularly incurred expenses (eg having an overnight allowance instead of picking up hotel costs) as some other bodies use. However we dismissed these as they can be 'messy' and create potential tax risks for the Society.

We believe that the method of repaying out-of-pocket expenses is appropriate, ie that they should be claimed back by individuals on a regular basis using the Society's online expenses system and backed up by receipts. We also applaud the recent initiative of office bearers to publish their monthly expenses online and the recent Board decision to publish attendance records. Given one of the principles recommended to underpin the Society's remuneration policy is transparency, these initiatives are in keeping with the general direction of travel on good governance.

**We therefore recommend that as a membership organisation, there should be full disclosure of attendance records, remuneration and expenses and paid to all Council and committee members. We recommend however that these are published to the membership only (eg via a password protected area of the Society's website).**

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<sup>33</sup> See Appendix 14



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## **APPENDICES**

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1. The Role of the President, Vice President and Past President
2. The Cost of Remunerating Office Bearers and Committee Conveners
3. Benchmarking with other Law Societies
4. Benchmarking with other Legal Bodies
5. Benchmarking with other Professional Bodies
6. Future Committee Structure Post-Legal Services Bill
7. Costs Associated with Working Party's Recommendations
8. Views of Current and Past Presidents
9. Survey of Committee Conveners 2009
10. Survey of Conveners re Time Commitments
11. Previous Remuneration Reviews
12. Nominations Process
13. Current Role Descriptions for President and Vice President
14. Law Society Travel Policy
15. The PARN Report

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## APPENDIX 1: THE ROLE OF PRESIDENT, VICE PRESIDENT AND PAST PRESIDENT

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The President and Vice President are roles which are required by statute<sup>34</sup>. The Past President is not a role specified as required by statute but is a role provided for in the Society's constitution<sup>35</sup>.

The President chairs the Council, the Board and all general meetings of the Society. There are now around eight Council meetings, 12 Board meetings and two general meetings per year. The President is the lead spokesperson for the Society and the profession and in this role is invited to address the profession at key events throughout the year (eg local faculty meetings and large-scale CPD events). He/she also conducts three admission ceremonies per year for new solicitors. He/she will typically chair or sit on critical strategic level committees (eg the current ABS Working Party). The President is also expected to represent the Society in dealing with other professional and stakeholder organisations, commonly by attending their dinners or other networking events. This normally involves two to three evening commitments per month.

He/she has a key role in interacting with the Cabinet Secretary for Justice (meeting at least four times a year) and with key stakeholders in the legal profession (eg Dean of the Faculty of Advocates, Lord President, Lord Justice Clerk). He/she has a role in representing the Society and the Scottish legal profession outside of Scotland (eg International Bar Association events, the European Presidents' Conference and the 'home' jurisdiction meetings<sup>36</sup>). The President is regularly asked to conduct media interviews and writes media articles as required, including a monthly column for the *Journal*. The President is also expected to lead on initiatives identified by him/her at the beginning of each presidential term, forwarding these personally or through such informal mechanisms as may be created for that purpose within the Society's structures. This workload approximates two-and-a-half days per week excluding evening commitments<sup>37</sup>.

The Vice President is effectively a deputy for the President and in a typical year will pick up a number of the activities described above along with roles on key committees. This workload approximates one day per week but increases at the end of the year as he/she prepares to take over the presidency<sup>38</sup>.

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<sup>34</sup> Paragraph 2(c) of Schedule 1 of the Solicitors (Scotland) Act 1980 requires the Council to appoint a Chairman and Vice Chairman - the Society's constitution confirms in section 2 that "the President" means Chairman and the "Vice-President" means the Vice Chairman

<sup>35</sup> Section 15 constitution of the Law Society of Scotland

<sup>36</sup> Best practice exchange meetings with Law Societies of England & Wales, Northern Ireland and Ireland which take place twice per year

<sup>37</sup> Role outline provided by Ian Smart whilst he was President in October 2010

<sup>38</sup> Role outline provided by Jamie Millar whilst he was Vice-President in October 2010

## **How an individual becomes President**

The constitution and Council standing orders specify the way in which the President and Vice President are to be elected annually by Council<sup>39</sup>. The only requirements to hold these offices are that the individual must be a member of the Society and that they must have been a Council member for at least three years on nomination.

The President, Vice President and Past President are three roles which form a three-year cycle of continuity. The Vice President is elected in December, five months in advance of his/her taking up office on 1 June, the start of a new presidential and convener year. The constitution requires individuals to be nominated and the Society's convention has been to also seek a seconder. Elections take place with each Council member having a single transferable vote. The process is therefore democratic and robust.

At the Council meeting at the end of May, the Vice President, who should have just completed his one-year term of office, becomes President; the President, who has just completed his one-year term of office, becomes Past President; and the Vice President, who was elected the previous December, is officially confirmed in post. These appointments are all confirmed by Council at this meeting. In theory, Council could at this point vote not to confirm the individuals into the roles of President and Vice President but in practice this has never happened.

As well as meeting the requirement to have served at least three years on Council, almost all individuals who are voted in as Vice President have also given a significant amount of their time to the Law Society by serving on and/or convening committees. The minimum commitment that any individual is making to their professional body in serving through to Past President is five years, although this is very much a minimum and each of those years will contain a varying level of time commitment. The year of greatest commitment is the year of presidency where on average an individual will commit anything between 12 to 20 days per month<sup>40</sup>.

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<sup>39</sup> Article 15 of the constitution of the Law Society and section 11 of the standing orders

<sup>40</sup> Past Presidents' Survey - August 2010 Appendix 8

## APPENDIX 2 - THE COST OF REMUNERATING OFFICE BEARERS, BOARD MEMBERS AND COMMITTEE CONVENERS

The cost of remuneration has been one of the driving forces in the review being commissioned. In the past ten years, costs have escalated significantly. The table below shows the costs associated with the posts

<b>Cost of Office Bearers &amp; Convener Remuneration 2001-2010</b>										
	<b>Actual 2000-01</b>	<b>Actual 2001-02</b>	<b>Actual 2002-03</b>	<b>Actual 2003-04</b>	<b>Actual 2004-05</b>	<b>Actual 2005-06</b>	<b>Actual 2006-07</b>	<b>Actual 2007-08</b>	<b>Actual 2008-09</b>	<b>Forecast 2009-10</b>
Committee Conveners	£ 26,250	£ 97,487	£ 108,750	£ 131,010	£ 149,588	£ 175,375	£ 177,539	£ 189,697	£ 151,459	£ 126,800
President	£ 26,469	£ 60,010	£ 62,253	£ 66,493	£ 68,211	£ 75,058	£ 78,340	£ 67,760	£ 73,920	£ 73,920
Vice President	£ 11,345	£ 30,005	£ 31,126	£ 33,246	£ 34,105	£ 32,167	£ 29,813	£ 37,280	£ 37,920	£ 37,920
	<b>£ 64,064</b>	<b>£ 187,502</b>	<b>£ 202,129</b>	<b>£ 230,749</b>	<b>£ 251,904</b>	<b>£ 282,600</b>	<b>£ 285,692</b>	<b>£ 294,737</b>	<b>£ 263,299</b>	<b>£ 238,640</b>

## APPENDIX 3: BENCHMARKING WITH OTHER LAW SOCIETIES

Law Societies and Bar Associations	Scotland 2009-10	N. Ireland 2009-2010	Eng & Wales 2009-10	SRA 2009-10	Ireland 2009-2010	Sweden 2009-10	Norway 2009-10	Germany 2009-10	Holland 2004
<b>Office Bearer Remuneration</b>									
President/Chairman	£ 73,920	£ 38,465	£ 102,921	£75,000	£ 95,000	Unpaid	£ 70,000	€ 90,000	£ 80,000
Vice President	£ 37,920	Unpaid	£ 51,460		Unpaid	Unpaid	Unpaid	€ 18,000	£ 50,000
Deputy Vice President	-	-	£ 25,730	NA	-	Unpaid	Unpaid	Unpaid	
Treasurer	£ 10,500	Unpaid	£ 3,510	Unpaid	Unpaid	Unpaid	Unpaid	Unpaid	
<b>Council/Board Remuneration</b>									
Lay Council Members	Unpaid	NA		£ 8,500	Unpaid		Unpaid	Unpaid	Unpaid
Board/Council Members	Unpaid	Unpaid	£ 1,170	NA	Unpaid	Unpaid	Unpaid	Unpaid	Unpaid
Board Members	£ 8,000	NA		£ 8,500		Unpaid	Unpaid	Unpaid	Unpaid
<b>Convener Remuneration</b>									
<b>By committee</b>									
All Conveners	see below	Unpaid	see below		Unpaid	Unpaid	Unpaid	Unpaid	Unpaid
Quality Assurance	£ 8000	Unpaid							
CRO	£ 6,000	Unpaid							
Client Care	£ 8,000	Unpaid							
Professional Conduct	£ 8,000	Unpaid							
Civil Justice	£ 3,000	Unpaid	£ 3,510						
Guarantee Fund	£ 10,500	Unpaid							
Legal Aid	£ 10,500	Unpaid	£ 3,510						
Education	£ 7,500	Unpaid							
Professional Practice	£ 7,000	Unpaid							
Conveyancing	£ 5,500	Unpaid	£ 3,510						
Criminal Law	£ 5,500	Unpaid	£ 3,510						
Access to Justice	£ 5,000	Unpaid	£ 3,510						
Admissions	£ 5,000	Unpaid							
Insurance	£ 5,000	Unpaid							
CCBE	£ 3,000	Unpaid							
Law Reform	£ 3,000	Unpaid	£ 3,510						
Professional Remuneration	£ 3,000	Unpaid							
Audit Committee	Unpaid	Unpaid	£ 9,000						
Insolvency	Unpaid	Unpaid							
Investor Protection	Unpaid	Unpaid							
Practising Certificate	Unpaid	Unpaid							
Rights of Audience	Unpaid	Unpaid							
Section 31 Legal Aid complaints	Unpaid	Unpaid							
Equality and Diversity	Unpaid	Unpaid	£ 3,510						
Finance Committee	Unpaid	Unpaid							
In House Lawyers	Unpaid	Unpaid							
Nominations	Unpaid	Unpaid							
Solicitor Advocate Accreditation	Unpaid	Unpaid							
Committee Members									

## APPENDIX 4 BENCHMARKING WITH OTHER LEGAL BODIES

Other Legal Bodies	LSS 2009-10	SLCC 2009-2010	SLAB 2008-09	JAB 2009-10	WS Soc 2009-10	CCBE 2009-10	LSB 2009-10
<b>Office Bearer Remuneration</b>							
President/Chairman	£ 73,920	£ 21,600	£ 35,000	£ 17,500	Unpaid	€ 50,000	£ 63,000
Vice President	£ 37,920		£ 15,000	-	Unpaid	€ 8,676	NA
Deputy Vice President	-	-	-	-	Unpaid		NA
Treasurer	£ 10,500				Unpaid		NA
<b>Council/Board Remuneration</b>							
Lay Council Members	Unpaid			£ 3,480	Unpaid		NA
Board/Council Members	Unpaid				Unpaid		NA
Board Members	Unpaid			£ 3,480	Unpaid		£ 15,000

## APPENDIX 5: BENCHMARKING WITH OTHER PROFESSIONAL BODIES

Other Professional Bodies	Law Society of Scotland 2009-10	ICAS 2009-10	RICS Scot 2009-10	Royal Coll Surgeons 2009-10	Royal Coll Physicians 2009-10	Optical Council 2009-10	Teaching Council 2009-10
<b>Office Bearer Remuneration</b>							
President/Chairman	£ 73,920	Unpaid	£1,500	Unpaid	Unpaid	£ 35,000	Unpaid
Vice President	£ 37,920	Unpaid	Unpaid	Unpaid	Unpaid	NA	Unpaid
Deputy Vice President	-	Unpaid	Unpaid	Unpaid	Unpaid	NA	Unpaid
Treasurer	£ 10,500	Unpaid	Unpaid	Unpaid	Unpaid	NA	Unpaid
<b>Council/Board Remuneration</b>							
Lay Council Members	Unpaid	£7,880		Unpaid	Unpaid	£ 12,000	Unpaid
Board/Council Members	Unpaid	Unpaid		Unpaid	Unpaid	NA	Unpaid
Board Members	Unpaid	Unpaid	£4,080	Unpaid	Unpaid	NA	Unpaid
Conveners	Up to £ 10,500	Unpaid					Unpaid

### Additional info about other professional bodies/lay payments

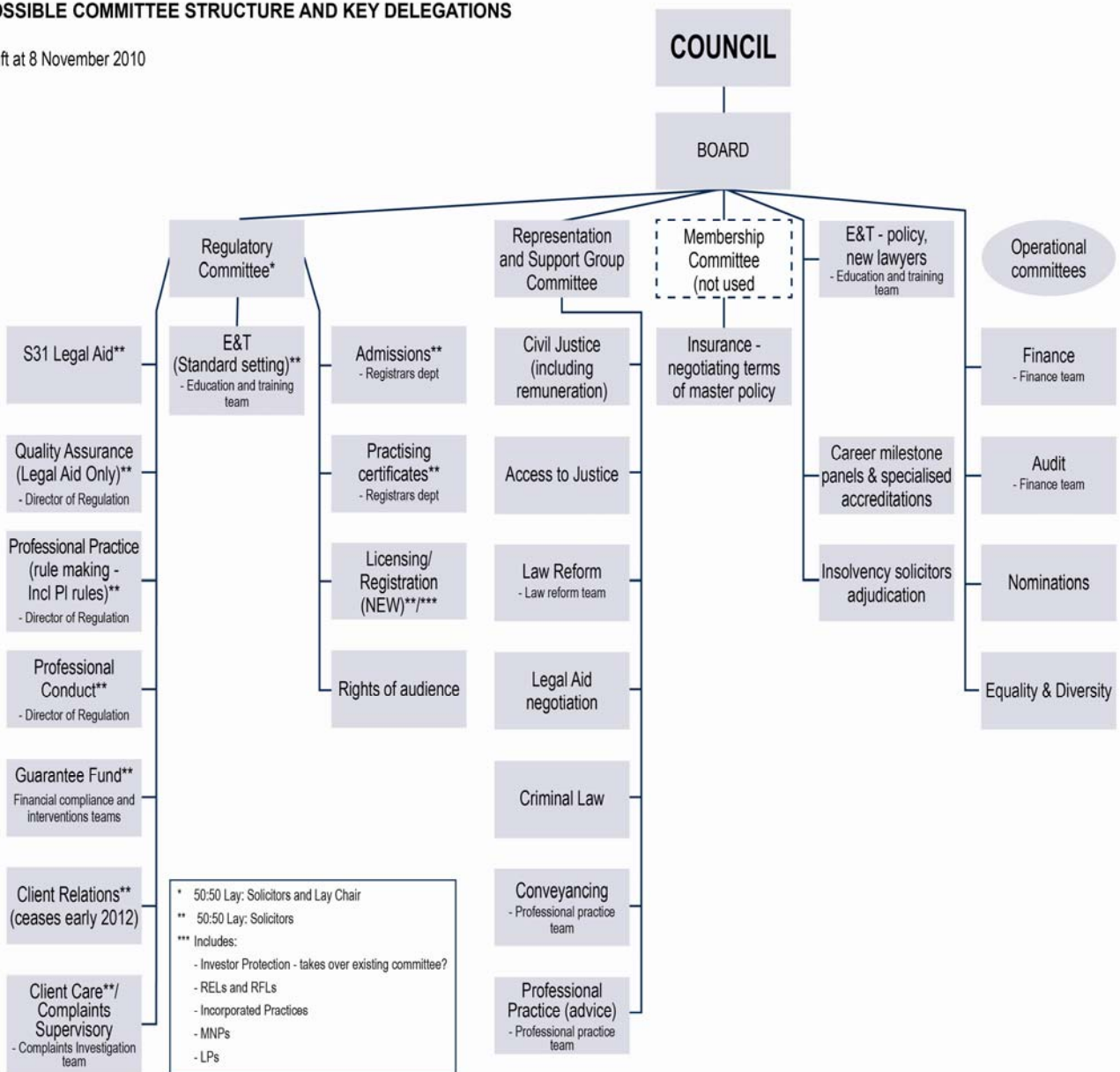
- Actuarial Profession: No payment to professional members; £ 265 per day for non professionals
- Faculty of Advocates: No payments to professional or lay members
- General Chiropractic Council: £ 300 per day for professional and non professional members
- General Dental Council: £ 330 daily rate for professionals and on professionals
- GMC: For both professionals and non professionals a daily rate of £ 310 - for chairs there is an additional daily fee of £ 30

- GTCS: No payment currently to lay or professional members but likely to be a topic for discussion in the near future.
- ICAS: NO payment to professional members but daily rate of £ 210 for public interest members
- Royal Pharmaceutical Society: £ 223 per day for professionals and non-professionals. This will rise to £ 300 per day when the function is taken over by the General Pharmaceutical Council
- the Scottish Social Services Council pay their panel/Committee members £ 175 per day whether professional or lay and £ 225 per day to the convener

## APPENDIX 6: FUTURE COMMITTEE STRUCTURE

### POSSIBLE COMMITTEE STRUCTURE AND KEY DELEGATIONS

Draft at 8 November 2010





## APPENDIX 7 – COST OF RECOMMENDATIONS

	Committee	1st Nov 10 - 31 May 11	1st Jun 11- 31st Oct 12
Regulation	Admissions	£ 5,000.00	£ 5,000.00
Regulation	Insurance	£ 5,000.00	£ 5,000.00
Regulation	Solicitor Advocate Accreditation	Unpaid	£ 5,000.00
Regulation	Education	£ 7,500.00	£ 7,500.00
Regulation	Client Care	£ 8,000.00	£ 8,000.00
Regulation	Professional Conduct	£ 8,000.00	£ 8,000.00
Regulation	CRO - 4 @ £6k	£ 24,000.00	£ 24,000.00
Internal Governance	Audit Committee	Unpaid	Unpaid
Internal Governance	Board	£ 3,000.00	Unpaid
Internal Governance	Finance Committee / Treasurer	£ 10,500.00	Unpaid
Internal Governance	Nominations	Unpaid	Unpaid
Representation	Access to Justice	£ 5,000.00	Unpaid
Representation	CCBE	£ 3,000.00	Unpaid
Representation	Civil Justice	£ 3,000.00	Unpaid
Representation	Conveyancing	£ 5,500.00	Unpaid
Representation	Criminal Law	£ 5,500.00	Unpaid
Representation	Equality and Diversity	Unpaid	Unpaid
Representation	In House Lawyers	Unpaid	Unpaid
Representation	Insolvency	Unpaid	Unpaid
Representation	Investor Protection	Unpaid	Unpaid
Representation	Law Reform	£ 3,000.00	Unpaid
Representation	Legal Aid	£ 10,500.00	Unpaid
Representation	Practising Certificate	Unpaid	Unpaid
Regulation	Professional Practice	£ 7,000.00	£ 7,000.00
Representation	Professional Remuneration	£ 3,000.00	Unpaid
Representation	Rights of Audience	Unpaid	Unpaid
Representation	Section 31 Legal Aid Complaints	Unpaid	Unpaid
		<b>£116,500.00</b>	<b>£ 69,500.00</b>
	President	£ 73,920.00	£ 60,000.00
	Vice President	£ 37,920.00	£ 30,000.00
	Past President	£ -	£ 10,000.00
		<b>£111,840.00</b>	<b>£100,000.00</b>
Lay members			
Assumption in budget	12 Lay members, £200/day, 6 days each	£ -	£ 14,400.00
(in GF accounts)	Guarantee Fund	£ 10,500.00	£ 10,500.00

\* Following the report going to the Society's Council, it was confirmed that Investor Protection Committee should come under Regulation rather Representation and would therefore be a paid position and would affect total recommended cost.

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## APPENDIX 8: VIEWS OF CURRENT AND PAST PRESIDENTS

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<b>Office Bearers Remuneration Research</b>		
<b>Was the time, commitment and nature of the post as you had envisaged before taking it up?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Yes	80.0%	4
No	20.0%	1
	<b>answered question</b>	<b>5</b>
	<b>skipped question</b>	<b>0</b>

<b>How much time did you spend on Law Society business on average per month (approx)?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
2 days	0.0%	0
4 days	0.0%	0
8 days	0.0%	0
12 days	40.0%	2
20 days	40.0%	2
>20 days	20.0%	1
	<b>answered question</b>	<b>5</b>
	<b>skipped question</b>	<b>0</b>

**What do you see as the benefits of taking up the post of president or any other convenerships which you have held? (Tick all that apply):**

<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Giving back to my profession	100.0%	5
Meets a pro-bono/corporate social responsibly objective	60.0%	3
Personal development opportunity/learning new skills	100.0%	5
Profile building	80.0%	4
Networking with peers	100.0%	5
Remuneration offered	20.0%	1
Other (please elaborate)	40.0%	2
	<b>answered question</b>	<b>5</b>
	<b>skipped question</b>	<b>0</b>

**What do you see as the main barriers to members seeking to take up post as president, office bearer or committee convener? (Tick all that apply)**

<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Lack of support from firm or employer	100.0%	5
Financial implications from being away from practice or job role	100.0%	5
Time commitment involved	80.0%	4
Work-life balance	100.0%	5
Carer responsibilities	40.0%	2
Impact on career path	20.0%	1
Travel required	20.0%	1
Election and or appointment process required to be appointed	20.0%	1
Other (please specify)	60.0%	3
	<b>answered question</b>	<b>5</b>
	<b>skipped question</b>	<b>0</b>

<b>Is there anything else you would like to add that you think would be helpful to the group?</b>	
<b>Answer Options</b>	<b>Response Count</b>
	5
answered question	5
skipped question	0

Free text responses for this section have not been published as the survey was carried out on a confidential basis and individuals could be identified through the answers.

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## **APPENDIX 9 – RESULTS OF SURVEY OF COMMITTEE CONVENERS JULY 2009**

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### **Background**

In response to Council's discussion on remuneration at its July meeting, Ian Smart, President, initiated a confidential and anonymous survey of committee conveners to invite their views about remuneration both for committee conveners and for the President. The questionnaire is shown below. This was done in advance and to provide some early views as a basis for the overall remuneration review recommended by Council.

### **Results of survey**

#### **1. Convener remuneration**

83% of all those in receipt of remuneration responded and so it is fair to say that the results are statistically representative. Nearly 60% said that remuneration was not a factor in their decision to accept a convener role although the same number said that removing payment altogether would cause them to reconsider remaining in that role. Some provided commentary alongside this which noted that they were unaware of the amount of work required of them when they first took the role on - which might explain this shift. There was a high level (85%) of support for a 25% reduction in remuneration when those in favour are taken together with those who noted that payment wasn't a factor. 15% though still noted that even this reduction would cause them to reconsider. There was a higher level of push back on a 50% reduction, with over 60% saying this would make them reconsider.

#### **2. Remuneration paid to the President**

Again the majority of respondents felt the President was not excessively remunerated (63%) although some of these responses were qualified by statements like "if it was a full-time role/more than a day a week" etc. Those that did (37%), favoured a 25% reduction. There was no-one who responded who felt this should be an unremunerated role nor anyone who felt it should be cut by as much as 50%.

### **Survey of Committee Conveners July 2009**

1. When accepting a convenership was the payment of remuneration a factor in your decision to accept? YES/NO
2. If the Society stopped paying convener remuneration (not necessarily immediately) would it cause you to reconsider whether or not you were prepared to continue in post? YES/NO
3. If you have answered yes to the above question, would a reduction in the percentages shown below cause you to consider giving up your convenership?  
25% - YES/NO  
50% - YES/NO
4. Do you believe the current Presidential remuneration (£72,000) per annum is excessive? YES / NO

5. If you answered yes to the above, broadly what reduction do you believe would be appropriate? 25%/50%/100%

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**APPENDIX 10 – SURVEY OF COMMITTEE CONVENERS ON TIME COMMITMENTS 2009**

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**Regulation**

**Question 1**

How much work time do you spend preparing for a committee meeting?

	0 – 2 hours		
	2 – 4 hours	XXX	
	4 – 6 hours	X	It depends on the number of cases. On some occasions it has been more than 6 hours. Probably 4/5 hours on average and often more dependent on number of items on the agenda and length of reports
	More than 6 hours	XXX	

**Question 2**

As part of your preparation, do you have a pre-meeting or discussion with the committee secretary in order to clarify any issues?

1. if necessary - usually an email exchange or two, and a phone discussion if necessary
2. normally to deal with any last minute tabled papers and clarify any unusual issues
3. yes, by telephone
4. no; whilst I do not generally have any formal meetings or discussions prior to a meeting, I do sometimes communicate by email in relation to issues which have arisen. I am also aware that this avenue is available to me in the event that any matters might arise in the future
5. yes; will either email or telephone secretary day before the meeting if I have any concerns, or will make an effort to discuss issues with secretary before the meeting convenes
6. yes

**Question 3**

How long do your committee meetings normally take?

	0 – 2 hours	XXX	
	2 – 3 hours	XXXXX	
	More than 3 hours		

**Question 4**

How often does your committee meet?

Monthly	XXXXXXXX	
Every two months		
Quarterly		
As required		

**Question 5**

How much time do you spend revising the minute following the committee's meeting?

Under 1 hour	X	
1 – 2 hours	X	
2 – 4 hours	XXXXX	<ul style="list-style-type: none"> <li>• Again it depends on the length of the agenda and the number of issues involved in each case.</li> <li>• On average 2.5 hours – weekend task</li> </ul>
4 – 6 hours		
More than 6 hours		

**Question 6**

How much time in a month do you spend over and above the time listed above in dealing with matters directly relating to your committee? Can you specify what those matters are?

- from the time I leave the office, around an hour and 20 minutes to and fro, travelling to attend the meeting. Sometimes 30 minutes or so further revising the minute if issues arise after it has been initially revised
- occasionally I get reports of decisions that have been reviewed by the Ombudsman to read and pass on to the committee. As a further comment, I would add that as a member of the Guarantee Fund Committee, I chair every three months one of the interviewing panels. The time involved in preparing for such meetings and conducting same can run to in excess of ten hours. With the current review taking place, thought should be given to some sort of remuneration for those chairing these panels as the work involved is as much as other conveners do and also involves revising the minute of the proceedings
- as required – in response to Ombudsman and SLCC's opinions
- in addition to the times specified above, I regularly undertake further research to enable me to keep up to date with developments in the field of client relations, including reading reports from the discipline tribunal. I also participate in a number of other committees, such as client care and professional practice which help me keep

abreast of developments in this area. I would estimate that I would spend at least 4-5 hours engaged in the foregoing work

- can't think there would be much additional time spent over and above the times stated in previous questions
- estimate ten hours. Travel 5 hours per month. Reading, assessing and providing written comments on LCC opinion. Meeting representatives of LCC in relation to opinions and threat of publication. Regular liaison with committee secretary re various decisions by LCC. Membership of Regulatory Committee by dint of being client group convener. This meets quarterly at DG, necessitating preparation and travel

## **Other Conveners**

### **In-House Lawyers and Rep & Support**

Most weekends and evenings

### **Treasurer**

Attends around five Finance Committee meetings a year and each meeting involves

- Preparation – 2 hours
- Meeting – 2 hours

Total in the year = 20 hours

There are prep meetings for AGM & SGM totalling 4 hours in the year.

So the treasurer spends 24 hours a year preparing for and attending meetings.

### **Equality & Diversity**

6-7 hours in preparing for, travelling to & fro and attendance at each meeting.

### **Law Reform**

Around 6-7 hours per meeting (quarterly) to include preparation for, travelling to & fro and attendance at the meetings. In addition to that, attendance at extra meetings such as with Scottish Law Commission, or helping with hosting dinners for guests invited to speak at law reform meetings and those can take anything from 2-5 hours. These extras can occur 3-4 times per year depending on the law reform agenda.

### **Professional Practice**

Around 7-8 hours per meeting (monthly) include preparation, travelling to & fro and attendance at the meeting itself.



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## APPENDIX 11 – HISTORY OF REMUNERATION AND REVIEWS

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From notes contained in Law Society files, it appears that the remuneration of committee conveners only started in 2001/02 and, according to an internal memo on file (2 May 2005), was introduced to “save Council members rather than to add value to the convener/committee system”.

A review of this remuneration policy commenced in the early part of 2004. It would appear, on the back of some conveners feeling that “compensation” had remained the same over several years but that conveners’ workloads had increased. An analysis of compensation was carried out at this stage and was benchmarked with other law societies from other parts of Europe. The analysis at that time showed that across 14 European countries, only Scotland was paying for conveners. No-one was paying for Council membership and just under half (including Scotland) were remunerating office bearers.

In October 2004, the working party involved made some recommendations. They decided that their remit was only with respect to committee conveners’ payment. They considered that all conveners were not the same, highlighting those with regulatory remits as being more onerous and that as a principle any remuneration could not reflect hourly solicitor rates but should be more than a “mere token”. They concluded that rates paid at the time seemed about right. They also recommended that some form of performance assessment should be conducted that would be linked to payment and attendance and in particular where a vice convener had stepped in to cover the role of a convener that this should be addressed in a new payment scheme. The Chief Accountant was left to put forward a scheme that met these requirements. Other than some changes to the levels of remuneration, this wasn’t implemented.

In December 2005, the Chief Executive put this back on the agenda of the President’s Committee, highlighting the rising costs and the need for transparency, expressing concerns about the good governance implications and suggesting once again that, as a minimum, appraisal be part of the system. At this point, 29 conveners were in receipt of remuneration. A new working party was formed. They met and considered this with little further analysis and concluded that there was still a need to remunerate conveners but that a formal appraisal system and a method of compensating deputies who took on workloads in the conveners’ place should also be covered. They targeted this to be introduced in 2006/07.

In February 2006, Council member Cameron Ritchie put together a proposed appraisal system which involved seeking consistent remit descriptions of committees; role descriptions for each convener; and objectives to be set which would then be appraised annually by a combination of self-assessment and input from the chief executive and the President. This was followed on by a recommendation from the working party that this should form the basis of an annual review of conveners’ remuneration. Many remits, roles and objectives were populated at the time but the work was not completed. It appears from the files that this might have been due to a combination of the retiral of the Chief Accountant and increased staff workloads.

Although not specifically referred to as a subject of these reviews, the President and Vice President's remuneration is referred to in these files. They were continually annually reviewed upwards until 2007/08 when, as a result of the recession, they were frozen at the initiative of the office bearers serving at the time.

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## APPENDIX 12 – NOMINATIONS PROCESS

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### Process for handling nominations

At the April meeting, the Nominations Committee mapped out the following process, which went in a minute to Council. It is listed below as points A to H. The committee agreed further details, which are noted in italics.

- A. Ensure an agreed remit for the committee is in place, which supports the delivery of the corporate plan.
- B. Ensure that an appropriate set of criteria were in place (developed and approved by group conveners and the Board) specifying the knowledge, skills and attributes required in the job.
- To initiate a process, the outgoing committee convener/executive must submit a role description and remit in template form, which has been approved by the relevant group convener and the Board. A nominations process will not be started until the approved papers are received. The Secretary of the Nominations Committee will be able to provide informal (non-binding) advice during this process. The Secretary of the Nominations Committee will check whether the remit and role have been previously checked by Nominations Committee: If it has, the process will proceed to C below, If not, formal sign-off by the Nominations Committee will also be required. The committee secretary will request approval by email, with a phone conference or meeting used if there is a need for significant discussion. If they are unable to approve, recommendations will be made, and it will be up to the relevant committee convener to amend and re-apply for Board approval. The committee Secretary and Nominations Committee Convener will agree the format of the application required (see E below).*
- C. To publish these to Council members, and, where appropriate, to the wider profession through national advert in the Journal, and request both expressions of interest from individuals and for people to put forward the names of others they feel may be interested and qualified.
- The position will be advertised. At the time the advert is placed, a timetable will be set in place by the committee Secretary, including a:*
- *closing date*
  - *short-listing date*
  - *interview date (held on standby for if required)*
  - *a decision date*
  - *the Council meeting to which the recommendation will be made*
- The committee will be asked to confirm these in their diaries.*
- D. To monitor the pool of applicants and group of conveners in place to identify any issues arising around equality and diversity. If any issues are identified, to take action and/or make recommendations to the Board as to required changes of policy, activities to encourage candidates to step forward, or other appropriate measures.
- This is addressed what we can do about this at '2' below.*

- E. To request that those who have noted interest complete a short application form, primarily a 500-word statement matching their skills and experience to the criteria.  
*A format will have been agreed at 'B' above.*
- F. To short-list from these forms.  
*Nominations Committee members will be provide with a pack containing:*
- i. The committee remit*
  - ii. The committee member role description*
  - iii. The applications received*
  - iv. A short-listing form*  
*A short listing form will take each element of the role description and ask the Nominations Committee member to score the applicant against it, based on evidence and example in the application. A short listing, a scoring system will be used to identify the best candidates.*
- G. If necessary, to hold interviews, either as a full committee or a nominated sub-group of not less than two people, with at least one non-solicitor.  
*Structured questions would be prepared that linked directly to the role description and remit, with each interviewee asked the same questions. The committee will minute the main reasons for their decision as to the best candidate.*
- H. To discuss the outcome of interviews and make a decision on a single name for each position for recommendation to Council (through the President, as currently required).  
*The committee will be asked to confirm these in their diaries.*

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## **APPENDIX 13 – CURRENT ROLE DESCRIPTIONS FOR PRESIDENT AND VICE PRESIDENT**

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### **Purpose of the role of President**

- to champion and lead the profession
- To represent the profession to government, the media and other external bodies
- to be an ambassador for the profession
- to represent the profession at official occasions
- to speak on behalf of Council

### **Key tasks**

- to be accessible to the members and listen to their views
- represent the profession on policy in public areas
- to meet with government and other influential external bodies to build partnerships and represent the views of the profession
- to represent the profession on official occasions
- to agree the Council agenda with the chief executive
- to chair Council meetings
- to network with Council members to ensure their views are known and heard at Council meetings
- to be a member of and chair the Society's Board
- to receive reports on and contribute to the formation of Council policy
- to build positive working relationships with the office holders and with the chief executive
- to set priorities for his/her Presidential year in keeping with the Society's annual corporate plan
- to conduct appraisals of the chief executive, including agreeing objectives and identifying relevant priorities for the Society
- to conduct admission's ceremonies

### **Purpose of the role of Vice President**

- to assist the President in championing and leading the profession
- to assist in representing the profession to government, the media and other external bodies
- to be an ambassador for the profession
- to represent the profession at official occasions as designated by the President

### **Key tasks**

- to be accessible to the members and listen to their views

- represent the profession on policy in public areas as required by the President
- to meet, as required, with government and other influential external bodies to build partnerships and represent the views of the profession
- to represent the profession, as required, on official occasions
- to chair Council meetings in the absence of the President
- to network with Council members to ensure their views are known and heard at Council meetings
- to be a member of the Board and to chair the Board in the absence of the President
- to receive reports on and contribute to the formation of Council policy
- to assist, along with the President, in building positive working relationships with the office holders and with the chief executive
- to assist the President in achieving his/her Presidential year objectives
- to assist in conducting appraisals of the chief executive, including agreeing objectives and identifying relevant priorities for the Society

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## APPENDIX 14 – LAW SOCIETY OF SCOTLAND TRAVEL POLICY

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### Content

Introduction  
General principles  
Travel  
Accommodation & subsistence  
Procedure  
Insurance  
The Travel Company  
Contact Details  
Levels of reimbursement

### Introduction

Many of the Society's staff, Office Bearers, Council, committee members and reporters travel and incur expenses while on Society business in Scotland and abroad. The travel policy sets out what expenses may be claimed and the procedure for doing so.

### Travel Company

A travel company has been engaged to organise the travel and accommodation for all those travelling on Society business. This centralised system will ensure co-ordination, cost effectiveness, accountability and simplification of travel arrangements. Expenses may not be paid if arrangements have been made independently of the Travel Company.

### General Principles

Anyone claiming travel and accommodation expenses should:

- claim only for expenses incurred while **wholly, necessarily and exclusively on Society business**;
- ensure **economy and best value** (e.g. booking tickets in advance, travelling off-peak and avoiding open flight tickets). The Society has a duty to spend its members funding prudently;
- be able to **account** for expenses incurred - all claims must be justified and receipts submitted. The Society is accountable to its members for the way in which their fees are spent and expenses will be audited;
- consider the **environment** (e.g. use conference calls, take the train not the car).

## **Travel**

Booking air and rail travel, other than for local journeys (e.g. between Edinburgh Glasgow), should be arranged through The Travel Company (details page 7).

### Rail Travel

- For journeys less than 3 hours, standard class rail travel should be used. Discretion is allowed to travel first (or business) class but there should be a clear business need.
- For journeys longer than 3 hours, first class travel is permitted.
- When travelling to London consideration should be given to using the sleeper train instead of flying. The sleeper train can be booked first class.

### Air Travel

- There should be no travel by air within mainland Scotland. Flights to the isles are permitted and authorisation for such flights can be obtained from the Deputy Chief Executive.
- Long haul flights (greater than 4 hours). Staff may travel Premier Economy class. Office bearer spouses/partners are also entitled to Premier Economy for long haul flights. When Premier Economy seats are not available consideration will be given to travel in business class.
- Short haul flights (4 hours or less). The best-priced economy class tickets should be purchased. The purchase of flexible or open tickets must be justified. The Travel Company can offer advice on all available options.

### Taxis

The Society has a contract arrangement with a local taxi company and this facility should be used when travelling in the Edinburgh area. Taxis should be used where there is no reasonable public transport alternative.

City Cabs can be contacted on 0131 228 1211 (Ref. No: 508).

For locations other than Edinburgh, the Travel Company can organise a meet and greet taxi service. This is a national service called “where to gov”. When this service is booked, staff will be met by the taxi driver with a name board.

### Cars

#### Hire Cars

If considering the hire of a motor vehicle, formal permission must be obtained from the appropriate budget holder. Hire cars should be booked via The Travel Company as a special arrangement exists regarding insurance.



## Private Cars

- Personal vehicle can be used for business travel. Reimbursement will be at the recommended rates (as approved by the Inland Revenue at that time). The current recommended rates are on page 8.
- Public transport is preferred over private car use. However, where there is a business case, budget holders can authorise private car use. Reimbursement is at the standard mileage rate. If unauthorised, mileage costs will be reimbursed at the public transport rate.
- Prior to travel, copies of documents (showing engine size and insurance demonstrating that the car is covered for business use) must be lodged with the administration department.
- The Society's compliance team must provide their driving licence, insurance certificate, MOT certificate (where appropriate) and vehicle service records to the operations manager on an annual basis as at 31st March.
- The compliance team must report all driving offences to the operations manager without delay.

## Motorcycles & Bicycles

If using a private motorcycle or bicycle for business travel, reimbursement will be at the recommended rates approved by the Inland Revenue at that time. The current rates are on page 8.

## Car Parking and Toll Charges

Car parking and toll charges will be reimbursed at cost on receipt of supporting vouchers. It is recognised that it is not possible to get a receipt for toll charges every time.

## **Accommodation & Subsistence**

This includes accommodation in Edinburgh as an arrangement has been made to secure a corporate reduced rate based on a number of annual bed and breakfast nights.

### Accommodation

- 
- The following criteria must be met in order to justify the Society paying for accommodation. If the business engagement –
- - involves leaving home before 7am
  - involves arriving home after 9pm
  - is scheduled to occur on consecutive days and the cost of travelling each day is more expensive than the cost of accommodation
  - involves a travel time which is greater than 2 hours door to door
- If attending any meeting, conference/ training course, Society dinner etc, consideration will be given to allowing an overnight stay at a hotel close to the venue on the night before or after the event. This should be authorised in advance.
- The compliance team are entitled to accommodation when
  - Visits are planned to take longer than 1 day and/or
  - Travel to the firm's office takes longer than 2 hours door to door
  - Authorised by director
- The Society will pay for meals and accommodation not incidental expenses
- Office bearers are entitled to accommodation at the official conference hotel or one of a similar/equivalent standard.
- At conference/seminars, the local delegate rates should be compared with the rates that the Travel Company quote
- Update staff who organise conferences are entitled to stay at the conference hotel or appropriate venue if they cannot travel to/from their home base within a reasonable time or as the conference dictates.

### Subsistence

- Subsistence rates are detailed on page 8 and are based on time away from the office where no other meals/sandwiches are provided. The rates detailed represent the maximum rates and receipts must be provided. The rate is **not an allowance** and best value should be achieved at all times.
- Claims for meals will be reimbursed where the employees satisfy the accommodation criteria. Lunch may be claimed for, if away from normal place of work during lunchtime.

## **Procedure**

### **Criteria for submitting a Claim**

- Claims must be submitted correctly on the standard expense claim form.
- All claims must represent fair and reasonable value and not exceed expenditure limits.
- Claims must be submitted within 30 days of the date of the claimable event.
- Claim forms must be signed by the claimant and the authorised budget holder.
- All supporting VAT receipts, invoices and related documentation should be attached to the original claim form. If no documents are submitted with the claim, then an explanation should be provided and payment will be at the discretion of the Deputy Chief Executive. Failure to vouch for claims may lead to non-payment.
- If there is an expense of less than £5, please wait until there are sufficient claims to exceed this figure. An exception will be made where a member of staff travels rarely and it may be some time before they incur further expenses.

### **Authorisation**

Expense claims should be signed by the claimant, then checked and authorised by the budget holder or designate to whom the expenditure will be charged. Account managers must obtain authorisation from their head of department. In the absence of appropriate authorised managers/budget holders, the Director of Central Services will be able to authorise all claims.

Travel claims must be authorised as follows:

Staff	Head of Department
Head of departments	Deputy Chief Executive
Office bearers	Deputy Chief Executive
Council members	Registrar
Committee members	Committee Secretary or budget holder
Reporters & others	Committee Secretary or budget holder

### **Advances**

Cash advances can be made when the claim is likely to exceed £250. 48 hours notice must be provided to the finance department. An advance is not an allowance and all expenditure items must be accounted for in the normal manner. The expenses claim should include details of the cash advance (including the repayment of unused cash where appropriate).

The compliance team will be provided with a float to meet normal business costs until they are reimbursed. The level of the float will reflect normal expenditure and be approved by the director of the Guarantee Fund.

## **Foreign Currency**

If travelling outwith the UK, foreign currency will be provided at the equivalent rate of £40 per day. This is not an allowance and all expenditure items must be accounted for in the normal manner. The expense claim should include full reconciliation of the total claim less any advance (including return of unused currency where appropriate).

One week's notice must be provided to the finance department.

The daily rate may be increased if travelling to expensive countries.

## **Payment**

### Electronic

All out of pocket expenses will be settled electronically within 30 days on receipt of an authorised claim. This will involve direct payment into the bank account as advised by the claimant. A confirmation remittance advice will be sent to each individual claimant by email or by post advising payment value and appropriate reference(s).

### Business Visa Cards

Those who have a Society Business Visa Card should complete an expense claim for all items of expenditure in the normal manner. The claim form should indicate that the expense has been incurred using the business visa card and that no reimbursement requires to be made. Credit card receipts indicate proof of purchase, but do not constitute a VAT receipt. Supplier VAT receipts should be provided with all claims.

## **Travel Insurance**

The insurance renewal process requires the Society to submit anticipated travel plans for the following year. Insurance cover is not uniform throughout the Society. Department heads must assess annual travel requirements and notify the director of administration. Contact your line manager for more details.

A reference card is available detailing the helpline, telephone and fax number for the insurers. If travelling outwith the UK, please ensure that you carry this card (available from the director of administration).

Individuals are also required to carry their European Health Insurance Card (formerly E111) when travelling in Europe. For information on and how to apply for the European Health Insurance Card go to:

[www.dh.gov.uk/en/Policyandguidance/Healthadvicefortravellers](http://www.dh.gov.uk/en/Policyandguidance/Healthadvicefortravellers)

## **The Travel Company**

- The Society's approved travel agent is The Travel Company (0131 467 7000).
- Apart from local travel, the Travel Company should be used to book all travel and accommodation. This includes accommodation in Edinburgh. Where possible, and if required, dinner bed and breakfast will be booked.
- Journeys that require onward travel (e.g. airport to city centre) can be arranged through the travel Company.
- If travel plans need to be changed whilst in progress or if there are any other emergency whilst travelling The Travel Company has a 24 hour helpline on Tel: +44 870 160 2170 and select option 1.
- Where bookings are made through The Travel Company they will invoice the Society for travel and accommodation. Incidental expenditure should be paid for separately.
- In addition to all the names and travel/accommodation information there is a requirement to provide the following to the Travel Company:
  - Name of individual
  - Reason for travel
  - Name of conference &/or meeting(This information will be listed on the invoice and reports of the Travel Company and makes reconciliation easier)
- It is anticipated that The Travel Company will hold "travel profiles" for those who travel regularly. This will make booking easier.

## **Contact Numbers**

The Travel Company	0131 467 7000
The Travel Company (24 hr helpline)	+44 870 160 2170 (option 1)
Medical Assistance helpline	+44 20 7173 7872

## Levels of Reimbursement to Staff

### Meals and Drinks

Meal costs are only reimbursed if no meal/sandwiches are provided at the place of work / meeting and where the distance travelled is more than 5 miles from the normal place of work.

Actual receipted costs of meals will be reimbursed up to the maximum detailed below.

- **Breakfast.** The maximum limit for breakfast is £15.00 (inclusive of VAT).
- **Lunch.** Claims for lunch will be reimbursed when staff are absent from the normal place of work during lunchtime and lunch has not been provided by the Society. The maximum limit for lunch is £10.00 (inclusive of VAT).
- **Dinner** (Evening Meal). The maximum limit is £30.00.

### Compliance Team Rates

- **Breakfast** and **dinner** rates as per above.
- **Lunch.** Claims for lunch will be reimbursed if absent from the normal place of work during lunchtime and lunch is not provided. The maximum limit will be £5 (inclusive of VAT). Where an inspection takes place in the vicinity of the Society offices, the compliance team members are expected to provide their own lunches.
- **Coffee/Tea Breaks.** Staff should take adequate breaks. If this involves procuring drinks (tea/coffee) from a local vendor, reasonable claims for reimbursement will be accepted. The maximum limit for breaks will be £3 (inclusive of VAT).

### Incidental Expenses

This includes newspapers, the use of leisure facilities, personal phone calls, will only be reimbursed where exceptional circumstances apply. The cost of business phone calls will be reimbursed provided that a phone bill is forwarded with the claim, with the business calls identified. Laundry bills will be met where the trip is in excess of 5 days.

### Mileage Rates

Society Staff should claim at the appropriate mileage rate from the table below. These are the recommended rates approved by the Inland Revenue at that time. 2006/07 rates are:

First 10,000 business miles in the tax year	40p per mile
Each mile over 10,000 business miles in the tax year	25p per mile
Car sharing (in addition to mileage payments)	5p per mile for each business partner
Motorcycle	24p per mile
Bicycle	20p per mile
Car parking and toll charges	Cost on receipt

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**APPENDIX 15 – THE PARN REPORT**

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## **PARN Member Enquiry Results Summary Payment to the President – August 2010**

The Landscape Institute Charter currently prevents our elected President (or other Trustees) from being paid. We are considering seeking to amend this and would like to know of any relevant experience from other PARN members.

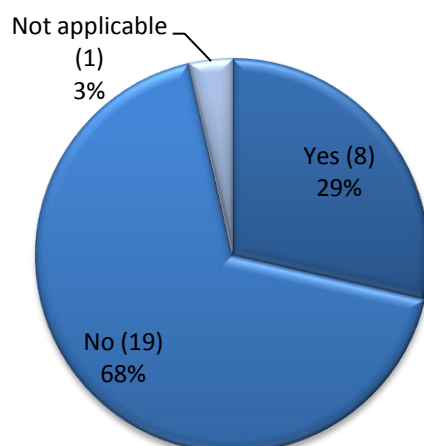
- 1. Have you adopted the practice of paying your President or other trustees? If yes, what has the impact been on your organisation?**
- 2. Are you currently considering this step? If yes, what are the major factors which will weigh in your decision?**
- 3. Have you recently considered and rejected paying trustees? If yes, on what grounds?**
- 4. Please share any other experiences or comments on your organisation's experience with payments to the President or trustees.**

### **Respondents (28)**

The Society of Chiropractors and Podiatrists  
Irish Auctioneers & Valuers Institute (IAVI)  
Chartered Institute for Securities & Investment  
Chartered Institute of Educational Assessors  
Institute of Paralegals  
Institute of Certified Public Accountants in Ireland  
Association of Professional Geoscientists of Ontario  
Psychological Society of Ireland  
The Organisation for Professionals in Regulatory Affairs  
Institution of Occupational Safety and Health  
British Association for Women in Policing  
The Society and College of Radiographers  
British Sociological Association  
Canadian Association of Medical Radiation Technologists  
Law Society of Scotland  
The Chartered Institute of Purchasing and Supply  
British Institute of Facilities Management  
Royal Statistical Society  
Association for Careers Education and Guidance  
Institute of Legal Executives (ILEX)  
The Market Research Society  
BCS, The Chartered Institute for IT  
Institute of Risk Management  
The Nautical Institute  
Royal College of General Practitioners  
Association of Accounting Technicians  
\*Two respondents requested anonymity



**1. Have you adopted the practice of paying your President or other Trustees? If yes, what has the impact been on your organisation?**



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The majority of responding organisations (19) do *not* pay their President or other Trustees. One organisation that does not pay their President does, however, offer compensation for “reasonable expenses” and occasionally provides an honorarium to other volunteers, such as lay members.

*We do not have "trustees" as such, except for small charitable groups within our organisation (e.g. Benevolent Fund). Our President, members of Council and any trustees are paid reasonable expenses: Standard Class train travel, mileage, meals up to £25 per day, and hotel costs. VERY occasionally, some people receive an honorarium, e.g. Lay Members on Committees.*

Another respondent explained that while they do not pay their President for fulfilling the basic responsibilities of the role, they do pay him/her for additional “professional services” rendered.

*But we are allowed to pay at a proper rate for professional services that are properly provided by trustees. A particularly important case concerns our professional examinations - it happens that some of the trustees are examiners (NOT by virtue of the fact that they are trustees, but because of their eminence and suitability for the task) and they are paid for those services. Other cases occasionally arise too. All this is explicitly permitted by our Charter and is explicitly allowed by the Charity Commissioners. There are limitations as to how many trustees can be paid, and they must take no part in discussions on their remuneration.*

Of the eight organisations that do pay their President or other Trustees, four respondents stated that adopting this practice had no discernable impact on their organisation. One respondent provided the following explanation as to why his/her organisation has seen no real change after starting payments to their President:

*The amount paid (and the president is the only one paid) is quite modest and is intended to be a slight compensation for the president's time. The fact there is a payment hasn't, in my opinion, influenced anyone to run for the office of president and the fact there is a modest payment hasn't created any negative reaction from other board members or general members.*

Another respondent noted that they pay their Chairman rather than their President, and sought approval from the Charity Commission before adopting this practice.

Two respondents stated that the greatest impact of their organisation's decision to pay their President has been the *time* the President is willing/able to allocate to the organisation. Additionally, one respondent felt that payment to the President made him/her feel more valued.

In one organisation, the Chief Executive is appointed as one of 12 Trustees. The respondent felt *"this gives the staff a say in the overall governance structure and works well"*.

One organisation that pays their President is currently reviewing the rationale for adopting this practice.

*This has been the practice for some years - it is now the subject of an independent review (along with remuneration for other office bearers, committee conveners and council members); the original basis for its payment is questionable in today's business world and a modern rationale needs to be provided/or not*

**2. Are you currently considering this step? If yes, what are the major factors which will weigh in your decision?**

Only one organisation that does not pay their President is considering doing so in the future. This respondent noted that whether or not they adopt this practice is dependent on *"market rate and budget"*.

**3. Have you recently considered and rejected paying Trustees? If yes, on what grounds?**

Five organisations had recently considered and rejected paying Trustees. Two of these respondents mentioned that they do not pay Trustees because many professionals in their profession are prevented by their employers from accepting payment for outside work. Two respondents also noted that the size and finances of their organisation made payment to trustees an unreasonable expense.

One organisation undertook a detailed review of their Constitution in 2000, which called for their 65 Council members to also serve as Trustees. Consultation with the Charity Commission advised that payment to Trustees in this instance would not be looked upon favourably. Ultimately, the organisation determined that Council members/Trustees would only be reimbursed for travel and accommodation expenses.

Below are two respondents' detailed explanations of the grounds on which their organisation rejected paying Trustees.

*The question of paying the President and other Board members (we don't have trustees) comes up from time to time. We believe that our M&As forbid it in any case. However we considered it and felt that it might be the 'thin end of the wedge' of having to pay a number of volunteers for work done for our organisation. Many of our most active volunteers are consultants and their commercial daily rates would be too much for us to meet. Many members are forbidden by their employment contracts from accepting fees from elsewhere. Perhaps the only way we could pay is if the President was employed by us on a short term 'staff' contract.*

*The possibility of payment for trustees has been discussed by Council. However, we are a relatively small charity with limited funds. Our understanding is that trustees are generally unpaid and not allowed to gain financial benefit, directly or indirectly, from the work of the charity. We also understand that trustees can't usually become an employee of the charity, and employees of the charity can't usually become trustees. Volunteer input is critical to the daily operation of the charity and a large number of our members volunteer. It was felt that it would be divisive to make payment available to certain individuals and not to others and to make payment available to all volunteers would neither sit well with the charitable/volunteer nature of our association nor be financially viable.*

#### **4. Please share any other experiences or comments on your organisation's experience with payments to the President or trustees.**

One of the respondents whose organisation pays their President felt this practice "certainly helps to attract senior people. We pay £35k and they probably work 1 day a week on Institute business but are in the office 3-4 days a week". Similarly, another respondent stated, "We pay for a specific number of days per year. Some have stuck to this number others have done more (and obviously not been paid for this extra work)".

In one organisation, payment to the President "has never been considered...as it would run counter to the ethos of volunteerism".

Six respondents mentioned that whilst their President is not paid to undertake his/her duties, he/she is reimbursed for any expenses incurred while undertaking these duties. One respondent stated that expenses are paid to the President so that *“they do not find themselves out of pocket doing work for us”*. In addition to reimbursing travel and accommodation expenses, one organisation provides a substantial “public relations budget” for the President and Chair which they can use at their own discretion.

*The public relations annual budget sum is currently £7,500 (£5,000 designated for the President and £2,500 for the Chair). These funds are available for the President and Chair to draw down from to cover costs incurred in connection with the promotional work that they do on behalf of the Association. Payment is only made against appropriate receipts. The funds are generally used for travel, accommodation and event fees either for themselves or for speakers they invite. There is always discussion about how the funds will be used...but the introduction of designated funds has been a very enabling move. The President and Chair now have a degree of freedom to take their promotional work forward without feeling that they are being a burden on funds.*

In one organisation, a “Troika” of Presidential posts (including President Elect and Past President) has been created to *“share the workload so no one person bears the whole burden”*.

One respondent exposed both advantages and disadvantages of paying a senior volunteer, such as the President:

*In most membership organisations there is a healthy check and balance distinction between the secretariat and office holders. Payments begin to erode that. The danger is the creation of a cosy club where the secretariat supports and endorses office holders benefits and vice-versa. On the other hand, the role of President who is often taken by a very senior member of the profession who can afford to devote the time. That's great, but it does mean that a particular type of view gets perpetrated/represented (the old adage that Popes are not anarchists because anarchists never get made Pope). Payment may encourage others not quite so financially secure to stand.*

In six organisations, payment is made to the President or Trustees' employer instead of (or in the case of one organisation, in addition to) directly to the individual serving as President/Trustee. Two respondents clarified:

*The president will be expected to commit approximately 20 days per year. These days will be paid at the standard [organisation] rate and payment will go to their employing organisation as payment in lieu of loss of employee time to the organisation.*

*We do pay, on an ex gratia basis, the employers of our council members and Office holders. We offer £1250 to the employer of a council member, and £30,000 to the employer of the President.*

The second respondent's organisation pays the President's employer *in addition* to a small amount paid directly to the President him/herself. The respondent felt that they "*get very good value for this*" and Presidents often offer time "*over and above*" what is required of them.

Payment to the President/Trustees' employer is seen as a way of allowing these individuals to take the necessary time off work in order to complete their duties; one respondent, whose organisation has both a Council Chairman and President, explained:

*Whilst our team of Officers (Chairman, President, Honorary Secretary, Honorary Treasurer and two Vice-Chairs) are not paid, we do have back-fill arrangements for each of them to allow them to carry out their duties. This takes the form of payment for locums to cover their...practice and payment to universities to cover their academic work, if they have any. There have been recent discussions about whether our Chairman should be full time, rather than the 3/4 days a week as at present. The current view is that the current arrangements are appropriate, as it allows the Chairman to continue a level of...practice as well as his [organisation] role. If, in the future, the [organisation] decides on a full-time Chairman role, then it would become necessary to pay the incumbent. At that time, we would need to consult with the Charity Commission about this, as currently the Chairman, as chair of the Council (and ultimate trustee body) is a trustee. I have used the example of our Chairman as this role mirrors the usual role of President in other organisations.*

## **Conclusion**

Only eight of the 28 responding organisations have adopted the practice of paying their President or other Trustees, though three additional organisations make payments to the President/Trustees' employer as compensation for the employees' absence when fulfilling duties as President/Trustee.

Respondents noted that their organisation pays "reasonable expenses" incurred while fulfilling the duty of President/Trustee. Interestingly, one organisation also provides a public relations budget for their President, feeling that this provides greater freedom and relieves the financial burden of the promotional aspect of the President's work. One organisation does not pay their President for fulfilling the basic responsibilities of the role, but does pay him/her for additional "professional services" rendered, such as acting as an examiner for professional examinations.

Of the eight organisations that do pay their President or other Trustees, four stated that adopting this practice had no discernable impact on their organisation. One respondent noted that the payment is “modest” and has not encouraged anyone to run for President who would not have done so otherwise.

Two respondents felt that the greater amount of *time* the President is able/willing to give to the organisation has been the greatest impact of paying their President. One respondent also believes that the President feels more *valued* when offered payment for his/her services.

One organisation that currently pays their President is reviewing the rationale for this practice as it was implemented many years ago.

Only one organisation that does not pay their President is considering doing so in the future, explaining that whether or not they choose to adopt this practice is dependent on “*market rate and budget*”.

Five organisations had recently considered and rejected paying trustees. Reasons for rejecting this idea included:

- A substantial proportion of members are prevented by their employers from accepting payment for outside work
- Size and finances of the organisation make payment to trustees an unreasonable expense
- Consultation with the Charity Commission advised the organisation against paying trustees
- The potential “snowball” effect of paying one, and then another, volunteer
- Paying volunteers only at the highest level could cause discord amongst volunteers at lower levels

One respondent stated that his/her organisation has never considered paying their President/Trustees as this runs counter to the ethos of volunteering. On the other hand, one respondent felt that paying their President had helped them to attract people at a higher level. Another respondent, however, felt that attracting only high level professionals could result in the perpetuation of only certain views; he/she suggested that by paying the President, an organisation could open this opportunity to members at all stages in their career.

One organisation has created a “*Troika*” of Presidential offices, including the Past President and President Elect, in order to distribute the heavy burden of the President.

Please e-mail [info@parnglobal.com](mailto:info@parnglobal.com) for a copy of the full text responses.