

Audit, Risk, & Remuneration Committee

Minutes of meeting on 19 January 2022



Present: Duncan Vernon - Chair (DV)
Jenny Douglas (JDouglas)
Joanna Dowd (JDowd)
James Sandy (JS)
Jessica Lichtenstein (JL)
Pav Johal (PV)

Apologies: David Evans

Item 1 – Welcome, apologies, and declarations of interest

1. DV welcomed the group, particularly JDowd and PV to their first meeting. GJ and DE sent their apologies. There were no new declarations of interest.

Item 2 – Minutes from last meeting

2. The committee noted two sets of minutes, from 11 November 2021 and 9 December 2021. These were accepted as accurate records without further comment.

Item 3 – Progress with actions

3. DV noted that the one overdue actions and most other actions were covered elsewhere on the agenda.
4. JL noted the significant number of actions that had come out of the committee in the past year (75) and wanted to give credit to the team and the committee on moving forward so much work.

Item 4 – Q3 management accounts

5. The group discussed the Q3 management accounts. The accounts were displayed a little differently than previously- showing tracked income and expenses month to month, and comparing year to date figures for Q3. Overall accounts are generally balanced, and spending is on track compared to income.
6. Income was noted to be stable, and approximately as forecasted overall. However, individual items of spend were not necessarily as forecasted; some areas of major spending were not included in last year's budget ie consulting fees for appeals, legal fees, the assessment training evaluation (which is still being worked on, and will be disseminated in the near future), and HR services. Despite this, expenditure and income are roughly balanced for this quarter.
7. It was also noted that portfolio assessor income and expenditure were not budgeted, but again are balanced.
8. JL noted that income and expenditure were expected to remain relatively stable for quarter 4. Additional invoicing practitioner schemes for training is happening now, so that will be

reflected in the next quarter. Also, the new CE's salary would be reflected in the Q4 accounts (invoicing had not yet happened at the end of Q3).

9. The ARRC agreed that they were happy with the way that the accounts were presented, and that they looked forward to an end of year financial review at the next meeting. They highlighted the importance of accurate forecasting in the future.
10. The ARRC agreed that the quote provided by Accuo for enhanced accounting services was reasonable, based on market research conducted by several ACCR members and JL. There are also benefits to continuing working with Accuo because of existing relationships. The IS project may impact on the activities expected of Accuo and number of transactions they need to service, so they recommended a review after 12 months (post-meeting note- this has been reduced to 6 months). It was noted that a new independent examiner would need to be brought in.
11. The ARRC was assured that as part of the IT upgrade project, financial systems would be considered, and that any changes required to ensure the system works smoothly would be considered and brought to the Committee.

Action: Recommendation to approve SLA and new contract with Accuo to be presented to the Board, with SLA to be implemented immediately after.

Action: JL to seek new independent examiner.

Action: JL to update SLA to include Accuo responsibility to advise on development of financial aspects of new IT system

Item 5 – 2022/23 budget

12. The ARRC considered the 2022/23 budget, with assumptions about income and expenditure laid out in the accompanying paper. They were able to compare to 21/22 budget and forecasted end of year spend. It was noted that salary increases and additional staff, which were agreed to be paid out of the reserves, accounted for an excess of expenditure. It was agreed that the Reserves would be added to the document so it demonstrates a balanced budget.

Action: JL to update 22/23 budget to include Reserves as a line item.

13. Regarding the overall budget, it was noted that small increases in the number of registrants had been forecasted, taking into account those added onto the register through the portfolio route, and approximately 70 practitioners coming on to the register.
14. Staff costs are increasing, with the addition of 2 part time team members. This also means that IS and equipment costs are increasing. A nominal travel budget has been included, although working patterns are still unknown. Staff increases aside, the proposed budget is generally balanced.
15. The budget was constructed with the assumption that there would not be any rises in fees. The ARRC were presented with modelling that showed figures for an increase commensurate with the Consumer Prices Index (5.1%), and a nominal increase of £2 (the

approach some larger regulators are taking). They agreed that a nominal increase was not substantial enough to be worth the uplift process, and there was some debate regarding what other options could be taken. It was agreed that spend is increasing overall, even with the reserves being used, but there were significant risks in the system- for example a potential fitness to practice case could become quite expensive as external legal help would need to be engaged. However, even if there is an expensive potential fitness to practice case, reserves will still cover more than 6 months of operation. The team also committed to exploring whether there was learning and process they could use that is already in place in other regulators.

16. There is commitment to an extensive fees review to be undertaken later in 2022, which will benchmark, consider value for money, and how we fund assessment and moderation. That will need to involve consultation across registrants, which would be undertaken in early 2023. Any increases at any point do require registrant consultation. If we do increase fees for 22/23, a short consultation will need to be undertaken, which requires some resource. There was also discussion of whether it was appropriate to implement any increase while the pandemic is still live, and we may wish to take a tactical approach this year of no rise but prepare for a more significant rise next year. However, given the financial risk in the next coming year, the ARRC suggested that the Board may wish to have a more substantive discussion at their February 2022 meeting and make a decision on whether some immediate rises, at least for specialist registrants, was appropriate.
17. It was also noted that an increase in fees for the portfolio route could more easily be increased, as there is not a direct impact on registrants, and the fees are significantly lower than other equivalent routes such as CESR for doctors. This will be reviewed as part of the formal fees review, but an immediate increase for 22/23 is an option. Moderator training fees will also be reviewed.

Action: Item on 22/23 to be brought to the Board for further discussion in February 2022.

Item 6- Revised organisation chart and salary review (note- TO BE REDACTED FROM PUBLISHED MINUTES)

Action: To recommend that the Board approves updated job description and salary.

18. DV had to leave the meeting, and delegated chairing to JDouglas.

Item 7 – Registration software upgrade

19. JL noted that the team were moving at pace with the IT upgrade. A full specification had been drafted with the support of Embridge Consulting, and would be circulated to the two potential suppliers within the next few days. Once applications were received, PJ, JL, JS, and Derek Edwards from Embridge would assess the applications according to the criteria set out, and make a recommendation for Chair's action to proceed.
20. If suggested timelines are adhered to, the build could kick off by early May and potentially a new system could be rolled out in autumn 2022. The team are enthusiastic about the project, and JS is being regularly engaged on behalf of the ARRC to contribute to the process.

Item 8 – fees structure

21. The paper noted that JL had not yet explored consultancy possibilities or scoped the fees structure review, but that she would be prioritising soon. The project is not expected to report until the end of the year, in time for budget setting for 23/24 so we are not yet approaching deadline.
22. JL noted that it would be helpful to have a Board member supporting and advising on the project, as JS is doing for the IT upgrade. It was noted that DE might be interested, and JL will raise with him, alongside the rest of the committee in due course.

Action: JL to liaise with DE and the Board to identify an appropriate individual.

Item 9- Top risk register

23. JL outlined that she'd made some changes to the risk register. Definitions were added, repetitious items were combined, and working was adjusted to ensure the register was an accurate and up to date record of action taken in relation to each risk. It was also noted that the risk register should be addressing specific risks to the UKPHR as an organisation, rather than reflecting on general risks to the public health system across the UK (although of course some of these will impact on the UKPHR).
24. The ARRC were content with the new structure/format.
25. The ARRC explored the items marked as Red, which all remain so. These items may not change in the foreseeable future, but they were content that actions were being taken to mitigate as much as possible. There was particular concern about the government's legislative reform programme; on the surface it does not seem to impact the UKPHR as a non-statutory regulator, but this could change quickly and we need to be as prepared as possible. JL confirmed that she, the Chair and the Vice Chair were meeting the following week to discuss how to bring the conversation to the Board.
26. The other red risk was in relation to structural changes to the UK Public Health landscape, and how this impacts on the UKPHR and its registrants. Solutions are being sought and continuous conversations are being had. There is still the significant risk of disruption, but the team are making headway in ensuring minimal disruption to processes such as revalidation.

Item 10 – Any other business

27. JL noted that she was negotiating a possible fully funded secondment with partner organisations, and that she would report back once progress had been made.

Item 11- Next meeting on Weds 15 May at 14:00