Audit, Risk, & Remuneration Committee

Minutes of meeting on 19 October 2022

Present:	Duncan Vernon - Chair (DV) David Evans (DE) James Sandy (JS) Joanna Dowd- (JD) Linda Smith (LS) Jessica Lichtenstein (JL) Pav Johal (PV)	**Apologies:**	Jenny Douglas

Item 1 – Welcome, apologies, and declarations of interest

1. DV welcomed the group and noted apologies from Jenny Douglas. There were no new declarations of interest.

Item 2 – Minutes from last meeting

2. The committee noted the minutes from 20 July 2022 as an accurate record without further comment.

Item 3 – Action points and matters arising

3. Outstanding actions from the last meeting were discussed.

4. JL noted that in relation to action 21/71, a reserves policy would be brought to the ARRC once she was able to access the bank accounts and seek financial advice from the Lloyd's business account manager. Although the previous chief executive's name is still on the accounts, he can't access it and the ARRC agreed this was relatively low risk.

5. Item 12/22 regarding a communication plan for the fees review is discussed elsewhere in the agenda.

6. JL confirmed that according to action 2/22 she was working with the Accuo on identifying a new independent examiner.

7. DV agreed to share slides from the NHS Provider network .

Item 4 – Quarter 2 22/23 accounts

8. JL introduced the Q2 accounts. Overall she noted that they were slightly under predicted income (by 2%), but 12% underspent compared to the re-forecasted budget.

9. She noted that columns had been added to the budget to allow tracking against what was budgeted for the quarter and the year, and that she'd re-forecasted the budget in several areas due to unexpected expenses or overspend: increased fees for consultancy for the fees

review and ED&I work, pension adjustments, increased PSA fees, e-portfolio development, confidential waste removal, and increased Paypal fees.

10. The ARRC asked for some longitudinal data regarding so they could see patterns from previous years.

Action: Q3 accounts to include longitudinal data re budget/income/expenditure in an excel table

11. The ARRC asked whether we had the right amount of money in the Lloyd's account that would afford the appropriate protection, particularly during renewals season which sees a significant increase in deposited funds.

Action: JL to discuss distribution of funds across accounts with Lloyds once she is able to access account, and include this detail in reserves policy.

<u>Item 5 – Value of registration and fees review</u>

12. The ARRC agreed that the report was of good quality and provided a really useful strategic focus and options for ways forward, particularly to ensure registrants continue to engage with the register and there is limited attrition. It was noted that the link between strategy and finance was particularly useful and will inform next year's strategic plan discussions. It also highlighted the risks and practices that are particularly vulnerable.

13. DE helped advise on the report and felt that some of the content of the report was particularly interesting- for example, framing practitioner registration as a higher level of registration, with an additional 'entry' level at graduation. This has been discussed previously, and other professions referenced in the report have a practice-based educational requirement, which doesn't exist with most public health academic programmes. He noted the absence of a strategy to deal particularly with getting more practitioners on the register, which is key UKPHR aim.

14. The data on comparable registration fees was particularly useful. There was acknowledgement that there are limits on what the market will bear in terms of raising practitioner fees, and that real growth potential is in increasing the number of practitioners. There's more work to be done about how we model the impact of continuous growth of the practitioner register without pricing ourselves out of it. The report, quite rightly, raises a lot of questions that don't yet have answers.

15. There was caution in direct comparison of fees for practitioners particularly, for example with the NMC, who charges one fee whether one is a graduate or a nurse consultant.

16. It was noted that the report confirms the UKPHR has high impact, but there are still fundamental questions about purpose and funding- which may not be a helpful way of framing. know if that's helpful or not but.

17. There was agreement that the term ‘go for growth’ may not be the most useful framing considering the current political climate, and that alternative descriptors should be used. They also suggested changing ‘keep calm and carry on’.

18. JL presented slides that included more detailed financial comparisons and options of different approaches to fee-setting for the next two years. She noted that there are too many iterations of fee increases that could be presented, so she asked the ARRC for a steer on their preferred approach and tolerance for increases in fees so it can be mapped out further for the Board in November 2022 to discuss.

19. She also talked through some of the key risks/areas that required more immediate spending, that could be covered by a fees increase such as formalisation/payment of the Registrar role, extending the Practitioner Registration Coordinator’s contract to continue growth of the programme, a web/comms review, staff pay rises in line with inflation, and funding the e-portfolio development work.

20. Unpaid roles in the UKPHR such as assessors and verifiers were considered in the context of this review, but increasingly there seems to be this recognition and acknowledgement that, particularly for practitioners, the assessors and verifiers come from within the local public health system and that this is considered CPD. Although it may be worth exploring in the future, a more effective push may be getting more involved in local workforce discussions. In terms of portfolio assessors, we are oversubscribed so this is probably not the right time to fully consider this. Although if there are significant increases in portfolio numbers this may be something we return to.

21. The ARRC agreed that there should be a more direct connection in the proposal between the cost of additional elements of the business plan and the fee increases, with an acknowledgement that the strategic plan discussion has not yet happened. The proposals will need to therefore be based on immediate requirements, as outlined above.

22. There was a clear acknowledgement that the bulk of the fee rises should be focussed on specialists, as there is a ready market and the comparable specialist fees are significantly higher than what UKPHR charges. The fees for specialists should be higher than inflation, along the lines of the moderate option presented by the report. It was agreed that the ‘do nothing’ approach was not appropriate, but that it would be difficult to forecast unknown factors such as inflation rates over the next year.

23. All increases should be clearly linked to covering costs and the specific areas we wish to pursue- confirming that they should be linked to consolidation and security, rather than rapid expansion and growth. It was agreed that business planning and forecasting are key to this. Messaging should reflect this.

24. It was also agreed that renewal fees should be pitched as percentage rises, rather than flat rises across the board- with larger percentage rises for specialists- and that this should be presented as an incremental rise over two years.

25. Longer term, it was also agreed that it would be useful to map out additional income from increased registration of practitioners, and to establish some sort of financial targets around this.

26. The ARRC also accepted the recommended fee rises for portfolio assessment and appeals.

27. It was noted that the narrative and communications around how we're going to show the value of the fees increase is essential to bring registrants along with us. We want to be transparent about how we're spending the money to registrants.

Action: JL to reframe and re-forecast potential fee rises for Board discussion in November 2022.

Item 6: Staff remuneration

28. At its last meeting the ARRC asked whether there was anything else the Board could do to remunerate staff outside of in-year pay rises; when increases were introduced in April 2022, inflation was approx. 6%. Since then it's increased to over 10%. In decided pay rises, the Board made clear it's aspiration to match general NHS pay rises. At the time, it was anticipated that these would be 3%. Staff rises were agreed at 3.5%. In the end NHS rises were set at 4%.

29. JL and PJ declared potential conflicts of interest, as they are staff who would receive any remuneration agreed by the Board.

30. JL noted that she'd been very cognisant of ensuring the team had benefits that weren't salary related ie introduction of a flexitime schedule. They also still quality for a home working tax benefit. The ARRC agreed it's a balance between wanting to reward our staff and watching them not to take the hit from inflation

31. JL explained that the options included £200 in vouchers (£1200 total), which count as trivial benefits and are not taxable. The other option is a bonus, which is taxable and could be any amount. These costs aren't budgeted but should be absorbed in a likely underspend for the rest of the year. The ARRC also noted the option of an in-year pay review, but this would have additional costs such as pension adjustment fees.

32. It was noted that those who are on a lower salary would be more impacted by the cost of living crisis, and that perhaps any bonuses should be given based on percentage of salary rather than fixed bonus.

33. DV noted that there is a fixed process for re-considering salaries and because these will be reviewed again in the new year, a one-off payment around Christmas time might be the most impactful. It was also noted that this could be framed as a reduction of inequalities.

    Action: JL to engage with the team and reframe bonuses in terms of % and re-submit paper to Board for final decision

Item 7 – Temporary contract extensions

34. The temporary roles of Registration Services Officer and Practitioner Registration Coordinator were for a duration of one year, and expire January and February 2023 respectively. JL noted that these two new roles have allowed UKPHR to take on new challenges like the IS upgrade, dedicated work on improving and expanding practitioner registration, and have significantly improved staff morale and wellbeing.

35. Some responsibilities taken on by the Registration Services Officer role are intended to phase out after implementation of Registration Online (ROL), as it is expected that this will significantly reduce the administrative burden on the team. However, there will still be admin that needs to be re-allocated and dealt with. Ending this contract just as ROL is going live is a great risk, and puts UKPHR in a vulnerable position before the impact of ROL is measured.

36. The Practitioner Registration coordinator has been able to take on a number of improvement projects to ease bottlenecks in the system and increase access to schemes. There are also plans for increased employer engagement and promotion of graduate and apprenticeship guidance. To end this post severely restricts the momentum we've gained in this area. Eventually this post is envisaged to be permanent, as practitioner numbers continue to increase.

37. As there was significant underspend this year on project management services for the IS upgrade, salary costs for the remainder of the financial year are affordable. Costs will be build into the budget for 23/24.

38. The ARRC agreed that they would prefer a 12 (rather than the proposed 6) month contract extension; none of these projects are going to happen quickly and it gives the team ample notice if they need to start job searches. They generally agreed that this should be affordable, and the benefits of increased resource for a longer period would continue to enable improvement and expansion. This is in line with the vision expressed through the fees increase discussion.

<u>Item 10 – Risk register (item taken early)</u>

39. JL presented an updated risk register. She noted that the red risks are now mostly in relation to issues outside of UKPHR's direct control such as workforce issues impacting on the system's ability to continue to support registration, and HEE coming under the auspices of NHS England/NHS Improvement with potential budget cuts. A new risk has been added that focusses on the workforce issues. It was agreed that the best mitigation for these risks was to continue to foster close working relationships, engage in workforce conversations, and monitor closely.

40. DV noted that it would be useful to understand age profile of registrants, as specialists leave the profession because of burnout. JL confirmed that this data would be collected with the implementation of the ROL, so in time we'll better understand the risk.

41. DV asked that the risk around the Registrar not being contracted or paid be added to the register.

Action: JL to add risk regarding nature of Registrar role to the risk register.

42. DV also noted that any decisions on how any income from fee rises are spent should be linked to risk.

Item 8 – reduced fees

43. PV presented an item on potentially implementing a reduced fees policy. This links to recently approved extenuating circumstances and reasonable adjustments policies.

44. Currently there is no reduced fees framework, although there is tax relief available. The Registrar may make considered decisions to reduce or defer fees based on individual circumstances- but these decisions can be difficult to make without setting unintentional precedents.

45. There isn't a feeling from registrants that this is an urgent issue, but as we're looking to formalise many of our decisions with clear policies, this seemed like a gap. Four out of nine other regulators explored offer something like this. We receive about 5 or so registration enquiries that refer to sick or parental leave.

46. A number of options were modelled, which were discussed. The very highest estimation would result in approximately a 3% loss in income. Reduction levels would vary based on average incomes at different levels of registration, and this could be reviewed.

47. The ARRC noted that whether someone was full time or part time would impact salary, so we would want to base anything of FTE equivalent salary. They also felt that since demand hadn't been high, we may not wish to advertise this. That said, it's good to have transparent policies and decision making. It's also important to define the purpose- is it reduced income because of hardship, or because of missing work due to parental or sick leave? A policy would have to be clear that these are very specific circumstances with sound justification. A graded discount could also prevent overuse of the policy.

48. The ARRC agreed that this is something to progress, but cautiously and with clear rational and criteria. It would need a risk-based approach.

Action: PJ to re-work policy and bring to next meeting in January 2023.

Item 9 - IT update

49. PJ noted the work was progressing at pace, contracts had been signed, and first invoices had been paid. Revalidation and re-registration were currently being developed. There will be some additional development time required for bespoke requests, and testing will be starting soon. Everything is on track to go live in January. A comms plan is being developed for registrants.

50. She re-iterated that extensive use of the project manager hadn’t been necessary, but that we would wish to bring him back in to help with e-portfolio development next year.

51. The ARRC thanks PJ for all of her work and initiative on this. She confirmed that there are really positive relationships in place with Fortesium.

Item 11 – Any other business and future meetings

52. PJ confirmed that invites for 2023 meetings would be sent out shortly, and that the committee would convene in the new year.