

## Audit, Risk, & Remuneration Committee

### Minutes of meeting on 29 March 2023



**Present:** Duncan Vernon - Chair (DV)  
David Evans (DE)  
Helen Featherstone (HF)  
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. He welcomed HF to her first meeting. HF declared her interest as Managing Director of GMC Services International. There were no other new declarations of interest.

#### Item 2 – Minutes from last meeting

2. The committee noted the minutes from 12 January 2023 as an accurate record once a typing error is corrected on page 4.

#### Item 3 – Action points and matters arising

3. Outstanding actions from the last meeting were discussed.
4. JL provided updates on all open actions, which are on track.
5. She noted that the ARRC will discuss a reserves policy and financial risk appetite at the next meeting in May 2023.
6. JL is in touch with a potential new independent examiner referred by the accountant and will confirm arrangements at the next meeting. She will aim to obtain several quotes, but it's expected to cost approximately £1500.

#### Item 4 – 2022-23 Q3 Accounts

7. JL highlighted the evolving nature of the management accounts as UKPHR moves to a fully accruals approach rather than cash accounting. The accounts will start to be broken down into more useful headings, with consistent reference to reserves- as seen in the 2023-24 budget. She noted that an EOY forecast is included in the budget at item 7.
8. It was noted that Q3 is largely on track, although additional income is expected in Q4 due to scheme invoices recently being sent out. These will be reconciled fully into the Q4 management accounts and are taken into consideration with the EOY forecasting.

9. Accounts indicate an underspend, according to the budget- after a deep dive into the budget for next year, it was recognised that there was over-budgeting for moderation costs.
10. There was also indication that there had been underspend in relation to the IT upgrade because much of the project management happened in-house. JL noted that reserves were at approximately £140,000 (approximately 3 months of running costs) at the end of Q3, but that they would rise with the additional income expected over the next quarter. She noted that reserves would not be this low again over the next two years, according to her projections.
11. It was agreed that JL would meet separately with HF as part of her induction in order to bring her up to speed on the position with budgeting and management accounting.
12. It was noted that it would be useful to track special projects separately, to make it easier to track expenditure and project impact on reserves.

**Action: Budgets and management accounts to be adjusted to separate out special projects for 2023/24**

#### Item 5 – Staff remuneration for 2023/2024

13. PJ left the meeting for the duration of this item.
14. Modelling of several different percentages was presented for discussion although JL highlighted that an assumption of a 5% pay rise for all staff had been made for purposes of constructing the budget. Any changes would mean re-forecasting the budget. Anything beyond 5% would mean delving more deeply into reserves.
15. The cost of living crisis was acknowledged, as was the ARRC's commitment to supporting staff. However, there is a reputational need to keep pay rises roughly in line with the NHS and the public sector. At the time of the meeting, there was 5% pay rise with additional COVID payments announced for NHS staff in England (with a higher offer in Scotland), although it was not yet clear whether the offer would be accepted. It was also noted that general trends indicated pay rises across all sectors in the UK to be around 5%. It was acknowledged that not all UKPHR registrants would be getting a pay rise of 5% or more this year.
16. JL clarified that there is currently no performance related pay rises at UKPHR, because of the very small number of staff- everyone receives the same increase.
17. Generally the ARRC agreed that 5% was reasonable for an across the board pay rise. The prior year's pay rise was significantly below inflation, and there was acknowledgement that the cost of living crisis is impacting everyone.
18. The benchmarking exercise done in summer 2021 was very helpful in terms of ensuring fair pay rates. It was agreed that additional benchmarking could be done in conjunction with

setting pay bands for UKPHR roles. This will manage the expectations of the team regarding salaries and ensure an equitable approach to setting base salaries for the future, particularly if there is a trajectory of growth. It was also noted that the comparisons should go beyond the NHS in England and consider civil service and the charity sectors in all four countries.

**Action: JL to discuss benchmarking and pay bands with HR advisor, to present a further paper at the next meeting.**

19. The Chief Executive's salary was considered separately with JL leaving the meeting for that part of the conversation.
20. The ARRC agreed to recommend a 5% pay rise for 2023/24 to the Board, dependant on the Board's accepting the proposed budget, but agreed the need to take a holistic view for the future.

**Action: Recommendation of 5% pay rise to be taken to the Board, as part of the overarching budget discussion.**

#### Item 6 - Fees consultation responses

21. JL presented the fees consultation responses report, the result of many months of work, discussion, and consultation, and thanked PJ for pulling it together. All registrants and key partner organisations (ie Faculty of Public Health) were given the opportunity to respond. Less than 4% of registrants responded, and no organisations- so this should not be considered a representative sample.
22. It's expected that any consultations regarding fee rises will attract a negative response. There were several negative responses, but the number of positive responses was surprising. Most registrants indicated that they felt UKPHR's strategic priorities were the right ones. It was noted that the results couldn't differentiate between levels of registrants.
23. The ARRC noted that although fee rises likely would not deter any specialists from maintaining registration, it could impact practitioner registration- although fees remain aligned with the NMC, Social Work England, and would now be significantly less than the HCPC. Specialist fees remain well below GMC and GDC specialist fees. It was agreed to monitor attrition closely to gauge the impact.
24. JL emphasised that the proposed model would set fees for 2023/24 and 24/25, so the exercise would not need to be repeated the following year.
25. The ARRC agreed that the proposals for the new fees structure, as consulted are reasonable and will be referred to the Board for a final decision.

**Action: New Fees structure for 2023/24 and 2024/25 to be recommended to the Board for approval.**

26. It will be important to communicate these changes carefully, outlining the work that went into the decision, linking to work that benefits registrants, and launching the new reduced fees policy which supports those undergoing particular financial hardship.

## Item 7 – 2023/24 draft budget

27. JL presented the draft budget, which had been put together on the basis of the fee structure and salary rises agreed earlier in the meeting. She noted that she'd forecasted an EOY 2023 figure to help contextualise the budget.
28. The ARRC felt it was helpful to see the table tracking budget vs actuals over time, noting the variations as a result of a change in approach to accounting and the dedicated DHSC funding for closing the Defined route to registration. Overall, there is a growth trajectory for both income and expenditure over time, with 2023/24 expected to have the highest income and expenditure yet for UKPHR. This tracks with the increase in practitioner numbers and the expansion of the register through the defined route. These trends are expected to continue.
29. The draft budget has been reorganised to reflect key headings for areas of income and expenditure to make it clearer where money was coming in and being spent ie separating practitioner and specialist income, and breaking down IT expenses for more detail. She noted that the Registration Online costs were more expensive than anticipated because of the cost for the Microsoft Azure platform, but UKPHR will qualify for charity discounts in 24/25 which will provide significant savings.
30. In preparation for the budget, PJ, JL and the accountant did a deep dive into several areas including IT costs and registration income. JL reviewed all outgoings and made savings wherever she could ie cancelling an e-learning subscription as there is a free option available online, and renegotiating for the e-portfolio work that still needs to be done so costs are absorbed in what UKPHR has already paid. Once the move to CAF bank is completed, the current account will also be interest bearing, and a discussion about other savings/investment options will be had.
31. Income and expenditure are sequenced as close to actual income and spend per month as possible, although some best guesses have been made. Income has some clear peaks and troughs because of renewal season in July, but the new ROL system will encourage a continued increase in payments by monthly direct debits- so this should smooth over time. However, this year there may be some cash flow challenges which means that at certain times of the year (December 23-Feb 24) reserves will decrease.
32. The draft budget models anticipated reserve levels month by month. UKPHR does not yet have an agreed reserves policy, but there had been previous agreement that reserves should generally not dip below 3 months of operational costs. It was agreed that a more expansive discussion on reserves would take place at the next meeting, with the aim of agreeing a formal policy. It was also noted that this should aim to put aside funds for potentially significant legal costs in case a Fitness to practice hearing is required (unlikely based on past trends, but possible).

**Action: Bring reserves policy discussion to next ARRC in May 2023**

33. The bottom line is that anticipated expenses will be more than income by approximately £43,000 which means some additional reserves spending. Some overspend was anticipated because of UKPHR ambitions- this was discussed at the November 2022 Board meeting where proposed fees were discussed. Significant costs were saved last year from the in-house management of the IT upgrade, so the full reserve spend agreed by the Board was not needed. So, reserve spending will increase but the total reserves is not forecasted to dip below £160,000 which leaves 3 months of full operating costs. It is anticipated that for 2024/25 reserves will rise again to 6 months of full operating costs, after the further approved fee rises. The financial position of UKPHR remains stable.
34. The ARRC discussed the 'optional' line items highlighted in yellow, such as travel expenses for in person board meetings, staff development/training, website development, and consultancy for a governance review/evaluation following the governance restructure in 2021. It was agreed that the governance review could be put off if considered unaffordable and should be fully justified. Another option could be via peer review, without involving outside consultancy.
35. It was agreed that the budget should separate special projects where reserves are being spent, including fixed term staff salaries.

**Action: Amendments to be made to budget to separate out special projects.**

36. Although income is straightforward to break down into specialist and practitioner costs and the new budget reflects that, it is particularly challenging to break this down in terms of expenditure. Although a small part of salary expenditure and moderator fees can be assigned directly to one of the two registers, the rest of salary expenses, general IT and office costs run across both. There has been general acknowledgement and support from the Board that there will be some cross cutting expenditure and that it's appropriate for some of the specialist fees to subsidise practitioner expenditure. Costs incurred by local schemes are unclear as they operate quite differently. The ARRC agreed that UKPHR is becoming much more transparent about what it uses fees for and are starting to consolidate the value proposition of practitioner registration.
37. The ARRC agreed to recommend the draft budget to the Board for approval.

**Action: draft budget to be brought to the Board for approval**

#### Item 8 – IT upgrade

38. PJ gave a verbal update to the ARRC. The new system launched successfully in February, although it was delayed by 2 days. This was out of UKPHR's and Fortesium's control, and was to do with IT support delays. There are still some bugs being addressed, but nothing unexpected. New registrants are now being registered through the new system and applications are being processed. Weekly fixes are being rolled out. Constructive feedback has been received from registrants, who report an improved user experience so far. A brief user survey will be circulated.

39. Reporting is still being worked on, and initial reports should be available in early April. There is a limited number of reports that Fortesium can service, so it's been agreed that PJ will undertake Power BI training and work with the team to be able to produce any required reports in house.
40. The real test of efficiency will be during 'renewal season', which runs from 1 May to 1 July.

#### Item 9 – Risk register

41. JL noted the change log and top risks. The two red risks are to do with system changes and challenges across the four countries, and out with the direct control of UKPHR- but mitigations are happening in terms of increased influence, communication and continued close engagement, particularly through the People in UK Public Health group which is considering an update to Fit for the Future. The approach continues to be to provide support to systems and the workforce with the development of a public health career framework and continue to work to eliminate regulatory barriers.
42. One of the immediate red risks is Health Education England moving under the umbrella of NHS England in April, which means areas of responsibilities will be split under a number of different areas with significant efficiencies being demanded. It is unclear what impact this would have on the regionally delivered practitioner schemes. However, JL noted that a recent evaluation of practitioner schemes undertaken by HEE through independent consultants will be reported soon, and initial results are very positive in terms of the value of the schemes to public health workforce development.
43. Overall, most of the internally managed risks have either been downgraded or closed, which demonstrates the impact of all the work that's been done by the UKPHR team and the Board over the past year.
44. It was noted that a more expansive discussion about the reserves policy might impact the risk register.

#### Item 10 – any other business

45. No other business was raised. The next meeting will take place on 25<sup>th</sup> May 2023.