

Audit, Risk, & Remuneration Committee
24 July 2025

Present: Duncan Vernon (DV) Chair Apologies: Jenny Douglas
David Evans (DE)
Helen Featherstone (HF)
Joanna Dowd (JDowd)
James Sandy (JS)
Linda Smith (LS)
Rachel Flowers (RF)

Jessica Lichtenstein (JL)
Pav Johal (PJ)
David Seeley (DS)

Item 1 – Welcome, apologies, and declarations of interest

1. DV welcomed the group noted apologies from Jenny Douglas. RF was welcomed to her first ARRC meeting. There were no new declarations of interest.

Item 2 – Minutes from last meeting

2. The minutes from 22 May 2025 were accepted as an accurate record.

Item 3 – Action points and matters arising

3. Outstanding actions from the last meeting were discussed. All actions are on track.

Item 4 – 2024-25 Draft Accounts

4. Items 7 and 9 were taken before this item, but for the purpose of these minutes the agenda items are presented in order.
5. The ARRC discussed the draft end of year accounts for financial year running 2024-25. They agreed that the report was a challenging read, because of issues around the way income is reported this year and the complexity of income deferrals for this year. DS explained that it looks like UKPHR is operating at a significant loss, with a large reduction in 'reserves' reported at the end of the financial year. The discrepancy exists because of the income is collected throughout the year and reported. During the last few years, the way UKPHR has collected payments has changed, with an increase in direct debit. Because the financial year does not correlate with the renewal year, there has been, during the last few years, and

increasing amount of income collected via direct debit that has had to be deferred to the following financial year (i.e. to cover April, May, and June). This means that in some direct debit cases, nearly 25% of income collected in the financial year will need to be deferred to the next financial year. Because UKPHR has not deferred the direct debit income for the past 3 years (the total amount was not significant enough in each year), we've now had to tally up the 3 years' worth of direct debit deferrals and apply the total to this year's accounts. This has had a significant impact on what is presented as the 'bottom line' for 24-25. However, DS and JL explained that this does not actually represent the state of UKPHR finances, which remain as predicted via budgeting, and generally healthy. The actual reserves (ie the difference between assets and liabilities) on 31 March were much higher than the 20K stated on the account.

6. The ARRC agreed that significant work still needed to be done on the narrative to provide assurance to the public that UKPHR remains financially stable. DS confirmed that the identification and inclusion of the deferred income from the past three years together makes the accounts look skewed, and that this would not be an issue in future years. However, the committee still felt that additional assurance was required. It was agreed that the narrative section of the accounts must focus on factual information about the shift in income collection methods to direct debit, bank balances, and percentage growth in renewals, as well as Q1 reserves information to reassure stakeholders. Several actions were agreed:

Action: JL and DS to revise the narrative section of the annual report to better describe the deferrals and to outline UKPHR's actual financial position, while avoiding overly complex technical details. including a more detailed explanation of cash reserves vs accrual accounting figures, for review at the September Board meeting

Action: JL and DS to prepare a breakdown of real cash reserves as of 31 March, considering reasonable creditors and debtors, for the September Board meeting

Action: JL and DV to have a discussion with the Chair prior to the next Board meeting, feeding back to the ARRC. Also to ensure the Board agenda has space for detailed discussion

Action: PJ and DS to draft a 3 year financial projection to be presented to the Board along with the accounts, to provide additional assurance about financial stability.

7. It was noted that two options that would make accounting and reporting easier for the future are:
 - a. Amend the financial year to reflect the registration year
 - b. Amend the registration year to reflect the financial year.

8. It was agreed that option a. was not appropriate, as it brings us out of line with our largest creditors (PSA and Fortesium) and our NHS debtors, which would cause significant accounting issues. Option b can be explored, although there are likely some communication and technical challenges.

Action: JL and PJ to explore whether the registration year can be amended to reflect the financial year.

9. Reserves in general were discussed. DS noted that not all creditors would need to be paid, and some refunds might not be issued in the very unlikely event the organisation would have to shut down. It was agreed that the reserves policy should be reviewed again to ensure a common understanding of what we mean by 'reserves', and to ensure things like salaries and debts accrued could be covered.

Action: JL to review the reserves policy to outline exactly what needs to be covered in reserves, for discussion at the next ARRC meeting

Item 5 – Q1 2025-26 accounts

10. The Q1 accounts are along the lines of what the budget predicted. Two of our major expenses- PSA and Fortesium, are now divided into 4-5 yearly instalments, which will spread the cost across the year- this was not reflected in the original budget, but will help keep reserves more stable.

11. There are still issues with expenses relating to Microsoft Azure, which has increased in cost significantly. Air IT are being chased regarding more information.

12. The ARRC asked whether it would be appropriate to present Q1 accounts using accruals rather than cash accounting. JL noted that this would be a significant amount of work for PJ and the accountant, and could result in rising accountancy costs, but agreed to discuss with DS.

Action: JL to discuss with DS the possibility of quarterly accounts on an accruals basis.

Item 6- Financial rules

13. The Financial rules were reviewed, as the last review took place in 2016 and the document was out of date. It has now been updated to reflect the shift to online banking, the phasing out of cheques and cash, and the increased income/expenditure.

14. It was agreed that there should be a distinction between budgeted and unbudgeted expenses for sign off amounts i.e. if something is not in the budget, the CE has the discretion to sign off up to 10K, and if it is agreed in the budget- 25K.

Action: JL to amend financial rules accordingly.

Item 7 – Annual renewal update

15. PJ presented a slide outlining how the very recently closed renewals had gone. Data shows a steady increase in the size of the register, with a slight decline in lapses. Renewal rates are along the lines of statutory regulators, at about 93%. The ARRC noted the positive trend of more people joining the register and less leaving.
16. There is still a lot of analysis still to be done, which will be presented in the full annual report in September. This will include analysis of lapsed registrants, trends for different categories of registration, as well as protected characteristics, duration of registration, and UK country.
17. It was agreed that the growth data should be included as mitigations in the risk register.
Action: JL to add growth data as mitigation against register shrinkage in risk register
18. It was noted that the data will be helpful to share with the FPH workforce committee, which UKPHR is now formally represented on.

Item 8 – Risk Register

19. As the risk register was reviewed in detail in May and June 2025, there were limited updates.
20. It was suggested that the risks relating to NHS/ICB restructuring and Local authority devolution should be explicit in the risk register.
21. It was noted that the trend for risk number 4 might be downward instead of upward; JL to double check this.
Action: JL to update risk register as per above, and to ensure updated info from the new 10 year plan is included
22. NHS Managers will now be regulated by HCPC; it was suggested that UKPHR look into the impact of this on registration, and whether we can be on the list of recognised regulators for managers.
Action: JL to look into regulation for NHS managers and impact on UKPHR.

Item 9 – AOB & next meeting on 23 October

23. No AOB items were raised.