

Annual Report on Committee Effectiveness – Finance and Performance Committee (FPC)

Executive Director(s)	Gurvinder Soomal, Executive Director, Registration and Corporate Resources Lisa Marie Williams, Executive Director, Legal & Governance
Author(s)	Polly Button, Governance Manager
Type of business	To note
For Council only:	Public session
Issue	In accordance with the General Dental Council Standing Orders for the Non-Statutory Committees of Council 2018, clause 8.4, Committees are required to report annually on expenditure, progress against work programmes and planned work programmes for the following year. This report was circulated to the Committee for comment on 18 December 2019.
Recommendation	The Council is asked to note the 2019 annual report on effectiveness from the Finance and Performance Committee (FPC).

1. Introduction and background

- 1.1 The current membership of the Finance and Performance Committee (FPC), as approved by the Council at its meeting on 3 October 2019, comprises Terry Babbs (current Chair and lay Council member), Margaret Kellett (registrant Council member), Kirstie Moons (registrant Council member) and Anne Heal (lay Council member). This year, the Committee held five meetings and two teleconferences.
- 1.2 The key purposes of the FPC are defined in its Terms of Reference (**Appendix 1**) are to:
- a. Challenge and monitor the Executive on financial and other performance, to work with the Executive to develop an appropriate and proportionate data set to enable the Council to carry out its functions, and to provide guidance to the Executive on major operational matters, such as property strategy, investment and technology development.
 - b. Work with the Executive in developing the GDC's financial strategy, including assisting the Executive in developing the Business Plan (which includes the annual budget) and the rolling three-year Business Plan, and to assist the Council in reaching its decision on the Business Plan and the Corporate Plan.
- 1.3 The FPC also has delegated powers to:

- a. Approve the assumptions and objectives to be used in the planning cycle.
- b. Approve the budgeting approach and annual targets for efficiency in accordance with the Council's strategy.
- c. Approve the GDC's banking procedures and arrangements.

2. Expenditure

- 2.1 The only costs associated with the Committee in 2019 were those relating to travel and subsistence of Council members for the meetings held.

3. Financial Performance

- 3.1 Quarterly reports were presented to the Committee on the GDC's financial performance. These included detailed reporting on income, expenditure and headcount and were scrutinised by the Committee. In particular, the Committee monitored trends and issues, considered the reasons for any variance from budget and the implications for quality, reserves, expenditure, headcount and productivity. Financial performance was monitored with due regard to risks and opportunities.
- 3.2 In January 2019, the Finance team completed the annual risk and opportunities review of the 2019 budget. The result of the exercise was that the budget remained balanced.
- 3.3 In February 2019, the Committee recommended to the Audit and Risk Committee that the December 2018 management accounts were a suitable basis from which to prepare the **2018 Annual Report and Accounts** and the proposed efficiency savings disclosures were appropriate.
- 3.4 In May 2019, the Committee discussed **recruitment budgets**, and heard that performance against budget was good, largely due to a large amount of recruitment now taking place in-house. The team were considering an employee referral scheme and the increased use of LinkedIn for recruitment purposes.
- 3.5 In September 2019, the Committee noted that the organisation was accruing additional income over and above the forecast. The Committee noted that they would keep a watching brief over this and noted the difficulty around precise forecasting in a time of significant organisational change.
- 3.6 In November 2019, the Committee discussed the issues around operating at an increased surplus. The Committee noted that, to facilitate the success of the Costed Corporate Plan, it was important to spend what was set out in the budget and find productive uses for surplus money. The Committee did not register any cause for concern but requested that the team be aware of any issues on financial planning going forward.

4. Wider Organisational Performance

Balanced Scorecard and Bridging Report

- 4.1 The Committee received quarterly reports on performance across the directorates via the balanced scorecard. Several pieces of development work had been undertaken throughout the year and were reported on at each Council meeting as a separate item on the agenda. The Committee also requested to receive individual **close out reports** on organisation-wide programmes of work.
- 4.2 The Committee also received quarterly updates by way of a **resourcing bridging paper**. The report provided a complete overview of performance for each budget area including risks, financial and performance against Key Performance Indicators (KPIs). The Committee

also received updates on the progress against the **2018 Business Plan** at each meeting. The report included a quarterly operational plan status report, a benefits realisation status report, a finance performance report and the strategic risk register.

- 4.3 For the final meeting of the year, the format of the agenda was amended to include the bridging paper as a substantive item, with the Balanced Scorecard for noting.

Project, Programme and Portfolio Management

- 4.4 In July 2019, the Committee received a new annual item, the Shared Learning Report, which was designed to collate feedback on the work of the **Programme and Portfolio Management team ('PPM')** and how it manages projects and supports project work.

Fitness to Practise (FTP) Performance Reporting and End to End review

- 4.5 The Executive Director, FTP Transition provided an update at each meeting of the Committee on the **Casework Performance Improvement Plan**.
- 4.6 In May 2019, following a concern raised by ARC on timeliness, the Committee requested additional updates on the End to End Review through an in-depth review in July 2019. In September 2019, it was explained that the team had completed the initial close out report on Phase 1 of the programme and were preparing a first analysis of how the work would be embedded.
- 4.7 In November 2019, the Committee received an overview analysis of the current performance levels within FTP in respect of timeliness and the actions that were required and planned. Following discussion, the Committee took the view that neither the close out report, benefits realisation or action plan had met the desired requirements. A revised benefits realisation review and revised action plan would be brought back to the Committee in early 2020.
- 4.8 In July, September and November 2019 the Committee discussed Undertakings. The Committee noted that the volume of individual undertakings that were requested, when this disposal was used, tended to be large and sought assurance that the process was being followed in as simple, efficient and effective manner as possible. The Committee noted that clear guidance would be useful to assist Case Examiners and the importance of the **Developing the Concept of Seriousness** work in this area. At the November 2019 meeting, the Committee examined several routes forward to work collaboratively on exploring how the organisation can develop and improve the uptake of undertakings.

In-Depth Reviews

- 4.9 The Committee undertook in-depth reviews into contract and procurement management, End to End Review, Budget and Fees. The Committee raised areas of positive performance, but focused specifically on underperformance, risks and opportunities. In-depth reviews were attended by Heads of Service and Senior Management from the respective directorates. At the last meeting of the year, it was agreed to move away from thematic based reviews to **Directorate-led**. It was agreed the first in-depth review for 2020 would be Strategy and this would also include **Quality Assurance of Education**.

5. Operational Guidance

Pensions

- 5.1 In September 2019, the Committee received an update following the receipt of the draft **annual funding update**, prepared by the Pension Scheme's actuary. The Committee were updated that the team were proposing to engage with Lane, Clarke and Peacock (LCP) (the employer's Actuary and Informed Trustee). The Committee endorsed the recommendation made by the Executive to commission additional work from the employer's Actuary to analyse potential funding requirements. This information was also shared with the Remuneration Committee (Remco). The Committee were updated that the Informed Trustee (LCP) would take into account any changes in membership, which was especially important after the implementation of the Estates programme. The Trustee would also review the risk management strategy with the Pensions regulator. This would ensure the organisation was funding the relevant plans appropriately.
- 5.2 The Committee noted their obligations to the Remco in providing financial advice. No advice had yet been received as the valuation of the scheme and the trustees annual report was in progress. However, the Committee noted the process was going through the appropriate timescales and the Remco would review the reports at their meeting in January 2020.

Estates Strategy and Management

- 5.3 The Committee received updates at each meeting around the movement of staff around and out of the organisation and around the estate management within the Estates Programme.
- 5.4 In May 2019, the Committee received the outline timetable for the **refit works of Wimpole Street** which would commence in October 2019. The Committee were assured the refit works did not include substantive work or changes to foundations. It was noted that teams would be relocated to different parts of the building that were not undergoing works. Substantive GDC meetings were held in Birmingham over the refit period.
- 5.5 In November 2019, the Committee were informed that the planned refit was on target for completion on 29 November 2019. All surplus furniture, including doors and partitions had been reused across the building.
- 5.6 Following completion of the Estates programme, the Committee requested that, in the messaging to registrants, the savings incurred through the recycling of furniture be highlighted and the messaging made clear around the comparative costs for the current and previous works at Wimpole Street

6. Business Planning and Budgeting

- 6.1 A substantive part of the workplan of the Committee this year was the scrutiny and oversight of **the Costed Corporate Plan (CCP) and Budget for 2020-2022**. The Committee regularly received updates on its progress and rigorously questioned its planning assumptions and projected outcomes.
- 6.2 In April 2019, a teleconference was held to seek assurance of the figures used in the draft Corporate Strategy consultation document and of the underlying assumptions and methodologies. The Committee considered the brief for the external validation exercise and made recommendations to the GDC Chair to inform finalisation of the consultation document. After discussion and points of challenge, the Committee were assured there

were no major problems with the underlying methodologies for apportioning and assigning the costs.

- 6.3 In May 2019, the Committee discussed the Strategic Planning Framework (SPF), including the overall cascading process of the strategic and corporate planning layers including the planning and budget assumptions. The Committee received a presentation and led a discussion that formed part of the assurance around the collaborative team planning, assumptions and delivery of the Corporate Strategy, the CCP, workforce planning and budget.
- 6.4 In July 2019, the Committee received the outline first draft of the CCP and Budget. The Committee heard a CCP presentation, heard about the rigorous scrutiny of the work within the SLT and discussed the planning work in detail. Following discussion, the Committee requested an amended version of the plan be brought before it in August and, subsequently, in September.
- 6.5 In August 2019, a teleconference was held as a further opportunity for the Committee to discuss the budget principles, challenge assumptions and seek clarifications.
- 6.6 In September 2019, the Committee received a presentation and the final draft budget, confirming that all actions were complete from the August teleconference. The Committee were informed that the version to be submitted to Council for approval in October would also include a communications plan around the CCP, Budget, Annual Retention Fee levels and Registration fees. The Committee noted the process had gone smoothly and **recommended approval of the draft 2020 budget to the Council.**

7. GDC's Banking Procedures and Other Arrangements

Fees, Policies and initiatives

- 7.1 In February 2019, given the implementation of the new fees policy in 2019 and the introduction of a new fees structure which would impact the levels of reserves, it was agreed by the Council to develop a **new reserves policy** alongside these changes and the new strategic planning framework within 2019. In November 2019, the Committee endorsed and recommended the approval of the 2020 Reserves policy to the Council.
- 7.2 In July 2019, the Committee received an update on the progress on the **delivery of the revised fees implementation policy**. It was noted that the planned implementation date was 1 January 2020. The Committee were informed that this work was being overseen by a Fees Implementation Programme Board. This Board had discussed the importance of timely delivery, risk management and a robust communications and engagement plan. Following scrutiny by the Committee, the fees policy implementation approach and regulations were approved by the Council in October 2019.
- 7.3 In May 2019, the Committee endorsed a business case for the provision of funding for the Digital Audio Recording Technology and Storage for Hearings (**DARTS**) and recommended this to the Council.
- 7.4 In July and September 2019, the Committee discussed **fees by instalments**. The Committee requested a benchmarking process be initiated and further refinement prior to presentation at the December meeting of the Council.
- 7.5 In February 2019, the Committee noted a report which provided an update on GDC **procurement and contract management** and, in July 2019, the Committee received the results of internal audit reviews. The Committee requested for next year that it be provided with a short update at each FPC meeting on GDC contracts management and an annual report to provide assurance on the performance of this function.

- 7.6 In November 2019, the Committee reviewed and recommended to Council the updated **financial policies and procedures**, which included changes to staff expenses policy and anti-fraud, bribery and corruption policy. The Committee also discussed the current **banking arrangements**.
- 7.7 In November, the Committee reviewed the **investment principles and strategy**. Based on the advice received, it was recommended that there were no changes to the investment strategy or principles ahead of the paper being presented to Council. On the **principles of ethical investment**, the Committee recommended to Council that the current investment principles and strategy be maintained for 2020.

8. Next steps

Board Effectiveness

- 8.1 In July 2019, Deloitte observed the FPC meeting part of the wider external **Board effectiveness review**. The results of the review were delivered as part of a Council workshop in October 2019.
- 8.2 At the November meeting of the Committee, the Chair provided verbal update on the outcomes of the Deloitte review on Board Effectiveness and noted that the Council were in favour of implementing the recommendations contained therein, including seeking an integrated performance report.
- 8.3 The Committee discussed the introduction of the new **Board Portal software** that was due to be rolled out across Council and Committees in 2020. This software was hoped to help improve overall board effectiveness and was expected to include the functionality of a 'reading room' bank of documents. The Committee indicated a strong interest for this to be trialled at their next meeting if it were available.

Terms of Reference

- 8.4 The Committee decided to defer the review of the Terms of Reference until the Council had completed its first Board Development session as this would inform the wider review into the delegations its scheme of delegations.

Work Programme 2019

- 8.5 The Committee reviewed the workplan at each meeting and noted the draft 2020 workplan at the meeting in November 2019.

Appendices

- a. **Appendix 1** – FPC Terms of Reference
- b. **Appendix 2** – FPC Work Programme for 2020

Polly Button, Governance Manager

PButton@gdc-uk.org

Tel: 020 7167 6331

27 December 2019