

**Committee Paper**

<b>Committee:</b>	Authority Paper
<b>Meeting Date:</b>	10th May 2006
<b>Agenda Item:</b>	6.
<b>Paper Number:</b>	[Paper HFEA (10/05/06) 310]
<b>Paper Title:</b>	<b>Regulatory, Finance and HR Report</b>
<b>Author:</b>	A: Ramen Chaterjee B: Rachael Henry C: Fiona Daffern
<b>For Information or Decision?</b>	Information.
<b>Resource Implications:</b>	
<b>Implementation:</b>	
<b>Organisational Risk:</b>	
<b>Recommendation to the Committee:</b>	
<b>Evaluation:</b>	

**A: Regulatory Activity Report – March 2006**

This report sets out the activity and performance of the Regulation Department for March '06 with comparative data from the start of the financial year in respect of inspections, licensing and incidents.

## Inspections (Announced and Unannounced) and Reports Issued

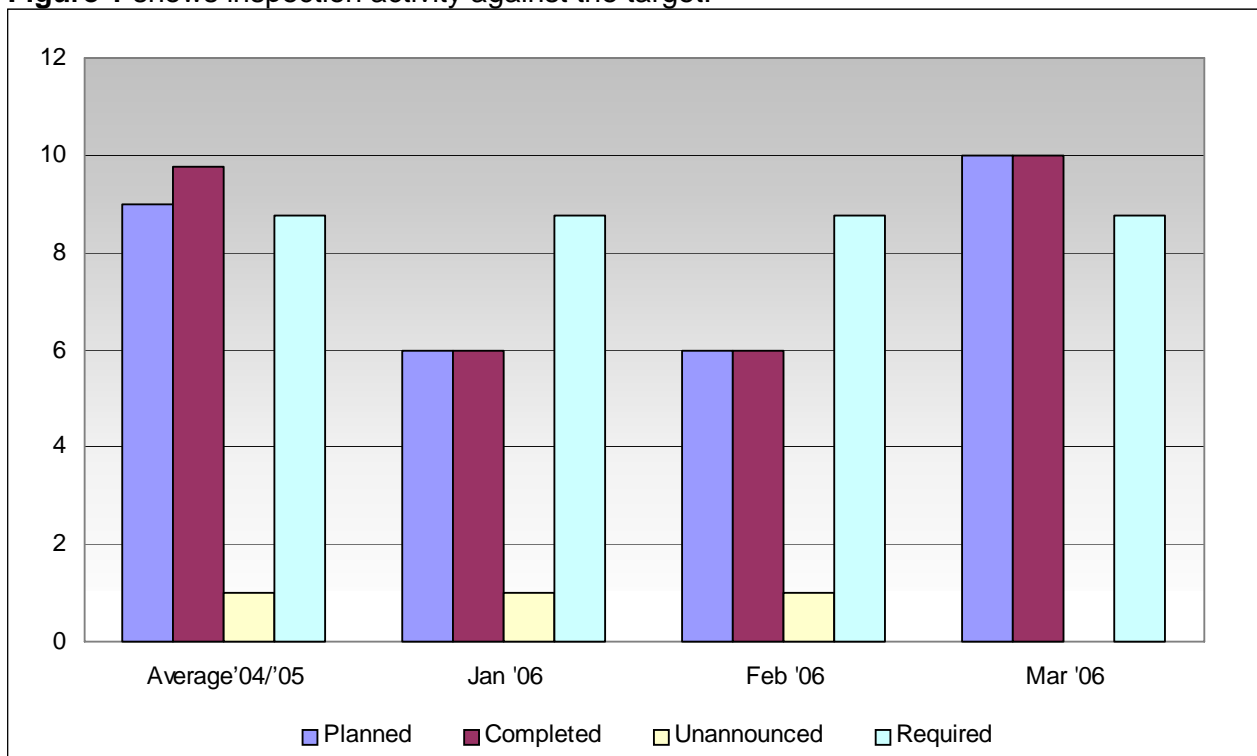
Inspections	Average '04/'05	Jan '06	Feb '06	Mar '06	Total '05/'06
Planned	9	6	6	10	77
Completed	9.75	6	6	10	80
Unannounced	1	1	1	0	7
Required	8.75	8.75	8.75	8.75	88

**Table 1 – Planned and Completed Cumulative Inspection Data – '04/'05 Average vs. Jan '06 - Mar '06**

An average **8.75** inspections need to be carried out each month in order to ensure that each centre receives one inspection per year.

Four centres closed during the year and did not receive a formal inspection: one centre closed for refurbishment at the time its inspection was due and could not be inspected until the new business year. One centre was due an inspection in March but currently has no treatment licence. one centre provides storage only and the Licence Committee was content with a paper inspection. The inspection of the remaining centre was cancelled at short notice and rearranged for the start of this year.

**Figure 1** shows inspection activity against the target.

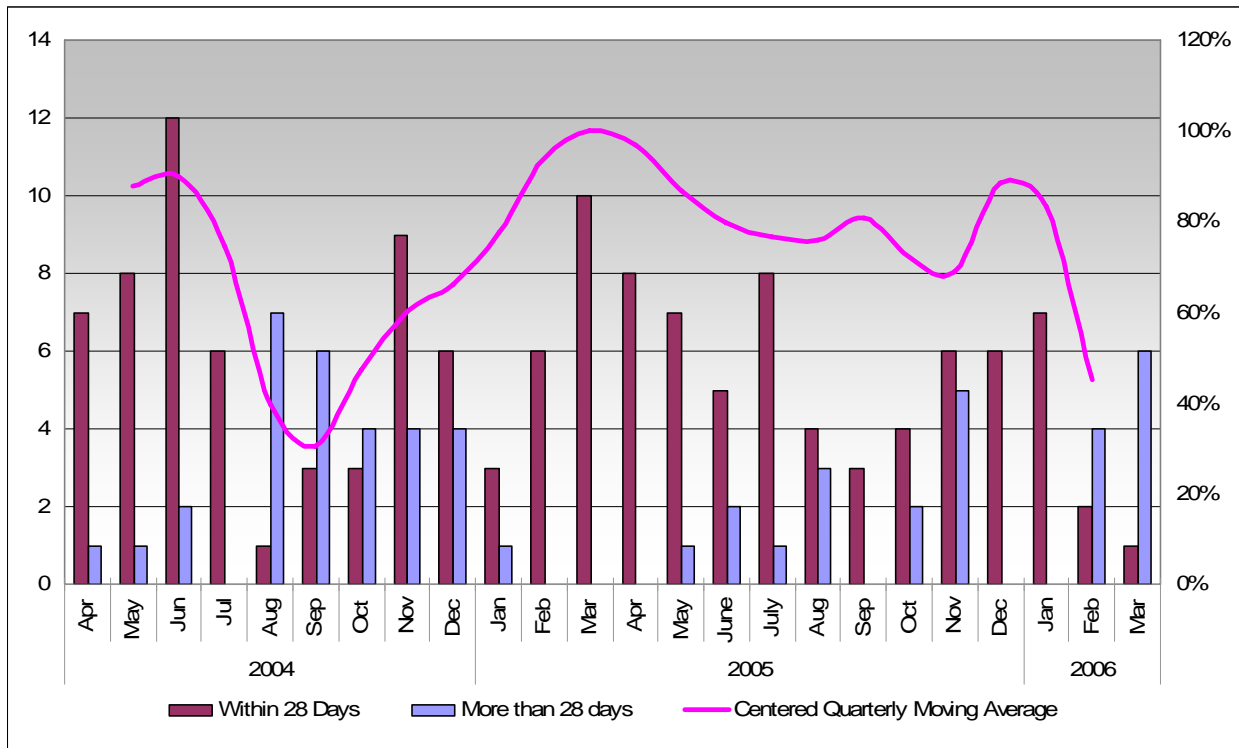


**Figure 1 – Planned and Completed Inspections – '04/'05 Average vs. Jan '06 - Mar '06**

## Report Production

Reports	Average '04/'05	Jan '06	Feb '06	Mar '06
Within 28 Days	6.17	7	2	1
More than 28 days	2.5	0	4	6
% Achievement*	71.25	100.00	33.33	14.29
% Rolling Average*	75.23	100.00	66.67	23.81
% Target	90	90	90	90

**Table 2 – Report Production within 28 days – '04/'05 Average vs. Jan '06 - Mar '06**



**Figure 2 – Continued Overall Report Production within 28 days – Apr '04 - Mar '06**

The performance on report production was very disappointing this month and will be a key target for improvement during the forthcoming year. Report production has been adversely affected by a very heavy inspection workload at the end of the year. In addition, one report was delayed to enable changes to be made on legal advice and another was the product of a pilot joint inspection with the Healthcare Commission, which involved more than usually complex sharing of information. The one report on time was in fact sent two weeks early, thus enabling the centre concerned to receive a new licence and resume business as quickly as possible, following completion of extensive improvements required by a Licence Committee. Our overall report production percentage for 2005/2006 is 73% representing a slight improvement over last year's activity.

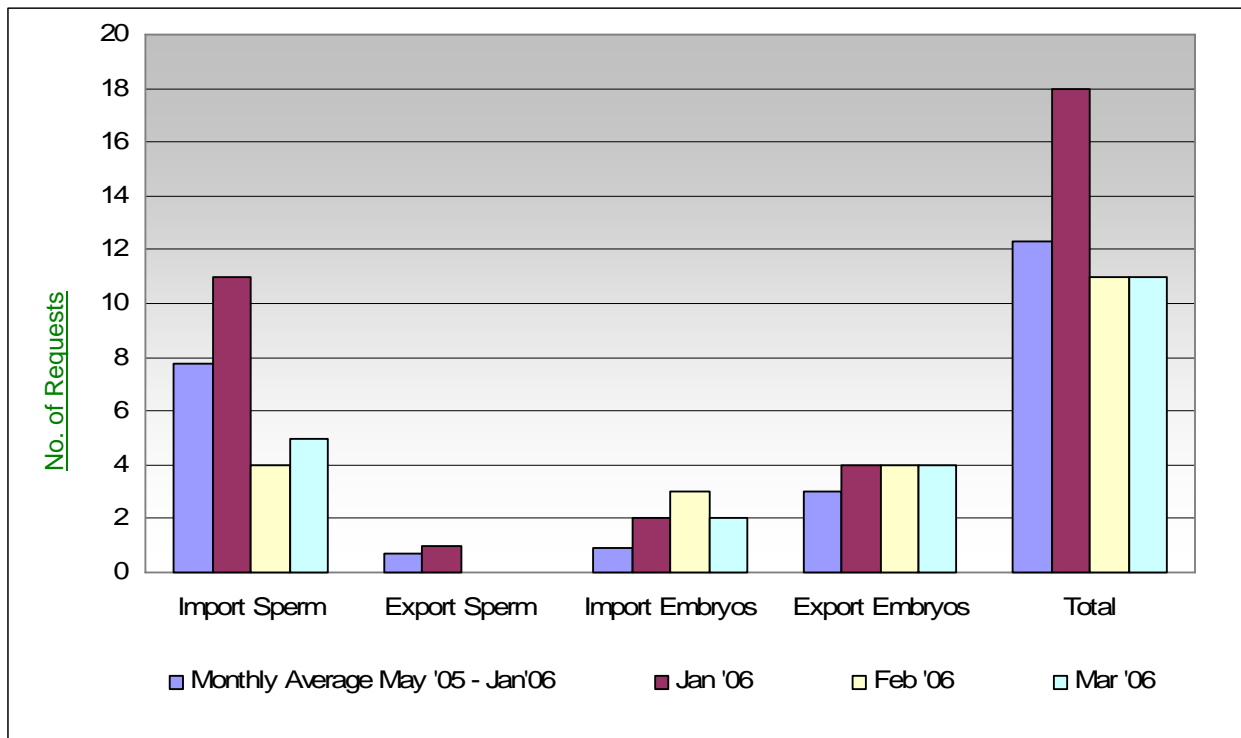
## Import/Export Directions

This month the Regulation department received 11 import/export applications. The department has responded to 5 of these applications, a further 6 applications are being processed. All the applications made in March 2006 are for individual use, we received no applications for bulk import/export. A breakdown of the figures shows that 5 straws of sperm have been imported from New Zealand, 8 vials of donor sperm from the USA, 10 from France and 8 from Denmark, whilst 7 embryos have been exported to the USA, 3 to New Zealand and 14 to the Ukraine.

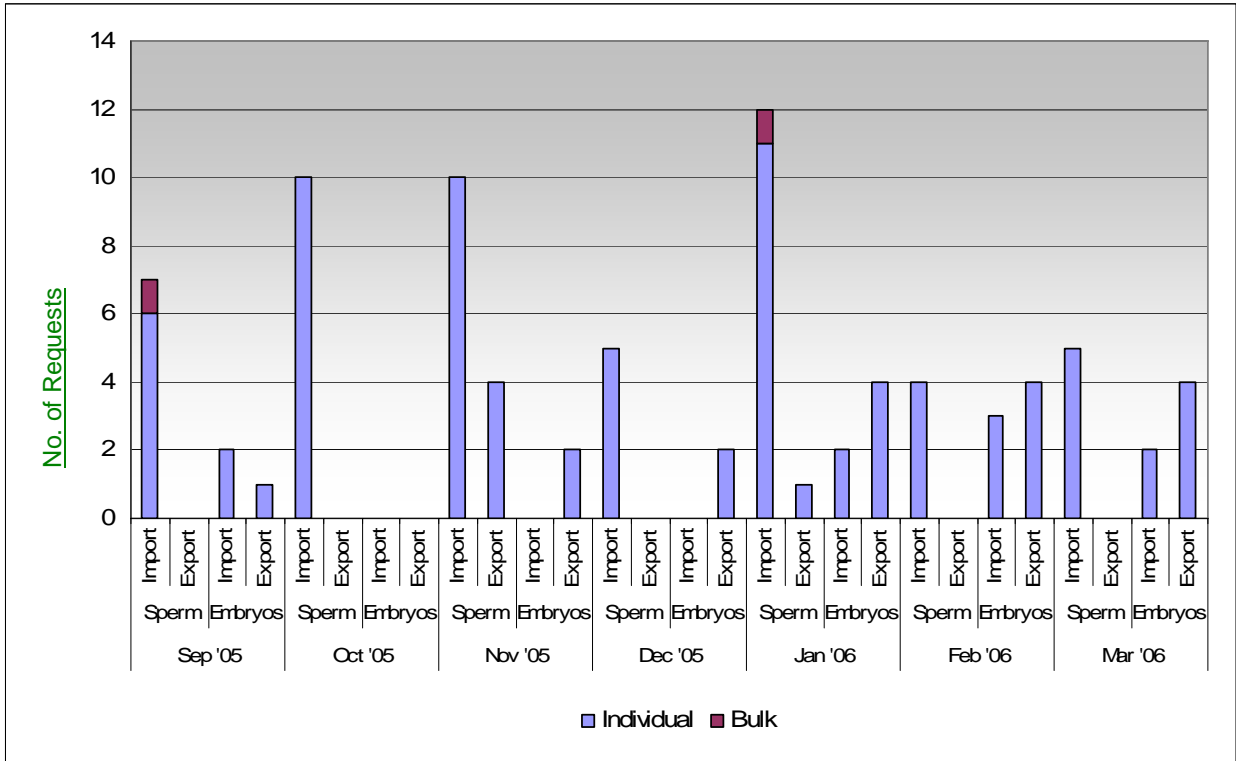
No import/export applications were presented to Licence Committee in March 2006.

Type	Monthly Average May '05 - Jan'06	Jan '06	Feb '06	Mar '06
Import Sperm	7.8	11	4	5
Export Sperm	0.7	1	0	0
Import Embryos	0.9	2	3	2
Export Embryos	3.0	4	4	4
<b>Total</b>	<b>12.3</b>	<b>18</b>	<b>11</b>	<b>11</b>

**Table 3a – Import / Export Data – '04/'05 Average vs. Jan '06 - Mar '06**



**Figure 3a – Import / Export of Gametes Comparison – '04/'05 Average vs. Jan '06 - Mar '06**



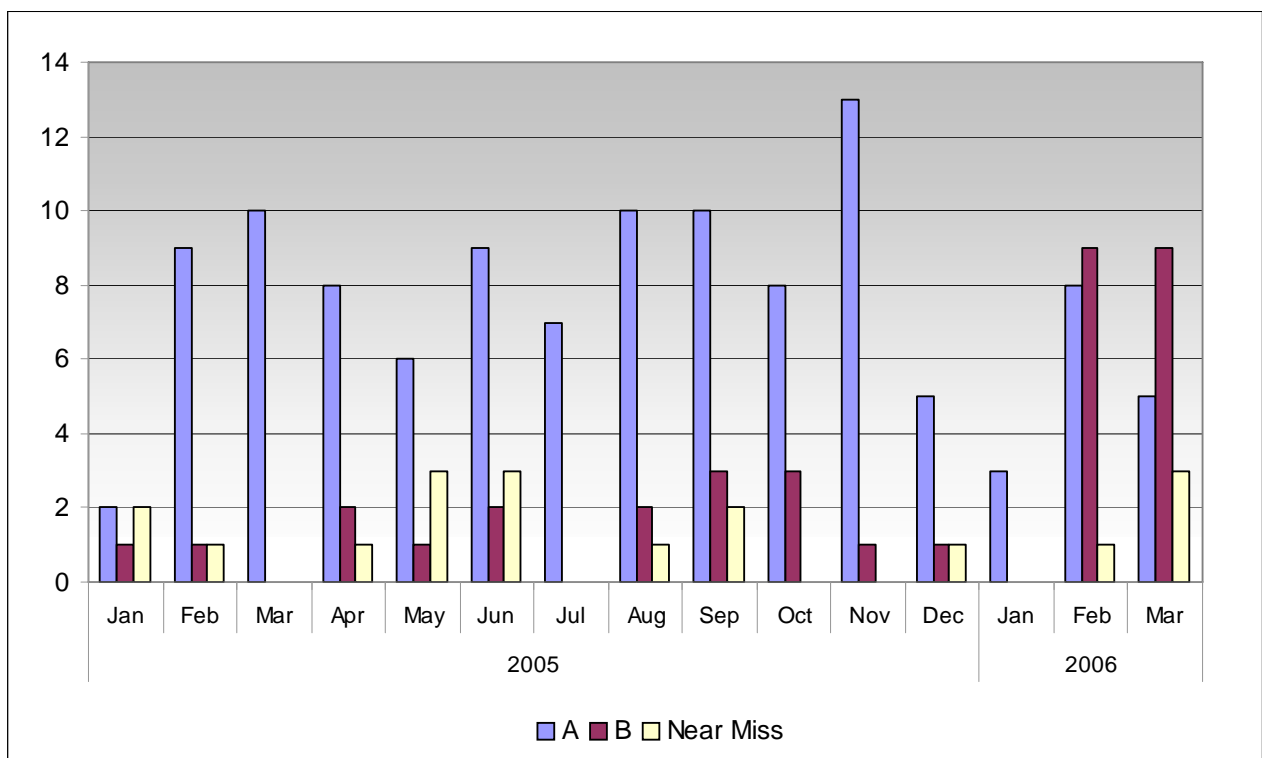
**Figure 3b – Breakdown of Import / Export Gamete Usage – '04/'05 Average vs. Sep '05 – Mar '06**

## Incidents

The details for incidents notified to the HFEA in **Mar '06** are set out in **Figure 4** and **Table 4** and **Table 5** (over page) with comparative data from the previous eleven months.

Incidents are categorised according to severity:

- Category **A** incidents include those involving major/serious harm to patients, gametes or embryos, or major/serious consequences for staff safety and/or service quality.
- Category **B** incidents relate to minor harm to patients, gametes or embryos, or minor consequences for staff safety and/or service quality.
- **Near miss**



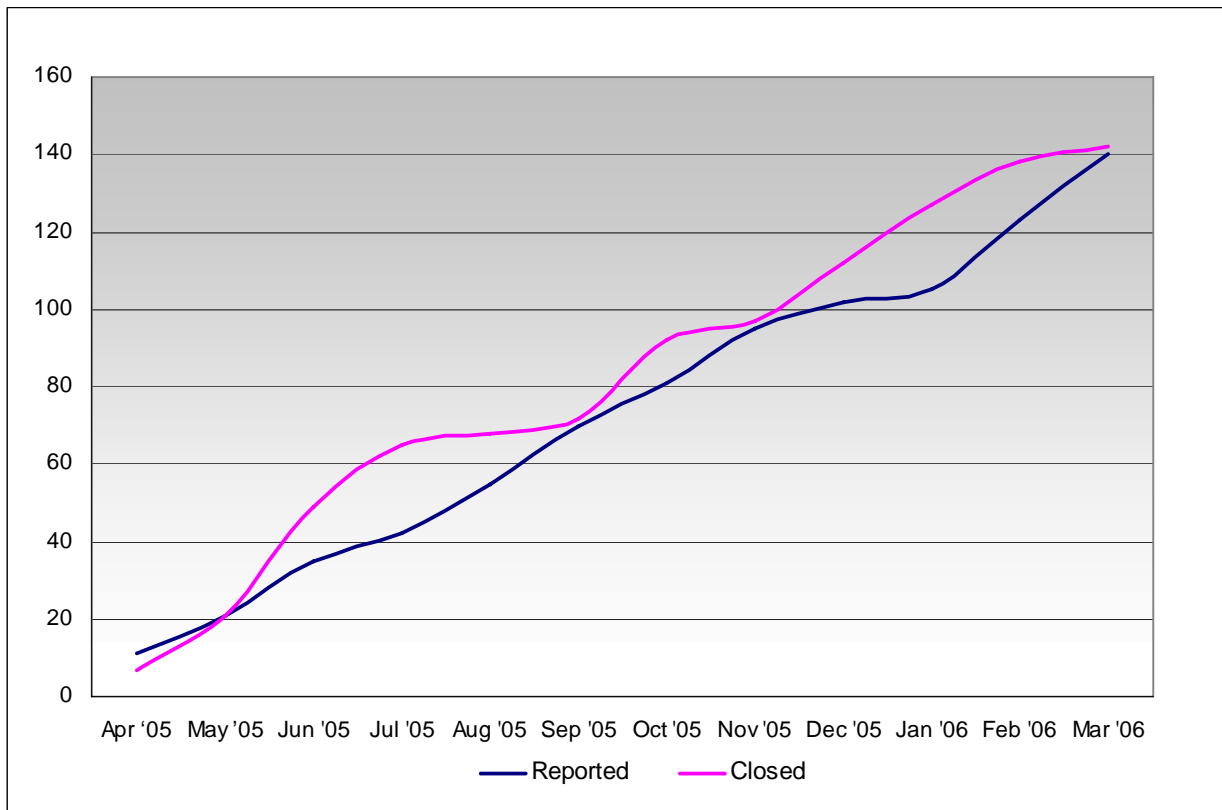
**Figure 4a – Number of incidents reported per category – Jan '05 - Mar '06**

Incidents	Jan '06	Feb '06	Mar '06	Cumulative (Apr '05 - Mar '06)
Reported	3	18	17	140
Centres Visited	0	2	1	12
Closed	15	11	4	142

**Table 4 – Incidents Reported and Closed vs Cumulative Total Jan '06 - Mar '06**

Since incident recording began April 2002 a total **425** incidents have been reported of which **47** remain actively under investigation. This month there were **17** new incidents (**5** Grade A, **9** Grade B, **3** Near Miss) one of which was the third report of a loss involving samples held in a dry shipper. An incident inspection has been arranged to investigate the later incident.

From April we are introducing a recalibrated grading system which matches that used to assess risk throughout the HFEA. It utilised a 5 x 5 system for rating impact and likelihood and will enable greater differentiation between incidents.



**Figure 4b – Cumulative Incidents Reported and Closed – Apr '05 - Mar '06**

## Alerts

During March '06, there were no new alerts.

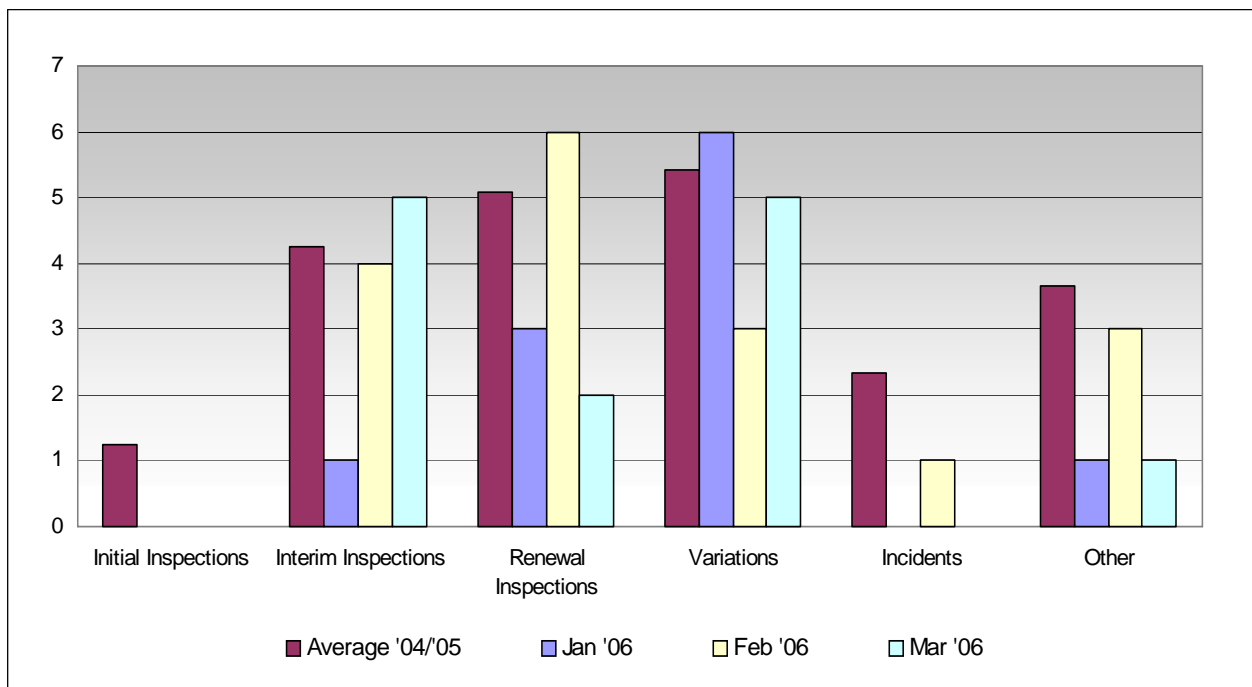
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## Complaints

During March '06, there were new 8 complaints. These were mostly centered around clinical issues though 3 were related to information provided by centres and the attitude of staff. The remainder were concerned with financial issues.

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## Licensing Activity



**Figure 5 – Breakdown of Business – '04/'05 Average vs. Jan '06 - Mar '06**

This month there were 2 Licence Committees held considering variations to licences such as the inclusion of PGD and applications to change Nominal Licensee and Person Responsible. Additionally this month there was one representations hearing concerning the new PGD condition

that was issued to all centres last August. These representations were unsuccessful.

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Trish Davies,  
**Deputy Chief Executive**

## Part B – Finance Report

### March Management Accounts

1. The March 2006 management accounts are enclosed at Annex A for the Authority's review. They were considered by SMT in April and by the OFC at their meeting on 2<sup>nd</sup> May, where the Committee's approval was given to the carry forwards of £438k on operational activity and £51k on the Register Project.
2. The key reason for the operational surplus for the year of £438k was higher than predicted volumes of treatment activity, and lower costs than forecast due to carry over of work.
3. The March 2006 management accounts present (under "year to date actual") the full year outturn for financial year 2005/06. This will form the basis of the preparation of the statutory accounts to be audited by the NAO. The full year forecast columns present for comparison the January forecast which was circulated to the last Authority meeting. Also enclosed at Annex B are graphs presenting IVF and DI cycles reported and billed monthly.
4. During the statutory accounts preparation it is anticipated that there will be some adjustments to these management accounts although these are not anticipated to be material apart from the level of capitalisation of project costs to be agreed with NAO.
5. As can be seen from the enclosed management accounts, some % variances for the year between actual, budget and forecast have been high, but they should be viewed within the context of the overall operational surplus for the year of £439k, which represents 8.3% of the budget set at the beginning of the year, and 7.9% of the revised forecast.
6. The surplus on the Register Modernisation budget of £51k represents less than 1% of the total budget.
7. The Department of Health has been notified of both the operational and register modernisation surpluses. They had previously notified the excess operational income was likely to be approximately £250k to £300k and they had confirmed their approval to carrying this sum forward to assist in meeting the costs of completing key projects and preparation for the EUTD. The Department have asked for confirmation of the final surplus once it is known. Approval has been given by the Department to the carry forward of the register modernisation surplus of £51k to meet committed costs for completing the project.
8. The cash balance on the Authority's bank account as at 31 March 2006 was £610k.
9. The departmental variances between the March year end outturns, the budgets and the forecasts for the year are as follows :

## **Income**

Actual £5.69m, Budget £5.3m, Forecast £5.58m

+7.3% against budget, + 2% against forecast

10. The most material impact on the income variance overall arose from monthly fees, which at £4.18m were £410k greater than budget and £93k greater than forecast. This has arisen through increased activity undertaken by the clinics as compared to that budgeted.
11. After a series of increases and decreases in grant in aid throughout the year, the final variance was a fall of £69k between actual and budget.
12. There were significant increases in receipts of bank interest and sundry income over the sums budgeted at the beginning of the year. These variances arose from the use of an interest earning account holding the overnight balances on the Authority's current account together with an increase in average funds held during the year, and the HR and legal services SLAs signed with the HTA, respectively.

## **Chief Executive's Office**

Actual £412k, Budget £405k, Forecast £425k

+ 1.2% against budget, - 3% against forecast

13. The key reason for the increased spend over budget is the increase in pension' costs which affected all salaries cost heads in the year.

## **Staff Costs – Other**

Actual £329k, Budget £456k, Forecast £347k

-28% against budget, - 5% against forecast

14. The key reason for these positive variances is the low outturn in recruitment costs. The generous provision made for these at the beginning of the year was not required in full. There was also a positive variance for central maternity and long term sickness cover, although in part this was offset by additional staff training.

## **Authority/Committee Costs**

Actual £262k, Budget £255k, Forecast £257k

+ 2.7% against budget, + 1.9% against forecast

15. The outturn of £262k represents an overspend of £7k against budget and £5k against forecast. The most significant variance arose in respect of venue hire and catering costs.

## **Regulation and Corporate Planning**

Actual £1.25m, Budget £1.21m, Forecast £1.3m

+ 3.3% against budget, - 3.6% against forecast

16. The chief variance against budget in this department arose in respect of salaries, the key reason being the increase in pensions' costs. Variances to budget arose in all other cost heads within this department, however the overall net effect of these was immaterial.

### **Registry**

Actual £145k, Budget £141k, Forecast £228k  
+ 2.8% against budget, -36% against forecast

17. The variance to budget in this department was less than £5k for the year. The variance to forecast was more significant, however this relates to a provision made for additional staff in the last quarter of the year for a “clean up” project of registry data that was not subsequently undertaken.

### **Communications and Policy**

Actual £1.3m, Budget £1.15m, Forecast £1.28m  
+ 13% against budget, +2% against forecast

18. The primary reason for the variance against budget in this department is that a number of projects (in support of the Authority’s business objectives) were undertaken in the last quarter of the financial year when it was known that there was additional fee income available to fund them. Accordingly, there was increased spend on stakeholder relations, the Patients’ Guide, web development, and policy consultancy.

### **Resources and Corporate Development**

Actual 1.2m, Budget 1.22m, Forecast £1.3m  
-1.6% against budget, - 7.6% against forecast

19. The majority of cost heads within this department were very close to their forecast. The most material variance arose in respect of provisions for software for a Contents Records Management System (CRMS) and Customer Relationship Management (CRM) system which were not required in the period to 31 March 2006.

### **Legal Fees**

Actual £100k, Budget £195k, Forecast £100k  
-48% against Budget, 0% against forecast

20. Spend on legal fees met the forecast for this cost head almost exactly. The budgetary provision made at the beginning of the year was based on prudence, to allow *inter alia* for the possibility of legal actions against the Authority. Fortunately, the provision was not required in full hence the positive variance of 48%.

### **Professional Fees**

Actual £91k, Budget £145k, Forecast £102k  
-36.9% against budget, -10% against forecast

21. These variances have arisen primarily through the provisions made at the beginning of the year for other external consultancy not being required.

### **Capital Costs**

Actual £146k, Budget £116k, Forecast £238k  
+ 25.6% against budget - 38.8% against forecast

22. Spend on capital IT software was significantly above budget due to the purchase of licenses for development of the Authority’s website. Spend overall was significantly below the forecast provision, due primarily to the provisions made for the purchase of IT hardware and office furniture, which were not subsequently required.

### **Registry Modernisation**

Actual £6.38m, Budget £6.43m, Forecast £6.43m

0% against budget/forecast

23. A number of variances between budget heads were calculated throughout the year, as noted in earlier finance reports. All cost outturns were by the year end close to their revised forecasts, and the overall surplus as at 31 March is less than 1% of the total budget for the year.

### **Future Financial Reports to the Authority**

24. The OFC at their May meeting reviewed alternative management accounts formats for presentation to future Committee and Authority meetings. A revised summarised format was agreed together with summary graphs presenting total income and total costs by month, and these will form the basis of future financial reports to the Authority. The current format of management accounts with supporting graphs will continue to be provided to, and reviewed by, SMT.

## C: HR Report

**HR REPORT: April 05 – March 06**

### 1. HR STATISTICS

#### 1.1 Headcount

Dept	Establish-ment	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
CE's Off	6	6	6	6	6	6	6	6	6	6	7	7	7
R&CD	33	28	31	32	34	35	37	37	36	36	36	35	34
CoPo	17	17	17	17	17	17	17	18	17	18	18	18	18
Reg	25	22	23	23	23	24	23	24	23	24	23	23	23
Info	38	38	47	47	46	38	36	36	35	35	35	35	35
HAP	46	45	45	57	57	60	65	72	71	72	68	66	64
<b>Total</b>	<b>165</b>	<b>156</b>	<b>169</b>	<b>182</b>	<b>183</b>	<b>180</b>	<b>184</b>	<b>193</b>	<b>188</b>	<b>191</b>	<b>187</b>	<b>184</b>	<b>181</b>

#### 1.2 Staff Turnover

Month	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Monthly turnover %	2.48	0.58	1.10	2.18	2.77	0.54	0.51	1.59	1.04	1.6	1.6	0.55

#### Annual Projection

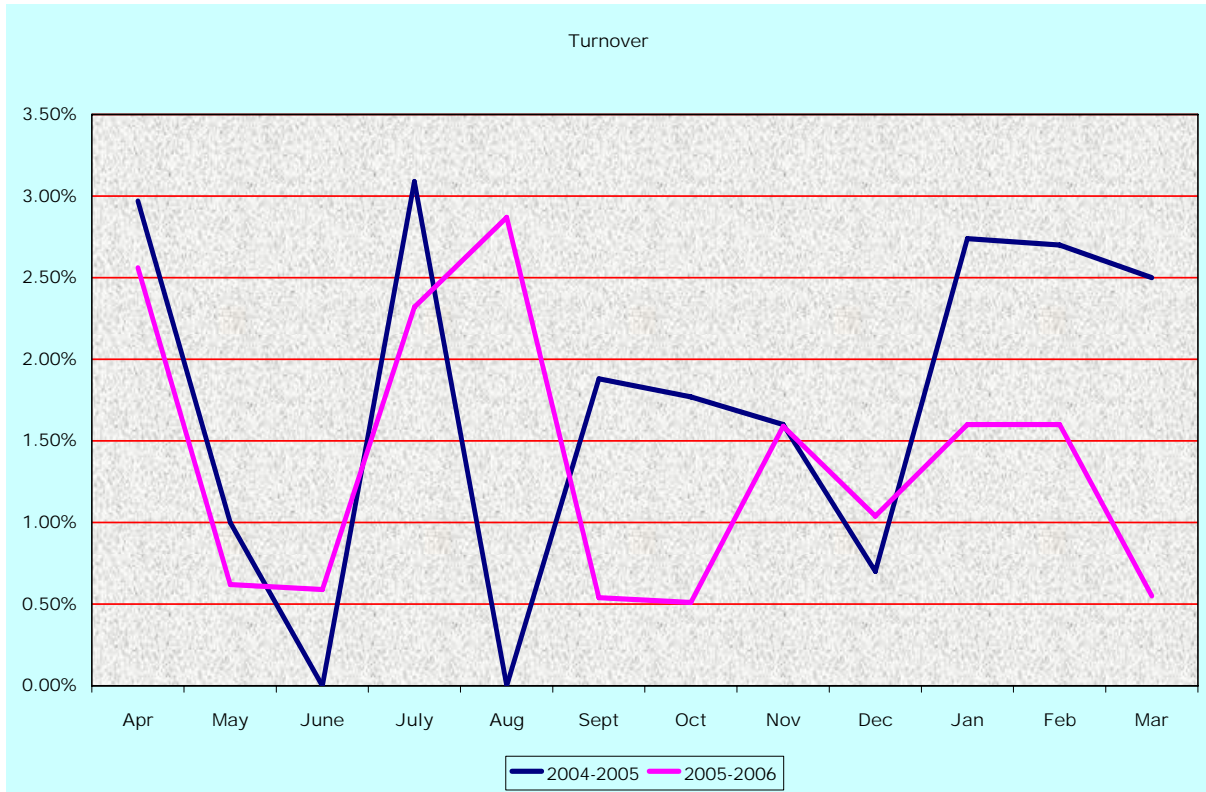
Actual annual turnover 04/05	20.9%	12 month rolling average annualised turnover 05/06	14.94%
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Turnover figures include all staff working for the HFEA, including fixed term staff. However staff who have left the Authority as a result of their contracts ending have not been included. Turnover rate calculated as:

$$\frac{\text{Number of leavers (headcount)}}{\text{Average headcount during period}} \times 100$$

**Target:** Reduce turnover rates to 15% or below

**Comment:** Annual turnover has been reduced by 6% from the previous year. All leavers in January and February 2006 are people on fixed term contracts who have left early. They have been included as they are technically resignations rather than the end of the fixed term contract. If you exclude these, the projected turnover rate would be 11.74%, significantly below target. There have not been significant levels of turnover prior to the projects ending, which was an identified risk.



### 1.3 Absence

Month	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Sickness absence rate %	2.13	1.7	1.8	2.86	2.82	2.44	2.8	1.86	1.66	2.38	1.90	2.8

#### Annual Projection

Average sickness absence rate	2.26%
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Sickness absence rate is calculated as:  $\frac{\text{no of working days lost}}{\text{Total staff time available (total no of working days)}} \times 100$

**Target:** Sickness rates at 3% or below

**Comment:** Sickness absence remains low and below target.

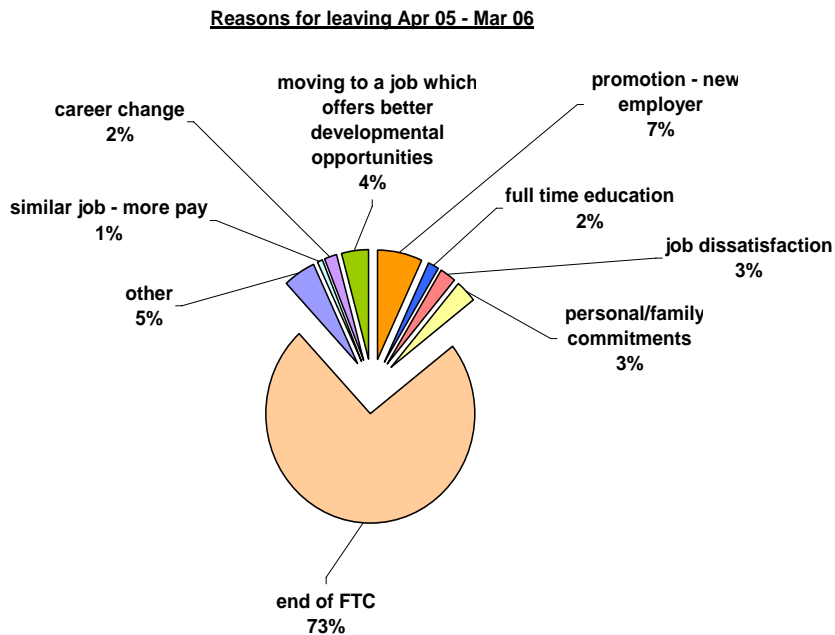
## 2. CURRENT RECRUITMENT

*Communications and Policy*  
Policy Assistant  
Communications Officer

## 3. NEW EMPLOYEES FROM 1<sup>st</sup> MARCH 2006 AND ACCEPTED OFFERS OF EMPLOYMENT

Directorate	Post	Date of Joining
Resources & Corporate Development	IT Project Manager (6 month FTC)	16/3/06
Regulation	Inspector	27/3/06

## 4. REASONS FOR LEAVING



Job dissatisfaction is down to 3% as a percentage of the whole. Cessation of fixed term contracts is the highest reason for leaving at 73%.

## **5. HR INITIATIVES/PROGRESS AGAINST THE HR ACTION PLAN**

### **5.1 Organisational Development Strategy**

The Organisational Development Strategy has now been agreed and is presented as a separate paper to OFC.

### **5.2 Competencies Project**

The working group has met on three occasions and agreed the terms of reference, project plan and communications plan. We have also undertaken two introductory roadshows for staff plus planning attendance at team meetings.

Richard Skipp and Partners have been engaged to provide consultancy support. This has taken the form of behavioural interviews with 16% of the HFEA and HTA which took place early April. Staff identified to participate were representative of all Directorates and bands and the list was agreed with the Staff Forum.

Richard Skipp also met with the working group to discuss organisational values, i.e. some of the things we would like to see included in the framework as well as what might come out from the interviews with staff. He has also had a copy of the OD strategy which gives a strong steer to the cultural and behavioural changes we would like to see as an organisation.

It is expected that the first draft of the framework should be ready by the end of April. The working group will undertake initial testing/reflection on the draft framework and then this will be taken out to all staff for wider consultation and engagement.

### **5.3 ALB Review and Exit Strategy**

80 people left in March as a result of their fixed term contracts expiring, in line with our Exit Strategy. Of these, 71 stayed until 31 March 06.

A significant amount of work has been undertaken in HR to ensure that:

- all leavers have been corresponded with in line with legal requirements
- correct final payments were made and advances recovered
- all pensions information is correctly relayed to Paymaster
- organisational references are written when requested
- all leavers have been sent an exit questionnaire (the details of which are currently being analysed)
- Databases are up to date and files closed and archived

We have also ensured correspondence gave clear instructions regarding the safe return of IT equipment and passes and ongoing confidentiality.

There are a small number of people who have had contracts extended for between one and three months to finalise the projects. These have all been agreed within budget.

We have also received notification from the Director, Organisation Review (DH) that following the feasibility study on HR Shared Services, DH has decided not to pursue

the option of an HR Shared Service at this time. We had actively participated in this study during the autumn, and were reassured that some of the conclusions reached matched the conclusions we had already come to with regard to this possibility.

We will continue to look at further efficiency options, including networking with other ALBs to look at areas of joint procurement, etc.

#### **5.4 All Staff Event**

A very successful event was held on 23 March. There was a great energy and feel to the room and useful learning gained from both the tasks we have achieved and the processes to achieve those tasks.

Staff demonstrated some great team work and levels of creativity way beyond our expectations which made the day so successful, as well as an opportunity to share some really excellent achievements over the year.

#### **5.5 Training and Development**

We are very grateful to all the hard work that Anne Hathaway, Training and Development Manager, undertook over the last 15 months in undertaking an organisational training needs analysis and put together a comprehensive programme of events and administrative systems to support the implementation of the business plan and personal career development. We are very sorry to have lost this post as a result of the ALB review but will ensure it is our priority to continue delivering focused and tailored training and development solutions.

Courses are continuing this month on Influencing skills for Performance Management, PDP skills workshops for all staff, Employment Law for Managers and Dealing with Patient Enquiries courses.

We are working alongside managers to identify training priorities for the forthcoming year as part of the business planning and PDP process.

#### **5.6 PDP Process**

In response to concerns raised through the Staff Forum a small group of Section Heads have reviewed the aims and box marking definitions for this year's PDP process. Following consultation with staff these changes have been agreed and implemented.

In response to concerns about equity of the process we are also introducing a new layer of moderation at Heads level to assure consistency of objective setting and box marking.

All PDPs should be completed by end of May this year which will align PDPs much better to the business planning process.

#### **5.7 Staff Forum**

The Staff Forum continues to meet. Current areas for discussion include environmental issues and the PDP process.

## **5.8 Equalities & Diversity**

A new strand of work is commencing to develop an Equality Scheme and action plan (incorporating race, religion, sex, sexuality and disability elements) in line with new equality legislation requirements. This must be completed by Dec 06. The organisational lead is Tim Whitaker and HR will be focusing on:

- ensuring the employment aspects of the equality scheme are developed
- supporting the Equalities Working group on the equalities issues relating to service provision aspects and interpretation of the law.
- identifying training needs associated with the implementation of the scheme and commission programmes accordingly
- identifying employment issues relating to the implementation of Age Discrimination legislation
- ensuring managers understand the requirements of the Age Discrimination legislation
- undertaking a review HR policies and procedures to ensure compliance with all legislation, focusing on application of equalities legislation

## **5.9 HTA**

We have continued to support and work alongside the HTA through:

- recruitment
- VAT issues with HMRC
- appraisal training
- Competencies project
- Payroll and pensions

## **5.10 Pensions**

We have been liaising with staff on behalf of Paymaster to ensure that year end Pensions statements are correct.

Fiona Daffern  
Assistant Director HR&OD