

## Annual General Meeting held on 10 September 2021

### Questions asked at the AGM and responses provided

(This is not a transcript from the AGM and therefore does not include the conversational or observational preamble to any question or response. The chair, Dougy Moederle-Lumb answered each of the questions)

#### 1. Question

The directors' costs and administrative expenses come to £756,939 which is 36.2% of the fund's income for the year. It could look to practices like too much of the contribution they pay is being used to administer the fund. Please explain why it is necessary for the fund to have this proportion of running costs.

#### Answer

Of the £757,000, Director and staff costs (salaries and related costs) totalled £451,000 and administration expenses (net) amounted to £305,000.

Payroll costs are, by their very nature, fixed costs such that the aggregate does not fluctuate in line with amounts collected from LMCs or, indeed, with other expenditure. Although the percentage of 36% looks high, remember that it was affected by the reduction in the per capita quota rate announced in early 2020, which meant that quota income in 2020 was £660,000 lower than in 2019.

Actual income in 2020 was significantly higher than quota contributions (the figure used to calculate the percentage of 36.2%), because the GPDF's income also comprised £800,000 of gains realised on the disposal of investments and £300,000 of other investment income. Without these items, there would have been a deficit of just over £1,100,000 before unrealised gains on financial instruments.

As to managing salary costs, the Annual Report, at page 10, explains the role of the Remuneration Committee, which was re-constituted in 2020 and the report describes its activities to date. Importantly, the Committee is independent of the Board and no Director is a member of it. In due course, the Committee will report on payments made to Directors and the remuneration arrangements for the management team all aimed at ensuring that payment levels are appropriate and aligned to the Company's strategy and stakeholder environment.

The figure reported for administrative expenses (£305,000) is net of £128,000 comprising a rebate of Sarasin's portfolio management fees and the recovery and adjustment of amounts totalling £118,000 previously provided against unremitted quotas from several LMCs.

Administrative expenses therefore totalled £433,000, of which legal services were £217,000, and these are described more fully in response to the next question. Aggregate expenditure net of legal expenses amounted to £217,000 and included the cost of outsourced services (accounting, payroll etc) of £86,000; recruitment of the independent directors and members of the remuneration committee £48,000; board development, including performance improvement, £27,000. Insurance premiums cost £24,000, room hire and rents a further £12,000 and the annual subscription to the College of Emergency Medicine £13,000.

2. *Question*

Administrative expenses, over £217k was spend on legal services. How much of this expenditure was on advice for members and how much was spent on advice for the fund?

*Answer*

The Company incurs expenditure to support and promote the interests of LMCs and GPs in accordance with its Objects and this includes expenditure to enable the Board to carry out its fiduciary duties. Let me tell you how the £217,000 of legal costs in 2020 were spent.

The largest item of £67,000 related to advice, including counsel's opinion on the Workplace Pension legislation. We spent a further £53,000 providing legal support to 2 LMCs and to a doctor from whom NHSE sought to recover a substantial sum based on its interpretation of his entitlement to sick pay. As I explained last year, the Company's Articles of Association were revised and adopted in early 2020 and £16,000 of cost fell into 2020. The pandemic caused us to incur just over £20,000 in adapting the 2020 AGM to being virtual. We incurred costs in several other areas including the Consolidated Statement of Financial Entitlements (SFE) and some final considerations of employment law regarding the 10 former employees of the Company (the members of the various Executive teams) transferred to the BMA.

3. *Question*

There was again over £124k spent on restructuring, are any further expenses to be expected for this?

*Answer*

The caption "Restructuring, including negotiations with the BMA" shown in the Income Statement captures those types of costs incurred in 2020, and previously in 2019. However, in 2020, the £124,000 relates solely to negotiations with the BMA. In addition to legal fees, it includes, for example, the cost of independent accountants, appointed by the GPDF, to report on grant-related expenditure incurred by the BMA.

Remember that the GPDF had been engaged with the BMA since early 2018 to agree the Deeds of Grant for 2018/2019 and 2019/2020 before reaching agreement in September 2020 on a three-year Grant for the period ending in June 2023. Costs of this nature will be incurred in the future should the parties enter into negotiations regarding a new Deed of Grant, but it is too early to speculate on the quantum of costs to be incurred or the period to be covered by any new agreement.

Also, the GPDF may need to incur further restructuring costs in response to the outcome of the GPDF's thorough review of representation commissioned by the Annual Conference of LMCs in May 2021. Other contributory factors to this increasingly complex picture might include the constitution of a national association of LMCs and responding to requests for support as the consequences of NHS reforms emerge, particularly in England.

4. *Questions:*

- a. How does an organisation that spends more on its own overheads than on its mission justify its existence?
- b. With £20 million in the bank, I appreciate that if you realise that capital, you have to pay tax on it. I accept that whilst the company has overheads, I think it could spend quite a lot more on supporting a profession that is going through such difficulties.
- c. Please describe your vision for the future. What can the GPDF actually do to support general practice that it isn't doing at the moment?

*Answer*

Let me begin by pointing out that in the income Statement you will see that the majority of our expenditure is focused on representation, conferences and other costs incurred to benefit both LMCs and GPs, not simply on overheads, and that will continue.

With considerable effort, the GPDF has come a long way in the last three years, which has included restructuring the board and the management team, but that has now been largely completed.

Supporting LMCs is one of the key drivers to the GPDF's future plans, which will include funding and supporting a number of projects. Over the last few months, several meetings have been held with LMCs asking for ideas to be brought forward; where they are purposeful and helpful, the GPDF will provide the necessary support.

As to the GPDF's future plans, it is the board's intention shortly to publish its strategy for the foreseeable future which has been adopted, and which sets out what the GPDF will implement on behalf of LMCs.

While it is true that the reported value of the Company's investments at 31 December 2020 amounted to £19 million. In early 2020 the stock markets lost significant value and the GPDF's investments fell by several million pounds but, thankfully, they recovered, at least for the moment. How stock markets will perform in the future is a matter of conjecture, but the road ahead is likely to remain challenging.

There are several reasons why we need to maintain the fund. One is to meet our future commitments to the BMA for the three-year grant. Another is to have a war chest should we need one to support LMCs and general practice. Over the next 12 to 18 months, the Company will incur considerable expense in addressing the will of Conference for the GPDF to commission a thorough review of the current representative structure. And finally, the Company must demonstrate to its auditors that it remains a going concern which is another reason for maintaining accumulated funds at a healthy level.

As far as good corporate governance is concerned in addition to setting up an independent Remuneration Committee, the Company has established the Audit & Risk Committee as well as the Investment Committee each chaired by one of the Independent Directors.

5. *Question*

How much of conference is funded by the GPDF and how much of it is funded by the BMA? A percentage split would be helpful to know.

*Answer*

The GPDF pays 100% of the costs for all five conferences. The BMA's contribution is to provide the staff and back-office functions to enable the conferences to go ahead including, for example, finding venues and arranging the audio-visual equipment. The BMA also meets the travel and subsistence costs of those attending the conferences who are *not* representatives of LMCs, such as the GPC members in the relevant country.

6. *Question*

In the face of a media and public barrage, (more specifically the Daily Mail and the Daily Telegraph) could the GPDF spend money on campaigning, public relations, and challenging incorrect media comment about us being closed or lazy or on our boats?

*Answer*

This is a question that is asked regularly as to whether the GPDF would fund a public facing campaign. If the GPDF were to try to run a PR campaign on behalf of general practice, it is likely to be drowned out by the machinery of government and their ability to mount a counter-campaign. In other words, it would be doomed to fail and exceedingly expensive.

Also, the GPDF has to be careful not to venture outside of its remit by stepping on the toes of the BMA, the trade union responsible for campaigning in that regard.

That apart, there is an increasing call from LMCs for there to be a voice on behalf of all LMCs and through them the profession. And there's a call for the GPDF to develop its role as a national association of LMCs to become more robust in its defense of LMCs and what they do for GPs.

7. *Question*

Without disclosing personal details, what outcomes, changes, benefits have there been as a consequence of the spending on remuneration committee?

*Answer*

To recap, in response to various criticisms which were unfounded and unfair regarding how resources were spent on the Board and the management team including the Chair, in late 2020 the GPDF established an independent remuneration committee. The committee is chaired by Joel Griffin supported by two LMC colleagues and no Director serves on the committee. Its principal task is to recommend the reward for both the elected and independent (appointed) members of the Board, as well as the management team.

That piece of work is ongoing, because of the need to align reward with implementation of the GPDF's strategy, which was considered by the board at its October meeting.

However, sums paid to Directors in the year ended 31 December 2020 are set out in Note 15 to the Financial Statements.

*Question*

You spent £48,000 on the remuneration committee where did that get us to?

*Answer*

For the sake of clarity, the £48,000 was not spent on the remuneration committee. Rather the £48,000 included the recruitment costs of the independent directors, as well as the members of the remuneration committee. The GPDF undertook an extensive process in order to identify independent directors that would add value to the GPDF.

The actual reward for the remuneration committee is significantly less than £48,000 I can assure you of that, it was significantly below that number. And the £48,000 was not what we paid the independent directors - it included what we paid to the recruitment consultants.

8. *Question*

Are there any plans for the GPDF to support salaried locum sessional GP colleagues?

*Answer*

There are two ways of answering this question.

Firstly, the GPDF provides the grant to the BMA to ensure representation of **all** our GP colleagues throughout Great Britain, but it is for the BMA to determine how it apportions its own spending.

If members are concerned that the BMA may not be using the grant funding in the way that it should, the GPDF would like to know so that it can be discussed with the BMA at one of our regular meetings.

Also, the GPDF has agreed to undertake a thorough review of the current representative structure and the issues around equitable representation of all our colleagues will form part of that review.

The Board is absolutely determined to ensure that every GP, regardless of their contractual status, is properly represented nationally. The Board recognises that there is now a very high percentage of sessional GPs, and it is important that their views are heard.

If the BMA wants to do anything different, and if it is challenged by the sessional GP community, the BMA is perfectly entitled to approach the GPDF to discuss how this could or should be addressed in the future.

We have held a preliminary meeting with Ben Molyneux to understand his concerns and undoubtedly there will be further meetings with Ben and his colleagues. Let me reassure everyone that the GPDF will include sessional colleagues in discussions about national representation.

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