

EGM Questions from the Floor

Question from the floor regarding Board Member expenses, as these had risen from c£4,000 to £16,000 and if these were properly monitored?

All expenses are properly monitored.

Question from the floor regarding point 2 of the agenda, why this was there and could it be removed?

The solicitors confirmed that this was there for information purposes

It was agreed to move the meeting forward to point 3

Question from the floor regarding where were the minute of the 2009 AGM.

The minute of the 2009 AGM would be distributed at the 2010 AGM in accordance with normal practice.

Question from the floor regarding Corporate Annual Report, specifically the second diagram on page 8 of the corporate annual report and how the figures were calculated and why there were no notes reflecting how this was calculated?

Prior to 2008 each division of the SFHA was not fully costed meaning that it was more difficult to get an accurate picture on the true status of each part of the business. Each part of the business is now fully costed including a share of overheads.

For the HSSE there are two tests which must be passed for each project undertaken: 1) does it provide a service to the members 2) does it pay for itself (i.e. no subsidy from affiliation fees).

If the tests are passed then we can run them, if not and they make a loss then corrective action is taken.

Question from the floor regarding the annual accounts and why information was passed out with the papers for the December 2009 AGM but not distributed for the EGM, it was also asked why there was no detail or analysis of HSSE?

This was an administrative error, it is normal practice to distribute the audited accounts with the further detail being distributed to the Board. If HSSE was a separate trading subsidiary then audited accounts would be distributed for both businesses (SFHA & HSSE) however HSSE is a division of the SFHA. The accounts have been audited and the auditor is happy that the picture is a true and accurate record.

Question from the floor regarding the transparency and quality of information provided and request to provide information on which areas of HSSE were profitable and which one made a loss?

There are a number of activities undertaken within HSSE, some activities made a profit and some did not, where activities were not making a profit corrective action had been taken. In brief for the period 2008-09 HSSE made an overall profit of £107,000. Broken down some areas had not performed well and corrective action had been taken:

HS Television – this was a new way of putting out information to members intended to carry advertising to support the running costs however advertising revenue generated fell short of the

running costs meaning this area of HSSE recorded a loss of £36,000 and this activity has now been stopped.

PR Consultancy – there are some successful contracts in place however this area of HSSE recorded a loss of £16,000, corrective action had been taken to reduce the PR Service and this is being monitored closely

Training – The SFHA has been running training for many years (prior to the creation of HSSE) however it has been running at a loss and with the introduction of cost centre accounting we could clearly identify the true cost of training and this was operating at a loss of £54,000. Corrective action has been taken and we have scaled back our training programme only running those programmes for which there is a strong demand.

Question from the floor regarding the proportion of CEO costs assigned to HSSE for the running of this?

Everything is fully allocated however there is no specific allocation to the running of HSSE as this is delegated however there may be some time dedicated at a strategic level however this was not costed back to HSSE as inturn there may be work HSSE carries out for the CEO which was not costed back and one cost cancels out the other making it cost neutral.

Question from the floor regarding the allocation of professional fees costed to PSD and what work this relates to?

The professional fees costed to PSD related to work undertaken to support the media training, communication work, assistance with the design & delivery of the Homecoming Campaign and also change management advice provided to PSD. During the course of the financial year of 2008-09 the CEO was absent from work for a prolonged period to undergo major surgery and it was agreed through the Board that the professional consultancy would take on additional work to support the organisation during this period.

Question from the floor regarding the delegated signing authority on the limit of tenders and if the consultancy work had been competitively tendered?

The tender process adopted by the SFHA is fairly rigorous however the circumstances relating to the absence of the CEO were exceptional. The CEO extended the role of the consultant during this period rather than retendering the contract at a pivotal time of change for the organisation. The Board was made aware of this.