

THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Mr Marc Seale

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MINUTES of the 32nd meeting of the Finance and Resources Committee held on **Monday 18 September 2006** at Park House, 184 Kennington Park Road, London, SE11 4BU.

PRESENT: Mr R Clegg (Chairman)
 Mrs M Clark-Glass
 Mr M C Davies
 Mr W Munro
 Mr D Ross
 Mr K Ross
 Mrs J Sheridan (from item 10 inclusive)
 Mrs B Stuart

IN ATTENDANCE:

Mr C Bendall, Secretary to the Committee
 Ms M Cheema, Financial Accountant
 Mr R Dunn, Director of Corporate Services
 Ms L Foster, Human Resources Director
 Miss K Johnson, Director, Fitness to Practise
 Mr S Leicester, Finance Manager
 Miss C Milner, Management Accountant
 Mr G Ross-Sampson, Director of Operations
 Mr M Seale, Chief Executive and Registrar

Item 1.06/126 APOLOGIES FOR ABSENCE

- 1.1 Apologies for absence were received from Ms P Blackburn, Mr J Camp, Ms S Drayton and Mr R Kennett (observer on behalf of the Audit Committee).
- 1.2 The Committee noted that Mrs Sheridan had been delayed due to travel problems.

Item 2.06/127 APPROVAL OF AGENDA

- 2.1 The Committee approved the agenda.

Item 3.06/128 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 28 JULY 2006

- 3.1 It was agreed that the minutes of the thirty-first meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman.

Item 4.06/129 MATTERS ARISING

- 4.1 The Committee received a paper to note from the Executive.
- 4.2 The Committee noted the actions list as agreed at the last meeting.

Item 5.06/130 FINANCE AND FACILITIES MANAGEMENT REPORT

- 5.1 The Committee received a report on the work of the Finance and Facilities Management Department.
- 5.2 The Committee noted that significant projects for the Department included:
- preparation of the Five Year Plan;
 - preparation of the timetable for audit of the 2006-7 accounts, in consultation with the HPC's internal and external auditors; and
 - amendments to the Standing Financial Instructions.

Item 6.06/131 HUMAN RESOURCES DEPARTMENT REPORT

- 6.1 The Committee received a report on the work of the Human Resources Department.
- 6.2 The Committee noted that the new Director of Communications had commenced work and would be involved in the process of recruiting a replacement Communications Officer.
- 6.3 The Committee noted details of posts which had recently been filled and which were being advertised.
- 6.4 The Committee noted details of training courses which had recently taken place and which were planned.
- 6.5 The Committee noted that the post of Education Policy Manager had not been filled as a number of candidates had withdrawn at interview stage. The Committee noted that the Executive would consider how to proceed, in the light of the resources currently available in the Policy and Standards Department.

Item 7.06/132 PARTNER MANAGER REPORT

- 7.1 The Committee received a report on the work of the Partner Manager.
- 7.2 The Committee noted that the re-appointment process had been completed and there were now 619 Partners. The Committee noted that most Partners had been understanding about process and that there had been a total of nine complaints, which included requests for further information about how re-appointment decisions had been made.
- 7.3 The Committee noted that there would be a further round of re-appointments in 2007, affecting those Partners whose contracts expired in the next year.

Item 8.06/133 CORPORATE SERVICES REPORT

- 8.1 The Committee received a report on the work of the Corporate Services Department.
- 8.2 The Committee noted that significant projects for the Department included:
 - final testing of the BACS-IP and AUDDIS electronic banking system;
 - completion of the system for on-line applications for registration; and
 - replication of the HPC's data to an external server, to improve business continuity.
- 8.3 The Committee noted that the Department had recently been the subject of an internal audit and as a result there would be some amendments to the helpdesk procedures and the service level agreement for dealing with support requests.

Item 9.06/134 OPERATIONS REPORT

- 9.1 The Committee received a report on Operations, covering the Registration Departments, Project Management, Quality Management and the Education - Approvals and Monitoring Department.
- 9.2 The Committee noted that the UK Registration Department had received approximately 7700 telephone calls and achieved a 91% answer rate in July. This was more than three times the number of calls received in July 2005.
- 9.3 The Committee noted that the UK Registration Department had also achieved a high level of service in processing applications for registration and readmission and responding to emails.

- 9.4 The Committee noted that twelve out of the thirteen professions regulated by the HPC had gone through the renewals process and that a paper on the outcome would be presented to a future meeting. The Education and Training Committee would also receive a similar paper.
- 9.5 The Committee noted that the HPC notified employers of individuals who failed to renew their registration.
- 9.6 The Committee noted details of current work by the Project Manager, which included:
- implementation of the Equality and Diversity Scheme;
 - a projects reporting system; and
 - prioritisation and life cycles of projects.
- 9.7 The Committee noted details of the next round of quality management audits. The Committee noted that the Quality Manager had also met the internal auditors.
- 9.8 The Committee noted that the annual monitoring of approved programmes had been very successful and had involved a series of assessment days attended by inter-professional groups of Visitors. It was likely that this approach would be used with Partners in other areas of the HPC's work.

Item 10.06/135 FIVE YEAR PLAN

- 10.1 The Committee received a paper for discussion/approval from the Executive. An additional diagram was tabled, showing a forecasting model for the number of registrants.
- 10.2 The Committee noted that the Five Year Plan was a reference document for use by the Council and Executive in planning and committing to new initiatives, as it set out expected changes over the next five years in an income and expenditure account.
- 10.3 The Committee noted that the paper included a "central case", based on what the Executive believed was the most likely outcome if the proposed fee increase for July 2007 was implemented. The Committee noted that the paper included further scenarios to show the impact of broad changes, including reduced UK graduate volumes (coming onto the Register) of 10% and 20%, an alternative fee change (a compensating fee rise for a 10% drop in UK Graduate volumes coming onto the Register) and the outcome if fee levels remained unchanged.
- 10.4 The Committee noted the key assumptions, financial overview, operational overview, financial information, operational information and ratios in the paper.
- 10.5 In discussion, the Committee noted the following points:

- the key assumptions should be amended to indicate that Continuing Professional Development assessments would start in July 2008 (not July 2009 as stated in the draft plan);
- the draft plan had been prepared on the basis of existing policies and strategy;
- the forecast for years 1 and 2 (2007-8 and 2008-9) were likely to be more realistic than future years;
- net assets by year 5 (2011-12) were forecast to be significant;
- fees were forecast to rise, based on the costing model which had been approved by the Committee;
- the number of Fitness to Practise cases was forecast to treble by year 5. This was based on the ongoing increase in allegations about registrants. There were increases in legal representation of registrants, length of cases, and the number of review hearings;
- the cost of professional advisors was forecast to increase to £5.08m by year 5;
- employee costs for all HPC departments were forecast to increase to £6.41m by year 5, including an additional 26 employees;
- total expenditure for the Information Technology department in year 5 had been omitted and should read £456,000; and
- new professions (applied psychologists, two groups of healthcare scientists, counsellors and psychotherapists) were expected to resolve existing complaints about individual professionals before statutory regulation commenced. The progress of statutory regulation of these professions was dependent on action by the Department of Health.

- 10.6 The Committee agreed that the forecasts for the number of registrants and returners to practice should be revised to a more conservative level, to take account of the decrease in UK, international and grandparenting applications and the current shortage of posts for registrants in the National Health Service. The Committee also requested that some volume estimates for the new professions originating from international applications should be added.
- 10.7 The Committee noted that, if individual members had other concerns about the draft plan, they could contact the Finance Manager directly.
- 10.8 The Committee agreed that, subject to the amendments discussed, the central case scenario should be recommended to the Council.

Action: SL (by 4 October 2006)

Item 11.06/136 FEE CHANGE

- 11.1 The Committee received a paper for discussion/approval from the Executive.

- 11.2 The Committee noted that the paper set out two alternative scenarios for proposed fee increases. Scenario one (the "central case fee outcome") proposed that renewal fees should be increased to £66, whilst scenario two proposed that fees should be increased to compensate for a 10% drop in the volume of UK graduates coming onto the Register. Some members expressed concern about whether the HPC would be able to support its operational costs (particularly in connection with Fitness to Practise cases) on the basis of a £66 renewal fee. The Committee noted that, compared to other healthcare regulators, HPC renewal fees remained relatively low. The Committee agreed that the consultation should propose that renewal fees should be increased to £70 and that the other proposed fees should be as set out in the paper.
- 11.3 The Committee agreed that the consultation document which was circulated to stakeholders should explain the basis for the proposed increases and should set out the HPC's policy that there should be no significant cross-subsidisation across the different chargeable services.
- 11.4 The Committee noted that a fee discount for UK graduates coming onto the Register within two years of graduation would remain in place.
- 11.5 The Committee noted that, in the consultation document, the HPC would remind registrants that their registration fee was tax deductible.
- 11.6 The Committee noted that that the fee proposal was to allow registrants coming off the Register and then going back onto the Register within one month to have their readmission fee waived. Some members felt that the HPC should consider charging registrants for all costs incurred (for example, when a lapsed registrant was considered for readmission to the Register).
- 11.7 The Committee noted that in the Five Year Plan, further fee increases were proposed every two years and that any future proposed rises would be the subject of separate fee consultations.
- 11.8 The Committee thanked the Finance Manager and other members of the Executive for their work on this issue and the Five Year Plan.
- 11.9 The Committee agreed to recommend to the Council that:
- (1) the HPC develop and maintain a cost model for the purposes of future fee-setting, that would be adequate enough to be used for other purposes such as business process reengineering and process costing; and
 - (2) scenario one (the central case fee outcome) in the paper should be recommended to the Council to take effect from July 2007, subject to an amendment that the proposed renewal fee be £70 from July 2007.

Action: SL (Ongoing)

Item 12.06/137 REGISTRATIONS CREDITORS POLICY

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee noted that, during the external audit by Baker Tilly in May 2006, a concern had been raised that there was no policy regarding the issue of refunding fees to registrants and maintaining credit control. A concern had also been raised about the credit balance, where refund cheques had been issued but not cashed.
- 12.3 The Committee noted that a policy was required so that refunds were made consistently and that the HPC attempted at least once to communicate with a registrant who did not cash a refund cheque.
- 12.4 The Committee agreed that it would be helpful for the policy to be summarised in the introduction. Subject to this amendment, the Committee agreed the policy as set out in the paper.

Action: MC (Ongoing)

Item 13.06/138 REGISTRATIONS DEBTORS POLICY

- 13.1 The Committee received a paper for discussion/approval from the Executive.
- 13.2 The Committee noted that, during the external audit by Baker Tilly in May 2006, a concern had been raised that there was no policy regarding the issue of rejected payments which led to debts. A concern had also been raised about the debit balance where registrants' and applicants' payments had failed and no replacement payment had been received by the HPC.
- 13.3 The Committee noted that any attempts by the HPC to contact a registrant about debt would follow several letters about the renewals process from the HPC to the registrant's registered address. The Committee noted that individual registrants were responsible for keeping the HPC informed of their address. The Committee agreed that it was unnecessary to send letters about registrant's debts by registered post.
- 13.4 The Committee agreed the policy as set out in the paper.

Action: MC (Ongoing)

Item 14.06/139 EMPLOYEE GIFTS AND INDUCEMENTS POLICY

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that the employee handbook did not currently contain a policy in this area. Whilst no significant issues had arisen, it was felt that it would be good practice to include a policy as part of employees' terms and conditions.
- 14.3 The Committee noted that the policy had been drafted with advice from the HPC's employment advisors (the Work Foundation) and employees had been consulted about the draft policy as it constituted a change to terms and conditions.
- 14.4 The Committee agreed that the policy should be entitled "Gifts and Hospitality Policy".
- 14.5 The Committee agreed that, in the section about Non-Compliance, the second paragraph should be deleted.
- 14.6 The Committee agreed that:
- (1) the employee gifts and hospitality policy should be amended as discussed; and
- (2) an identical policy should be prepared for Council members and Partners and should be put to the Council for consideration.
- Action: Point 1: LF (by 20 November 2006);
Point 2: NO'S (Council members - by December 2006); YH
(Partners - ongoing to 2007)**

**Item 15.06/140 PROPOSED AMENDMENTS TO EMPLOYEE HANDBOOK:
PUBLIC INTEREST DISCLOSURE ACT (WHISTLEBLOWING)
POLICY**

- 15.1 The Committee received a paper for discussion/approval from the Executive.
- 15.2 The Committee noted that the Audit Committee on 28 June had reviewed the policy on employee "whistleblowing" and had suggested some amendments.
- 15.3 The Committee agreed that section 1.3 of the policy should be amended to clarify that those who raised concerns were protected from dismissal, victimisation or any other detrimental treatment in connection with the

act of whistleblowing but would not be protected from disciplinary action if they had been involved in misconduct.

- 15.4 The Committee noted that, under the proposed amendments, employees would be able to report their concerns to the Chief Executive and Registrar or the Human Resources Department and both were readily accessible. The Committee noted that the HPC was a small organisation and that there had only been one instance to date where whistleblowing had occurred.
- 15.5 The Committee noted that the paper proposed that the HPC should pay an additional annual fee of approximately £1000 to the Employee Assistance Programme, to provide a service where employees could contact the Programme to raise concerns about misconduct within the HPC. The Committee noted that the fee was payable regardless of usage. The Committee agreed that, in the light of experience to date, the proposal would be an unnecessary use of resources and this arrangement should not be implemented, as employees might be uncomfortable with the prospect of contacting an outside organisation.
- 15.6 The Committee agreed that the proposed policy set out in the paper should be approved, subject to the further amendments agreed.

Action: LF (by 20 November 2006)

Item 16.06/141 SUMMARY OF COST ALLOCATIONS IN PKF COSTING MODEL

- 16.1 The Committee received a paper to note from the Executive.
- 16.2 The Committee noted that, at its meeting on 28 July, it had requested more detail about the calculation of indicative unit costs, particularly for registration of UK graduates, as set out in the PKF report presented at that meeting.
- 16.3 The Committee noted the paper.

Item 17.06/142 MANAGEMENT ACCOUNTS

- 17.1 The Committee received a paper to note from the Executive.
- 17.2 The Committee noted that, after four months of the financial year, the HPC continued to be in a good financial position.

Item 18.06/143 ANY OTHER BUSINESS

- 18.1 The Committee noted that some Council members had expressed interest in obtaining Oyster cards (pre-paid swipe cards used on London public transport) for travel to and from HPC meetings, as discounts

were available compared to cash payment for fares. The Committee agreed that the Executive should investigate whether this would be possible.

Action: SL (Ongoing)

Item 19.06/144 DATE AND TIME OF NEXT MEETING

- 19.1 The next meeting of the Committee would be held at 10.30 a.m. on Monday 20 November 2006.
- 19.2 Subsequent meetings would be held at 10.30 a.m. on
- Wednesday 7 February 2007
- Thursday 8 March 2007 (Remuneration Committee)
- Wednesday 21 March 2007
- Thursday 26 April 2007
- Thursday 21 June 2007

CHAIRMAN

DATE