

Finance and Resources Committee

Public minutes of the 54th meeting of the Finance and Resources Committee held as follows:-

Date: Tuesday 17 November 2009

Time: 10:30 am

Venue: The Council Chamber, Health Professions Council, Park House, 184 Kennington Park Road, London SE11 4BU

Present: Mr R Kennett (Chair)
Mrs S Drayton
Ms J Drown
Professor J Harper
Dr A Midha
Mr K Ross
Ms E Thornton
Mr N Willis

In attendance:

Mr E Bancroft, Rensburg Sheppards (items 1-6 inclusive)
Mr C Bendall, Secretary to the Committee
Mr G Butler, Director of Finance
Mr G Gaskins, Director of Information Technology
Mr M Guthrie, Director of Policy and Standards
Ms T Haskins, Director of Human Resources
Professor J Lucas, Chair, Audit Committee (observer)
Mr S Mars, Policy Officer
Ms C Milner, Financial Controller
Ms K Neuschafer, Partner Manager
Mr D Richardson, Rensburg Sheppards (items 1-6 inclusive)
Mr G Ross-Sampson, Director of Operations
Mr M J Seale, Chief Executive and Registrar
Dr A van der Gaag, Council Chair

Item 1.09/156 Apologies for absence

1.1 Apologies for absence were received from Mrs M Clark-Glass.

Item 2.09/157 Approval of agenda

2.1 The Committee approved the agenda, subject to considering the investment report as item 7 and the six month reforecast as item 9.

Item 3.09/158 Declarations of members' interests

3.1 Members had no interests to declare in connection with the items on the agenda.

Item 4.09/159 Minutes of the Finance and Resources Committee meeting held on 15 September 2009 (report ref: FRC 107/09)

4.1 It was agreed that the minutes of the 53rd meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chair.

Item 5.09/160 Matters arising (report ref: FRC 108/09)

5.1 The Committee received a paper to note from the Executive.

5.2 The Committee noted the actions list as agreed at the last meeting.

5.3 In connection with the allowance for Council members to purchase a laptop computer, the Committee noted that members could apply for a second allowance after three years. A member felt that any application for a second allowance would need to be justified. The Committee noted that, as the Council had already agreed the policy, the issue should be raised at the next Council meeting.

Item 6.09/161 Investment presentation

6.1 The Committee received a presentation from the representatives of Rensburg Sheppards.

6.2 The Committee noted that Rensburg Sheppards aimed to strike a balance between achieving annual returns above inflation and being relatively cautious in investments. The Committee noted that, in the three months to 30 September 2009, HPC's investments had matched the benchmark for that period and, for the 12 months to 30 September 2009, had outperformed the benchmark.

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- 6.3 The Committee noted that Rensburg Sheppards did not feel that the ethical restrictions on the investment portfolio would significantly affect potential returns.
- 6.4 The Committee noted that there was no current investment in property, and that, given the relatively small size of HPC's investments, only a small sum could potentially be invested in property.
- 6.5 The Committee noted that two other healthcare regulators were registered charities. The Committee agreed that the Executive should explore whether it would be possible for HPC to become a registered charity and the potential advantages and disadvantages. The Committee noted that there might be tax advantages in attaining charitable status.

Action: MJS (ongoing)

- 6.6 The Committee thanked the representatives of Rensburg Sheppards for their presentation and the representatives left the meeting.

Item 7.09/162 Investment report (report ref: FRC 117/09)

- 7.1 The Committee received a paper for discussion/approval from the Executive.
- 7.2 The Committee noted that Rensburg Sheppards currently charged a management fee of 0.5% and that, if HPC were to divide its relatively small investment portfolio between a number of managers, this would increase the cost of management fees.
- 7.3 The Committee agreed to reappoint Rensburg Sheppards as HPC's investment manager.
- 7.4 The Committee noted that the performance of Rensburg Sheppards and their reappointment was considered annually. The Committee agreed that the Executive should prepare a paper on re-tendering the investment manager role.

Action: GB (by 22 November 2010)

Item 8.09/163 Finance report (report ref: FRC 109/09)

- 8.1 The Committee received a report on the work of the Finance Department.
- 8.2 The Committee noted that work in processing payments and registration fee adjustments had been disrupted by industrial action affecting Royal Mail, but the strike action had now been suspended.

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- 8.3 The Committee noted that the Department was involved in a number of projects, such as preparing the annual budget for 2010-11.
- 8.4 The Committee noted details of significant variances in the management accounts for September 2009. The Committee noted that income from international applications was under budget, due to a reduction in the number of applications. This had also resulted in a saving in international assessors' fees, as there were fewer applications to scrutinise.

Item 9.09/164 Six month reforecast for year ending 31 March 2010 (report ref: FRC 119/09)

- 9.1 The Committee received a paper to note from the Executive.
- 9.2 The Committee noted that the Finance Department had held discussions with each budget holder to identify the likely year end financial position for each department. The forecast total operating deficit for HPC, together with a comparison with the original budget, was set out in the paper. A downturn in international scrutiny fees and an increase in discounted graduate applications had been taken into account. There was also an unfavourable variance in Fitness to Practise expenditure, due to the increasing volume, complexity and duration of cases.
- 9.3 The Committee noted that, following consultation in 2007, HPC had agreed to offer a discounted registration fee to graduates from approved programmes, for the first two years after graduation.
- 9.4 The Committee noted that there had been an unfavourable variance in expenditure on recruitment, as the recruitment budget had been halved compared to the 2008-9 budget. It was possible that this had been in anticipation of a decrease in recruitment due to the economic recession, but in fact employee turnover had been similar to 2008-9.
- 9.5 The Committee noted that the projected year end financial position was a deficit of £149, 000. The Committee agreed that the Executive should aim to work towards a balanced budget at the year end, but without detriment to HPC's work.

Item 10.09/165 Human Resources report (report ref: FRC 110/09)

- 10.1 The Committee received a report on the work of the Human Resources Department.
- 10.2 The Committee noted that a new Human Resources Manager had started work in the Department that day.

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- 10.3 The Committee noted that the Executive was reviewing the pay policy and process. It was intended that a paper would be presented to the next meeting for consideration.

Action: TH (by 10 February 2009)

Item 11.09/166 Partner Manager report (report ref: FRC 111/09)

- 11.1 The Committee received a report on the work of the Partner Manager.
- 11.2 The Committee noted that recruitment had taken place for a number of partner roles, including hearing aid dispensers and Continuing Professional Development assessors.
- 11.3 The Committee noted that future reports from the Partner Manager would compare the number of partners to HPC's requirements

Action: KN (ongoing)

Item 12.09/167 Information Technology report (report ref: FRC 112/09)

- 12.1 The Committee received a report on the work of the Information Technology Department. The Committee noted that the report presented activities against the Department's strategic objectives.
- 12.2 The Committee noted details of recent incidents affecting IT systems and the actions taken to resolve the issues.
- 12.3 The Committee noted that the Executive was in the process of appointing a supplier to develop a new fitness to practise case management system. The Council Chair had been involved in the meetings with potential suppliers.
- 12.4 The Committee noted that the online renewals project was in the load testing phase. There had been a number of technical problems with the infrastructure, including the leased line, which the project team had been resolving systematically. The Executive wanted to ensure that the online renewals system was robust, scalable, secure and useable. It was expected that the system would therefore be rolled out in stages to groups of registrants. The Committee endorsed this approach and thanked the project team for their careful approach to the project.

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Item 13.09/168 Operations report (report ref: FRC 113/09)

- 13.1 The Committee received a report on Operations, covering the Registration Department, project management, facilities management and business improvement.
- 13.2 The Committee noted that recent disruption to Royal Mail services due to industrial action had delayed renewal forms. The deadline for renewals had therefore been extended. The percentage of registrants renewing their registration was higher than in the previous renewals cycle.
- 13.3 The Committee noted that 145 professionals from the European Economic Area had temporarily registered with HPC. Of this group, 41 professionals had since left the temporary register. The majority of temporary registrations came from professionals in Poland, Portugal and Ireland.
- 13.4 The Committee noted that the Registration Department had recently experienced a surge in telephone calls (15,000 calls in September 2009), due to practitioner psychologists becoming regulated by HPC and registrants wanting to check if their renewal form had been received. 92% of calls had been answered. The Committee noted that the greeting message on the telephone system encouraged registrants to check their registration online and this had helped to manage the volume of calls.
- 13.5 The Committee noted that the British Standards Institute (BSI) had recently conducted an audit of quality management in several departments and HPC had successfully retained its certification under the ISO 9001:2008 standard. BSI intended to use HPC as an example of good practice in quality management.
- 13.6 The Committee noted that, once the online renewals project had been completed, the Executive would report to the Committee on lessons learned from the project.

Action: GRS (by 17 March 2010)

Item 14.09/169 Extending professional and occupational regulation (report ref: FRC 114/09)

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that, on 10 September 2009, the Council had discussed a report on extending professional and occupational regulation and alternative models for the future regulation of professions. The

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Council had agreed that the relevant committees would consider the specific issues pertinent to their remit detailed in the report, to feed into the Council's further discussion of the report at its strategy meeting on 11 February 2010.

14.3 In discussion, the following points were made:

- the uncertainties about extending regulation and alternative models for future regulation made financial forecasting much more difficult;
- if some groups were licensed in the future, employers might prefer to employ licensed professionals on a lower salary scale than registered professionals;
- there was potential for tension between the HPC's new professions process and an eventual decision by government on which professions should be regulated. The Council should consider whether the criteria in the new professions process should be reviewed; and
- the administrations in the four home countries were undertaking projects which related to alternative models for regulation, such as a code of ethics for workers in Scotland. The Chief Executive was due to attend a meeting of the Department of Health oversight board on 23 November 2009 and would report any developments to the Council.

Item 15.09/170 Projected registrant numbers (report ref: FRC 115/09)

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

15.2 The Committee noted that the paper included a projection of the number of registrants for 2010-11 to 2014-15. The document used assumptions based on past registrant statistics and information about regulation of new professions. The figures for new registrations from approved programmes were based on conservative assumptions, assisted by 2009-10 student cohort data for the majority of approved pre-registration education and training programmes.

15.3 The Committee noted the following points on the projections:

- there was an assumption that HPC would regulate several groups of healthcare scientists, but this could be affected by the progress of the Modernising Scientific Careers project being run by the Department of Health;

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- there was an assumption that graduates from approved programmes would decrease by 4% each year and that international applications would decrease by 50% over the five year period; and
- the projections took into account a lapsing rate of 6.5%.

15.4 The Committee approved the document on projected registrant numbers.

Item 16.09/171 Five year plan (report ref: FRC 116/09)

- 16.1 The Committee received a paper for discussion/approval from the Executive.
- 16.2 The Committee noted that it had last reviewed the five year plan in November 2008.
- 16.3 The Committee agreed that the five year plan should be amended to include the following points:
- the Committee should receive a high-level summary of the document, with the more detailed document being provided for background information;
 - the document projected the financial and operating consequences of the key assumptions. The document should be amended to include sensitivity analysis relating to the assumptions, including registrant numbers and fitness to practise cases; and
 - there should be a more detailed explanation of the reasoning behind the assumptions.
- 16.4 The Committee agreed that a further paper, taking account of the points made in paragraph 16.3, should be presented to its next meeting.

Action: GB (by 10 February 2010)

Item 17.09/172 International Financial Reporting Standards (IFRS) accounts 2008-9: Draft (report ref: FRC 118/09)

- 17.1 The Committee received a paper to note from the Executive.
- 17.2 The Committee noted that, as part of the preparation for full adoption of IFRS for the 2009-10 financial year, HPC was required to prepare 2008-9 accounts using the IFRS format to allow comparisons between the financial years.

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17.3 The Committee noted that the draft accounts had been sent to Baker Tilly for review. The Executive was due to meet the National Audit Office on 23 November 2009 to discuss the draft accounts.

17.4 The Committee noted the paper.

Item 18.09/173 Exit interview report 2008-2009 (report ref: FRC 120/09)

18.1 The Committee received a paper to note from the Executive.

18.2 The Committee noted the outcome of exit interviews conducted with employees in 2008-9. The results from the interviews were broadly very positive. The impact of work undertaken by the Executive to improve internal communications would be assessed in the report on 2009-10 exit interviews.

Item 19.09/174 Dates of committee meetings 2010-11 (report ref: FRC 121/09)

19.1 The Committee received a paper to note from the Executive.

19.2 The Committee noted the dates of meetings in 2010-11. The dates are listed at paragraph 21.2.

Item 20.09/175 Any other business

20.1 There was no other business.

Item 21.09/176 Date and time of next meeting

21.1 The next meeting of the Committee would be held at 10.30 am on Wednesday 10 February 2010.

21.2 Subsequent meetings would be held at 10.30 am on

Thursday 4 March 2010 (Remuneration Committee)

Wednesday 17 March 2010

Thursday 29 April 2010

Thursday 17 June 2010

Thursday 29 July 2010

Monday 6 September 2010

Monday 22 November 2010

Thursday 27 January 2011

Thursday 3 March 2011 (Remuneration Committee)

Thursday 17 March 2011

Thursday 28 April 2011

Tuesday 21 June 2011

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Wednesday 7 September 2011
Thursday 24 November 2011

Resolution

The Committee agreed to adopt the following resolution:

'The Committee hereby resolves that the remainder of the meeting shall be held in private, because the matters being discussed relate to one or more of the following;

- (1) information relating to a registrant, former registrant or applicant for registration;
- (2) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (3) the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property;
- (4) negotiations or consultation concerning labour relations between the Council and its employees;
- (5) any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
- (6) action being taken to prevent or detect crime or to prosecute offenders;
- (7) the source of information given to the Committee in confidence; or
- (8) any other matter which, in the opinion of the Chair, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions.'

Summary of those matters considered whilst the public were excluded

Item 22.09/177 Minutes of the private part of the Finance and Resources Committee of 15 September 2009 (report ref: FRC 122/09)

The Committee considered and approved the minutes of the private part of the Finance and Resources Committee meeting held on 15 September 2009.

Item 23.09/178 Matters arising

There were no matters arising.

Item 24.09/179 Estate strategy (report ref: FRC 123/09)

The Committee approved a proposed approach to a project on office accommodation.

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Item 25.09/180 Information Technology key supplier (report ref: FRC 124/09)

The Committee approved recent work with a supplier of information technology services.

Item 26.09/181 Employment issue update (report ref: FRC 125/09)

The Committee noted the outcome of an employment issue.

Item 27.09/182 Any other business

There was no other business.

Chair

Date

Unconfirmed

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