

HEALTH PROFESSIONS COUNCIL
FINANCE AND RESOURCES COMMITTEE

MINUTES (Continued)

**of the 2nd Meeting of the Finance and Resources Committee held at Park House, 184
Kennington Park Road, London, SE11 4BU on Thursday 30th May 2002
Reconvened Monday 10th June 2002**

PRESENT

Mr Colin Lea, Chairman
Mr Michael W Barham
Mr Robert Clegg
Mrs Barbara A Stuart
Mr Neil Willis
Dr Sandy Yule

Mr Marc Seale (Chief Executive and Registrar)
Mr Paul Baker FCA (Secretary)

1 APOLOGIES FOR ABSENCE

- 1.1 Apologies had been received from Professor John Harper, Mr William A Munro, Mr Keith Ross, Mrs Jackie Stark, Mr Daniel Ross and Professor Norma Brook.

2 ANY OTHER BUSINESS

2.1 Financial Aspects of Consultation Document

- 2.2 Stephen Hill of Newchurch attended the meeting and presented the section of the Consultation Document that primarily referred to financial matters. After discussion it was agreed that the section should read as follows, subject to any editorial amendments subsequently agreed:

- 1.1 **Article I. 15. Finances of the Council**
1.2 **Section 1.01 Fees and expenses of the Council**
1.3 *The order says:*

Article 45—(1) The Council may charge such fees in connection with the exercise of its functions as it may, with the approval of the Privy Council, determine.

(2) Subject to this article, the expenses of the Council are to be met out of fees received by the Council and other sums paid to it in connection with the exercise of its functions.

(3) The Secretary of State or, an appropriate authority may make grants or loans to the Council towards expenses incurred, or to be incurred by it—

(a) in connection with the process of the implementation of this Order, or

(b) for such other purposes in connection with the professions regulated by this Order as may be approved by the Secretary of State or the appropriate authority

and agreed with the Council.

(4) In this paragraph, "appropriate authority" means the National Assembly for Wales, the Scottish Ministers or the Department of Health, Social Services and Public Safety in Northern Ireland.

1.4 With the Privy Council's approval, the Council may charge fees for services provided. The expenses of the Council are to be met by these fees, or other sums of money paid to the Council. Grants or loans may be awarded to the Council towards its expenses for implementing this Order or in connection with the regulation of the professions and will be awarded by the most appropriate of the following authorities:

- Secretary of State
- National Assembly for Wales
- Scottish Ministers
- Department of Health, Social Services and Public Safety in Northern Ireland

1.5 The Council, which is an independent body and must therefore be self-financing, will be charging a registration fee, and this will be the main source of its income. Due to a range of cost pressures, the Council expects that, on 1st April 2003, the fees will have to be increased from the levels charged by the CPSM.

The cost pressures are as follows:

- Legal costs. There are costs associated with both protection of title and with maintaining the standards of registrants
- Communication costs. These will rise, due to the requirement of the Order that the Council must inform and educate registrants and the public about its role
- CPD costs. There are new costs associated with the preparation of continual professional development standards
- Costs of partners, such as Visitors (see section entitled "Partners"). The Council is competing for the services of partners with a range of other bodies and organisations, and must pay market rates. Additionally, each partner will have associated recruitment, training and monitoring costs which will be a new development
- Pan-UK operational costs. The Council is operating in all four countries of the UK (for example, hearings must be held in a registrant's home country), a new development that will see costs rise
- Quality of service costs. The Council recognises that it must meet modern expectations of service levels in respect of, for example, speed of response to telephone calls. This, too, will act as an upward pressure on costs
- Expansion costs. The size of the HPC as an organisation is increasing, a process that will be accelerated if new professions join. This means that it is having to recruit dedicated specialists, including, for example, human resources, communication, finance and office managers
- Labour costs. Upwards pressure on labour costs

For these and other reasons, the Council expects that costs will continue to rise in the future, and will therefore review fee levels periodically.

The Council currently believes that a fee level of between £65 and £85 per year for registration, and about £200 for overseas applications, from 1st April 2003 would enable it to cover its anticipated costs. In setting the proposed fee levels, the Council has had regard to the fees charged by other regulators (such as the

General Medical Council, General Osteopathic Council, General Chiropractic Council, and General Optical Council) and notes that many of these bodies have much higher fee levels. As part of its commitment to careful financial management and good use of resources, the Council proposes to register professionals for two-year periods, and to collect fees on that basis. This will significantly reduce the Council's costs associated with processing fees.

1.6 Your views are invited:

Q15.1 In the light of the Council's new role, and in the light of the identified cost pressures the organisation faces, what is your view on the level at which the Council should set its fees from April 2003?

Q15.2 In the light of the Council's need to manage its financial resources carefully, what is your view on its proposal to register professionals on a two-yearly basis?

1.7 **Section 1.02 Keeping and reporting accounts**

1.8 *The order says:*

Article 46—(1) The Council shall—

(a) keep accounts in such form as the Privy Council may determine;

(b) prepare annual accounts in respect of each financial year, in such form as the Privy Council may determine.

(2) The annual accounts shall be audited by persons the Council appoints.

(3) No person may be appointed as an auditor under paragraph (2) unless he is eligible for appointment as a company auditor under section 25 of the Companies Act 1989 or article 28 of the Companies (Northern Ireland) Order 1990.

(4) As soon as is reasonably practicable after the end of the financial year to which the annual accounts relate, the Council shall—

(a) cause them to be published together with any report on them made by the auditors; and

(b) send a copy of the annual accounts and of any such report to the Privy Council and to the Comptroller and Auditor General.

(5) The Comptroller and Auditor General shall examine, certify and report on the annual accounts.

(6) For the purposes of his examination, the Comptroller and Auditor General may inspect the accounts of the Council and any records relating to them.

(7) The Privy Council shall lay before each House of Parliament a copy of the annual accounts certified by the Comptroller and Auditor General, any report of the auditors and the report of the Comptroller and Auditor General prepared under paragraph (5).

(8) In this article, "financial year" means—

(a) the period beginning with the date on which the Council is established and ending with the next 31st March following that date, and

(b) each successive period of 12 months ending with 31st March.

1.9 Therefore, the Council must keep accounts and prepare annual accounts (each period of 12 months ending with 31st March) in a form determined by the Privy Council. The annual accounts will be audited and published together with any report from the auditor. The publications will be sent to the Privy Council, and the Comptroller and the Auditor General for review. Copies of the publications and any subsequent reports from the Comptroller and the Auditor will be laid before each House of Parliament. The Council will ensure it has procedures in place to prepare and have audited annual accounts, and has already taken the preliminary step of appointing auditors.

1.10 Your views are invited:

Q15.3 How widely do you think the annual accounts should be published?

Q15.4 What method should the Council use to publish its annual accounts?

3 DATE AND TIME OF NEXT MEETING

3.1 Thursday 27th June 2002 at 11 a.m.

Signed (Chairman)

Date