

THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Mr Marc Seale

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MINUTES of the thirty-first meeting of the Finance and Resources Committee held on **Friday 28 July 2006** at Park House, 184 Kennington Park Road, London, SE11 4BU.

PRESENT: Mr R Clegg (Chairman)
 Mr J Camp
 Mrs M Clark-Glass
 Mr M C Davies
 Mrs S Drayton
 Mr D Ross
 Mrs J Sheridan
 Mrs B Stuart

IN ATTENDANCE:

Mr C Bendall, Secretary to the Committee
 Mr R Boyd, PKF (UK) LLP (part)
 Ms M Cheema, Financial Accountant
 Mr R Dunn, Director of Corporate Services
 Ms L Foster, Human Resources Director
 Ms Y Hussain, Partner Manager (part)
 Mr R Kennett, Accountant Member - Audit Committee
 Mr P McAllister, PKF (UK) LLP (part)
 Miss C Milner, Management Accountant
 Ms C Mulenga, Acting Management Accountant
 Mr G Ross-Sampson, Director of Operations
 Mr M Seale, Chief Executive and Registrar
 Ms R Tripp, Policy Manager
 Dr A van der Gaag, President

Item 1.06/104 APOLOGIES FOR ABSENCE

- 1.1 Apologies for absence were received from Mr W Munro and Mr K Ross.
- 1.2 The Chairman welcomed the President to her first meeting of the Committee and welcomed Mr Boyd and Mr McAllister.

Item 2.06/105 APPROVAL OF AGENDA

- 2.1 The Committee approved the agenda, subject to considering the item on Costing Methodology as item 5.

Item 3.06/106 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 22 JUNE 2006

- 3.1 It was agreed that the minutes of the thirtieth meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman, subject to the following amendments:
- 3.1.1 List of members present: Mrs Drayton should be listed as being in attendance from item 2 inclusive.
- 3.1.2 Item 6.6: A sentence should be added: "The Committee agreed that it should receive a report of feedback from exit interviews every six months.

Action: LF (Ongoing)"

- 3.1.3 Item 7.6: A sentence should be added: "The Committee agreed that tactful, appreciative letters should be sent to Partners who had not been used, or who were not going to be used, explaining all the circumstances and whether there would be further recruitment at a future date, so that Partners would understand why there might have been over-recruitment and that their willingness to act as Partners was properly appreciated.

Action: YH (Ongoing)"

- 3.1.4 Item 11.4 should be amended to read "The Committee noted that Primary Care services were moving towards an approach where patients were encouraged towards "guided self-help" (e.g. reading self-help material) and that counsellors did tend to offer counseling outside normal working hours. The Committee noted that, in the event that counsellors were not available outside working hours, the HPC would allow flexible working (for example, starting work early and leaving work early) if an employee had an appointment for counselling. The Committee noted that the HPC also offered generous annual leave to employees."

Item 4.06/107 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 5.06/108 COSTING METHODOLOGY

- 5.1 The Committee received a paper for discussion/approval from the Executive. An updated version of the paper, which corrected some grammatical and typographical errors, was tabled.
- 5.2 Mr Boyd and Mr McAllister made a presentation, setting out the terms of reference of their work. The Executive had asked PKF to analyse:
- the cost of the HPC's chargeable services;
 - the direct, indirect and overhead costs;
 - the allocation basis for indirect costs;
 - the allocation basis for overhead costs;
 - how costs change with demand; and
 - future cost pressures.
- 5.3 The Committee noted that HM Treasury's current guidance on best practice in setting fees and charges was due to be updated later in 2006. The Committee noted the methodology and key assumptions adopted by PKF.
- 5.4 The Committee noted that the key findings were:
- the low value of non-chargeable services, relating to the management of the investment portfolio;
 - only the Registration, Grandparenting and Fitness to Practise Departments were considered to be direct costs;
 - indirect costs had a high value (most HPC departments were "inward facing", e.g. support services);
 - overhead costs were the costs of the whole organisation that had not been allocated across departments;
 - there was a mix of variable direct costs and more fixed overhead costs;
 - there were cost pressures from property, employee costs, partner costs and professional advisers (e.g. solicitors);
 - variances against forecast registrant numbers were critical; and
 - there was a lack of data on service-specific expenditure.
- 5.5 The Committee noted that the results of the costing review process had provided the indicative figures listed below. Based on these results, a significant level of cross subsidisation appeared to exist within the HPC's charges:

	Current annual charge (£)	Indicative unit costs (£)	Indicative registrant volumes
Registrations (excluding discounts)	60	385	6,631
Readmissions	60	99	4,000
Renewals	60	39	171,299
International	200	257	6,196
Grandparenting	200	392	750

- 5.6 The Committee agreed that the Executive should provide more detail about the calculation of indicative unit costs, particularly for registration of UK graduates.

Action: MJS/SL (by 18 September 2006)

- 5.7 The Committee noted a suggestion that time recording by employees could be used in the future, to enable costs to be apportioned more accurately to services.
- 5.8 The Committee agreed that the model would be a useful tool, going forward, for monitoring and reporting purposes.

Action: MJS/SL (Ongoing)

- 5.9 The Committee approved the recommendations in the report and thanked PKF for its work.

Item 6.06/109 FINANCE AND FACILITIES MANAGEMENT REPORT

- 6.1 The Committee received a report on the work of the Finance Department and Facilities Management.
- 6.2 The Committee noted that the 2004-5 and 2005-6 annual reports and accounts were in the process of being published.
- 6.3 The Committee noted that the Department had received responses from most Council and Committee members on their taxation status.
- 6.4 The Committee noted that Miss C Milner had been appointed as the permanent Management Accountant and that Ms S Gillick would take up the role of Transaction Manager at the end of July. The Department now had a full complement of staff.

- 6.5 The Committee noted that significant financial projects over the next few months included:
- Implementation of the increase in the attendance fee paid to Council and Committee members;
 - Reviewing and updating project specifications and commissioning software development for automation of financial processes; and
 - Finalising the updated, online financial procedures manual, reconciling suppliers to the authorised supplier list and further training within the department, so that departmental staff could cover each other's roles.

Item 7.06/110 HUMAN RESOURCES DEPARTMENT REPORT

- 7.1 The Committee received a report on the work of the Human Resources Department.
- 7.2 The Committee noted that recruitment had slowed down over the past month, which had enabled the Department to work on administrative tasks.
- 7.3 The Committee noted that the new Director of Communications would start work on 4 September.
- 7.4 The Committee noted that Ms Tripp had been appointed as the Director of Policy and Standards.
- 7.5 The Committee noted the details of other posts which had been advertised and details of recent interviews and appointments.
- 7.6 The Committee noted that separate competencies were being developed for managers in the Performance Review System and that these would be presented to a future meeting of the Committee.
- 7.7 The Committee noted that the new standard employment contract, which it had approved in October 2005, would be extended to employees who had been appointed before that date. The Department would make a presentation to all employees about the changes and would consult employees about the contract.
- 7.8 The Committee noted the Department had provided assistance when managers held return to work meetings (held after an employee returned from sick leave) and sickness review meetings (held when sickness was long-term or reached a level which was considered unacceptable). The Committee noted that the meetings had been helpful in identifying issues and controlling levels of sick leave.

Item 8.06/111 PARTNER MANAGER REPORT

- 8.1 The Committee received a report on the work of the Partner Manager.
- 8.2 The Committee noted that a letter had been drafted for Partners who would not be reappointed.
- 8.3 The Committee noted that the recruitment process for Continuing Professional Development assessors was in its early stages. Meetings were being held with the relevant departments to ascertain how many assessors would be needed and to develop role briefs for assessors.
- 8.4 The Committee noted that performance appraisal of Partners had been suspended until the reappointments process had been completed. Registration assessors, Visitors and Fitness to Practise Panel members had been considered for reappointment in the week of 24-28 July 2006.
- 8.5 The Committee noted that Professor Julie Stone of the Council for Healthcare Regulatory Excellence had agreed to be the second keynote speaker at the Partner conference later in the year.
- 8.6 The Committee noted that 36 Partners had indicated that they did not wish to be reappointed. The individuals concerned had given various reasons, e.g. retirement, moving abroad, or lack of use by the HPC.

Item 9.06/112 CORPORATE SERVICES REPORT

- 9.1 The Committee received a report on the work of the Corporate Services Department, covering Information Technology and Information Services.
- 9.2 The Committee noted that the Department had begun consolidating servers, which would ultimately lead to the HPC being able to replicate its data to its Internet Service Provider.
- 9.3 The Committee noted details of current projects:
 - The Finance Department was testing the new electronic banking system;
 - Enhancements were being made to the Fitness to Practise case tracking system;
 - The on-line applications system was nearing completion;
 - The Department would concentrate resources on the Return to Practise aspect of the registration system and would defer progress on other projects to ensure that the Department remained within budget.
- 9.4 The Committee noted that the Business Continuity/Disaster Recovery plan was being reorganised to make it easier to use. Updated copies of

the plan would be distributed to members of the Executive Management Team, department managers, Committee chairmen and the President.

- 9.5 The Committee noted that, in the event of an outbreak of avian influenza or a similar pandemic, it was likely that the HPC's operations would be temporarily suspended.

Item 10.06/113 OPERATIONS REPORT

- 10.1 The Committee received a report on Operations, covering the Registration Departments and the Education - Approvals and Monitoring Department.
- 10.2 The Committee noted that the UK Registration Department had achieved a very high answer rate for telephone calls (95% answered within the target time).
- 10.3 The Committee noted that some members felt that it was unnecessary for them to receive a pass from the reception desk for every meeting at the HPC. The Committee asked the Executive to consider how arrangements for members' passes could be revised.

Action: MJS (Ongoing)

Item 11.06/114 BANK MANDATE

- 11.1 The Committee received a paper for discussion/approval from the Executive.
- 11.2 The Committee noted that a revised bank mandate was required, as the current one was out of date following the election of Dr van der Gaag as President.
- 11.3 The Committee approved the revised bank mandate attached to the paper.
- 11.4 The Committee noted that a transfer between the HPC's accounts required joint authorisation from the Chief Executive, the Finance Manager and the Financial Accountant.

Item 12.06/115 FIVE YEAR PLAN

- 12.1 The Committee received a tabled paper for discussion/approval from the Executive.
- 12.2 The Committee noted that the draft version of the 2007-2012 plan was attached to the paper. The plan incorporated a number of key assumptions, including:

- Changes that might arise from the Department of Health's review of non-medical regulation (the Foster Review) were excluded;
- Revalidation (which might cost in the order of £200 per registrant per year, assuming peer review of all registrants every five years) was not included;
- Four aspirant groups would be statutorily regulated during the period of the plan (applied psychologists; two groups of healthcare scientists; and counsellors and psychotherapists);
- There would be no growth in UK graduates and international registrations.

12.3 The Committee noted that it was difficult to make definite predictions, although based on experience some predictions were likely, such as the increasing cost, number, complexity and duration of Fitness to Practise cases. The Committee noted that, whilst the Fitness to Practise Department had taken control of some aspects of cases, some members of the Committee felt that the HPC should consider establishing an in-house legal department, to reduce the cost of using external solicitors.

12.4 The Committee agreed that, as the plan was an important and detailed document, discussion should be deferred until its meeting on 18 September 2006, which should largely be devoted to considering the paper. The Committee agreed that the Executive should include several alternative scenarios in the paper (e.g. different projections of income).

Action: MJS (by 18 September 2006)

Item 13.06/116 REAPPOINTMENTS PROCESS UPDATE

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

13.2 The Committee noted that the reappointments process for Partners had been slightly amended, in order to retain enough experienced Partners for the HPC's needs. Approximately 33% of partner agreements would not be renewed, instead of 40% to 50% which had initially been anticipated. In addition, a number of Partners would be reappointed for one year only, to coincide with partner agreements ending in 2007. This would allow the HPC to deal with all reappointments at the same time. It was intended that a representative from the Office of the Commissioner for Public Appointments would be involved in the reappointments, to ensure equitability.

Item 14.06/117 MAY 2006 MANAGEMENT ACCOUNTS

14.1 The Committee received a paper to note from the Executive. A corrected version of the accounts was tabled.

- 14.2 The Committee noted that the HPC had achieved a surplus for the year to date of approximately £51,600. The Committee noted that investment income was below budget and that this reflected the current performance of financial markets. However, the HPC remained in a good position, with substantial net assets and working capital.
- 14.3 The Committee noted that registration income in 2006-7 was expected to be less than in 2005-6, due to the end of the grandparenting process for the first 12 professions regulated by the HPC. The Committee noted that this had been taken into account in the budget for 2006-7.
- 14.4 The Committee noted that the management accounts presented at its next meeting would enable it to review any income trend particularly in relation to the number of new graduates who were registering with the HPC, in the light of cuts in NHS posts for allied health professions.

Item 15.06/118 ANY OTHER BUSINESS

- 15.1 The Committee received a tabled paper to note from the Executive
- 15.2 The Committee noted that the HPC's solicitor had written to the solicitor acting for the HPC's former auditor, requesting a response by 11 August to the claim for return of funds which had been lost due to the auditor's apparent negligence. The HPC had offered to use Alternative Dispute Resolution in the matter.

Item 16.06/119 DATE AND TIME OF NEXT MEETING

- 16.1 The next meeting of the Committee would be held at 10.30 a.m. on Monday 18 September 2006.
- 16.2 Subsequent meetings would be held at 10.30 a.m. on
- Monday 20 November 2006
- Wednesday 7 February 2007
- Thursday 8 March 2007 (Remuneration Committee)
- Wednesday 21 March 2007
- Thursday 26 April 2007
- Thursday 21 June 2007

CHAIRMAN

DATE