

Finance and Resources Committee

Public minutes of the 64th meeting of the Finance and Resources Committee held as follows:-

Date: Thursday 21 June 2011

Time: 10:30 am

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

Present: Richard Kennett (Chair)
Mary Clark-Glass
Malcolm Cross
Sheila Drayton
Julia Drown
John Harper
Arun Midha
Keith Ross
Neil Willis

In attendance:

Mr G Butler, Director of Finance
Mr M Burgess, National Audit Office
Mr R Dunn, Head of Business Process Improvement
Mr G Gaskins, Director of Information Technology
Ms H Graham, Acting Partner Manager
Ms T Haskins, Director of Human Resources
Mr R Houghton, Head of Registration
Professor J Lucas, Chair, Audit Committee (observer)
Ms K Neuschafer, Partner Manager
Mr S Rayner, Acting Secretary to the Committee
Mr G Ross-Sampson, Director of Operations
Mr M J Seale, Chief Executive and Registrar
Dr A van der Gaag, Council Chair

Part 1 – Public Agenda

Item 1.11/53 Apologies for absence

- 1.1 Apologies for absence were received from Eileen Thornton.

Item 2.11/54 Approval of agenda

- 2.1 The Committee approved the agenda.

Item 3.11/55 Declarations of members' interests

- 3.1 Keith Ross declared an interest in item 15 (Council for Healthcare Regulatory Excellence CHRE statutory levy). At the time of the meeting, the Mr Ross' wife was a member of the Commission for Health Regulatory Excellence (CHRE). The Committee did not consider that this precluded Mr Ross from discussions.
- 3.2 The Committee noted that all members had an interest in the Council Members expenses policy to be discussed as part of the general expense policy at item 13.

Item 4.11/56 Minutes of the Finance and Resources Committee meeting of 17 March 2011 (report ref: FRC 41/11)

- 4.1 It was agreed that the minutes of the 63rd meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chair.

Item 5.11/57 Matters arising (report ref: FRC 42/11)

- 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.

Item 6.11/58 Finance report (report ref: FRC 43/11)

- 6.1 The Committee received a report on the work of the Finance Department.
- 6.2 The Committee noted that funds under management were being held in in short term deposits, pending the potential purchase of additional property. Details of the deposits were provided in the paper.
- 6.3 The Executive had nothing exceptional to report regarding the income and expenditure accounts, particularly given this was the first month of the financial year.
- 6.4 The Committee noted that a variance against budgeted costs for computer services was due to the phasing of costs to replace equipment.

- 6.5 The Committee noted that the budgeted closing balance line of the Consolidated Cash Flow – April 2011 to 31 March 2012, had been adjusted to include the cash generated from the sale of the investment portfolio prior to the start of the year but after the annual budget had been agreed.
- 6.6 The Committee noted that, for the first month of 2011/12, cumulative budgeted income and expenditure were broadly in line.

Item 7.11/59 Human Resources report (report ref: FRC 44/11)

- 7.1 The Committee received a report on the work of the Human Resources Department.
- 7.2 The Committee noted that recruitment remained steady, and that employee turnover was below the national average.
- 7.3 The Committee noted that the organisational training plan included core leadership and management training for managers, as well as presentation, writing and financial management courses for interested employees.

Item 8.11/60 Partner Manager report (report ref: FRC 45/11)

- 8.1 The Committee received a report on the work of the Partner Manager.
- 8.2 The Committee noted that a recruitment campaign for Panel members, visitors and registration assessors was not complete. All roles had been filled with the exception of a prosthetist/orthotist panel member.
- 8.3 The Committee noted that one of the challenges when recruiting professions with a small number of registrants and education courses was to find appointees with no conflicts of interest.
- 8.4 The Committee noted that four panel members had failed to show adequate understanding and application of the competencies for Partners when completing the self- assessment process prior to agreement renewal. As a result their agreements had not been renewed. Following completion of self-assessment reappointment reviews for the financial year 2011-12, the Executive would conduct an analysis of the self-assessment process.

Action: Partner department/Fitness to Practise department (spring 2012)

Item 9.11/61 Information Technology report (report ref: FRC 46/11)

- 9.1 The Committee received a report on the work of the Information Technology Department.
- 9.2 The Committee noted that the project to refresh the Registration System (NetRegulate system) platforms was taking up significant resource from the

IT Department. The upgrade of the database would be complete by the end of July with the project completing by September.

- 9.3 The Committee noted that enhancements to the NetRegulate system, completed on 1 June 2011, provided the ability to change the format of the online register. The format had subsequently been changed to record details such as whether a registrant was subject to a suspension or interim suspension order.
- 9.4 The Committee noted that the User Acceptance Test manager employed to provide feedback on the fitness to practise case management system project was an external consultant. The Committee noted that it was important to appoint an external tester to ensure that they make a fully independent decision regarding the effectiveness of the system.

Item 10.11/62 Operations report (report ref: FRC 47/11)

- 10.1 The Committee received a report on Operations, covering the Registration Department, project management, facilities management and business improvement.
- 10.2 The Committee noted that 93.5% of practitioner psychologists had now renewed their registrations. 54.3% of these renewals had been completed through the online renewal service.
- 10.3 The Committee noted that registrations had received 18,975 telephone calls during the period 1 March to 31 May, some 6,800 more than in the same period two years ago. This period includes the renewal process for practitioner psychologists.
- 10.4 The Committee noted that the projects scorecard would be updated to take account of a new project end date for the FTP case management system which has been extended to ensure that the main supplier accurately codes rules required to govern the system. The Committee noted that the delay did not have any impact on the project budget.
- 10.5 The Committee noted that the majority of employees had been put through an information security training process.
- 10.6 The Committee noted that a more detailed report on the recent disaster recovery/business continuity exercise, run by Business Process Improvement, would be submitted to the next meeting of the committee as part of the Director of Operations Report.

Action: GRS (7 September 2011)

Item 11.11/63 Draft annual report 2010-11 (report ref: FRC 48/11)

- 11.1 The Committee received a paper for discussion/approval from the Executive providing a draft of the annual report.

- 11.2 The Committee noted that the accounting information included restated columns. As explained in the Notes to the financial Statements, under government accounting standards, it is necessary for the resulting accounts to present the transfer of the regulatory functions of the Hearing Aid Council using merger accounting principles..
- 11.3 The Committee noted that the contingent liability recorded in respect of the Capita Pension Scheme was reflected in the accounts, which stated the minimum liability of £30,815 that the HPC would be liable for if the case found in favour of the employers.
- 11.4 The Committee noted the annual re-valuation of the freehold property, as set out in Note 8.
- 11.5 The Committee noted that the National Audit Office (the Auditor), during their detailed testing, had found two invoices relating to projects where training costs had erroneously been capitalised rather than expensed. An adjustment was made for this and a new process has been instituted by Finance to ensure uniformity of accounting treatment for project costs.
- 11.6 There was a suggestion from the Committee that future reports might be made more “user friendly”, within the constraints of the accounts reporting rules, so as to be more understandable to registrants and stakeholders. For instance notes could be added to explain the phrases: ‘intangible assets’ (software); and ‘taxable income’ (to explain that this is in respect of investments).

Action: GB (2012 annual report development cycle)

- 11.7 Data requested by the Auditor had identified a discrepancy between the income recorded by the SAGE system and the deferred income recorded by the NetRegulate system. The Director of Finance confirmed that his team was working with NAO to resolve the issue to the Auditor’s satisfaction as quickly as possible.
- 11.8 The Committee noted that, other than this discrepancy, the Auditor was satisfied that the accounts would be in order by the time they were due to be submitted.
- 11.9 The Chief Executive, as Accounting Officer, confirmed that he would be unwilling to sign and submit the statement of internal control until the issue of deferred income had been resolved and the Auditor confirmed that the accounts would be certified without qualification (the discrepancy being resolved to the satisfaction of the auditors).
- 11.10 The Committee noted that the accounts were due to be discussed at the Audit Committee meeting, at which the Chair of the Committee would attend as an observer.

- 11.11 The Committee agreed to recommend the accounts to the Council, pending satisfactory resolution of the issue. If the issue was not resolved satisfactorily before the Annual Report was submitted to the Council at its meeting on 7 July, the Committee recommended the approval of the accounts should be delayed until such time as it was resolved.

Item 12.11/64 Transfer of regulatory functions from General Social Care Council to HPC (report ref: FRC 49/11)

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee noted that part seven of the Health and Social Care Bill would not be opened up for full debate in the House of Commons and the Bill Committee. Subject to the progress of the rest of the bill, current estimates were that the final bill would be considered by Parliament in spring 2012.
- 12.3 The Department of Health (DH) were still working towards an estimated start date of 1 July 2012 for the opening of the Register for social workers in England.
- 12.4 The budget for the transfer had been received in full from the DH. The DH had requested a new memorandum of understanding with HPC to cover the terms of the payment.
- 12.5 The Committee noted that a risk of the delay in the transfer would be loss or decline of talent at the GSCC. The Executive would maintain regular contact with the GSCC regarding employee numbers, but this remained a matter for the GSCC.
- 12.6 The Committee noted that a cost which was yet to be determined was the liability for pension funds for any employees who transferred to the HPC from GSCC.
- 12.7 The question was asked as to what approach HPC would take to new registrants who refused to pay fees to HPC on the grounds that they had paid the GSCC in early 2012. The Committee noted that this would cause an issue with registrants, but that the funding of the GSCC was a matter for the Secretary of State. The Executive would continue to monitor the situation.
- 12.8 The Committee noted that the legislation includes a provision for the Secretary of State to place responsibility for running the GSCC register in the hands of the HPC should the GSCC cease to function effectively. However there was no indication that this would be the case.
- 12.9 The Committee noted that there were a number of indicators by which the HPC could measure the continuing success of the project, such as:

- testing and transfer of registration data;
- retention of external contactors for GSCC IT systems;
- testing and transfer of FTP files; and
- the number of original GSCC employees who remain in post.

Item 13.11/65 Expenses policies (report ref: FRC 50/11)

- 13.1 The Committee received a paper for discussion/approval from the Executive.
- 13.2 The Expense policies had been reviewed following suggestions by the HPC's tax advisors.
- 13.3 The Committee noted changes to the expense policy that added clarity on the criteria for the selection of air fares and train fares. The Committee also noted changes to the mileage allowance.
- 13.4 The Committee noted that the rise in mileage allowance was significant, at 12.5%. However the Committee noted that this allowance reflected the recent increase in the rate permitted by HMRC with effect from the 2011-12 tax year, and which had not been changed by HMRC since 2002.
- 13.5 The Committee made the following suggesting for changes to the policy:
- 13.5.1 in section 23 (taxi fares) the last bullet point should be amended to read '- where an employee has a disability which affects mobility, or other mobility issues'.
- 13.5.2 in section 29 (Carers) 'child minder' should be 'child carer';
- 13.5.3 in section 30 (Carers) the wording should be changed to reflect that the allowance is to be claimed in respect of a dependant who is the daily responsibility of the claimant. This provision would take account of claimants who do not live with dependants, but still provide daily care;
- 13.5.4 in section 20 (Travel) the wording should be changed to stipulate that members should book the "cheapest available travel", as the cheapest option was not always available through cooperative travel.
- 13.6 The Committee recommended that the Council agree the amended expense policies, subject to consideration of the changes in paragraph 13.5, and minor editing changes, at its meeting of 7 July 2011.

Acton: GB (7 July 2011)

Item 14.11/66 Partner complaints procedure (report ref: FRC 51/11)

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that the procedure had been revised with an emphasis on making it fair, easy to understand and informal.
- 14.3 The Committee recommended that the Council approve the revised Partner complaints policy at its meeting of 7 July 2011.

Action: TH (7 July 2011)

The Committee noted the following papers:

Item 15.11/67 Council for Healthcare Regulatory Excellence statutory levy (report ref: FRC 52/11)

Item 16.11/68 Project assessment – equality and diversity impact assessment (report ref: FRC 53/11)

Item 17.11/69 Equality and Diversity annual statistics – Employees and partners (report ref: FRC 54/11)

Item 18.11/70 Internal audit report – financial systems (report ref: FRC 55/11)

Item 19.11/71 Annual report on changes to Human Resources policies (report ref: FRC 56/11)

Item 20.11/72 Exit interview report 2010-11 (report ref: FRC 57/11)

Item 21.11/73 Annual review of actions taken in 2010-11: Public meetings (report ref: FRC 58/11)

Item 22.11/74 Any other business

- 22.1 There was no further business

Item 23.11/75 Date and time of next meeting

- 23.1 10.30am, Wednesday 7 September 2011

23.2 Subsequent meetings of the Committee would be held on:

- Thursday 24 November 2011
- Thursday 26 January 2012
- Thursday 1 March 2012 (Remuneration Committee only)
- Thursday 15 March 2012
- Thursday 26 April 2012

- Tuesday 19 June 2012
- Thursday 19 July 2012
- Tuesday 11 September 2012
- Tuesday 20 November 2012

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.'

Item 24.11/76 Minutes of the private part of the Finance and Resources Committee of 17 March 2011 (report ref: FRC 59/11)

- 24.1 It was agreed that the private minutes of the 63rd meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chair.

Item 25.11/77 Matters arising

- 25.1 There were no matters arising from the minutes.

Item 26.11/78 Transfer of regulatory functions from the General Social Care Council to HPC (report ref: FRC 60/11)

- 26.1 The Committee received a paper for discussion/approval from the Executive.
- 26.2 Following the discussion at item 12 of this agenda, there were no further matters to discuss.

The Committee noted the following paper:

Item 27.11/79 Annual review of actions taken in 2010-11: Private meetings (report ref: FRC 61/11)

Item 28.11/80 Any other business

28.1 The Committee discussed fees paid to the internal auditors. The Committee noted that the auditors had been appointed following a tendering and appointment process agreed by the Audit Committee at its meeting of 24 June 2010. The Committee noted that part of the criteria for appointment had been value for money.

Chair

Date

Unconfirmed