

UNCONFIRMED

THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Marc Seale

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FINANCE AND RESOURCES COMMITTEE

MINUTES of the 20th Meeting of the Finance and Resources Committee held at 11 a.m. on **Friday 11th February 2005** at Park House, 184 Kennington Park Road, London, SE11 4BU.

PRESENT:

Mr C Lea, Chairman
Mr M W Barham (part)
Mr D Ross
Mr K M Ross
Mrs B A Stuart
Mr N Willis
Dr S Yule

IN ATTENDANCE:

Mr M Seale (Chief Executive and Registrar)
Mr P Baker (Finance Director and Committee Secretary)
Mr R Dunn (Director of Information)
Mr R Ballard (Management Accountant)

FIN001/05 APOLOGIES FOR ABSENCE

1.1 Apologies had been received from Professor N Brook, Mr R Clegg, Professor J Harper, Mr W A Munro and Mrs J C Stark.

FIN002/05 APPROVAL OF AGENDA

2.1 The Draft Agenda was adopted as the Agenda for the Meeting.

FIN003/05 APPROVAL OF MINUTES OF THE MEETING HELD ON 23rd NOVEMBER 2004

3.1 The minutes of the 19th meeting of the Health Professions Council Finance and Resources Committee were confirmed as a true record and signed by the Chairman.

FIN004/5 MATTERS ARISING

4.1 The Secretary reported on matters arising as follows:

98.1 LISA Reporting

Work has continued to enhance the system's reporting functions and to make it easier to audit. BDO Stoy Hayward attended prior to Christmas to give clear guidelines as to their requirements and recommendations. They will be re-testing the system during February 2005.

129.4 Audit Matters

The Secretary will be reporting progress on implementing audit recommendations at the next meeting of the Audit Committee in March.

132.3 Partners' Conference Costs

The cost schedule was noted. The committee expressed concern about some of the costs incurred, especially with regard to cancellation charges for meals and asked that the necessary lessons were learnt in future.

4.2 There were no other matters arising.

FIN005/05 FINANCE AND OFFICE SERVICES REPORT

5.1 Paul Baker, the Finance Director, presented his report.

5.2 The Financial Accountant had returned to work following being off sick and was currently working about 4 days each week. Service levels were being maintained without resorting to temporary staff.

5.3 £2.3 million was currently on deposit on special interest reserve, the money market or by bond, earning rates up to 4.63%.

5.4 A number of meetings had taken place and projects in connection with Risk Assessment and the Budget for 2005/6 had been undertaken.

5.5 The Council Chamber and adjacent areas showing damp had now been rectified and cleaning of all common part and meeting room carpets had been undertaken.

5.6 The Finance Department had set its preliminary Objectives for 2005/6 as follows:

- 1 Develop budgetary awareness and responsibility amongst budget managers and initiate regular formal monthly meetings with them.
- 2 Transfer all remaining financial registration processes from UK Registration Department to the Finance Department, as appropriate.
- 3 Review and plan alternative options to accommodate the anticipated growth in HPC employee numbers.

4 Maintain or improve on all performance targets, in particular payment of invoices.

5.7 The Office Services Department had set its preliminary Objectives for 2005/6 as follows:

- 1 Establish system for logging service requests to the Office Services Department.
- 2 Building work: mezzanine, back wall Stannary Street, garden and windows (basement).
- 3 Photocopiers – complete upgrading and usage review.
- 4 Disaster recovery/business continuity – joint with IT.
- 5 Accommodation options (see 5.6.3 above)

5.8 The Committee NOTED the paper.

FIN006/05 INFORMATION AND IT DEPARTMENT REPORT

6.1 Roy Dunn presented the report of the Information and IT Department.

6.2 He updated the committee with regard to projects (Freedom of Information request and fulfilment database, the Fitness to Practise process, a system for Education and Policy and Authentication of Users), document control (Freedom of Information), the Human Resource system, the Customer Service system (iExtensions on Lotus Notes), the IT helpdesk, the Bi-Application Registration Transactions (BART) project, Business Continuity, ISO registration (next external audit scheduled for April and 12 internal audits undertaken by the Quality Assurance Manager), User Group meetings, new professions and document scanning. There had been no changes in personnel within the department.

6.3 Key Information and IT projects scheduled for 2005/6 were as follows:

ICR Renewals	Approximate Cost £78,000
BACS-IP	Approximate Cost Up to £48,000
Online Renewals	Approximate Cost £40,000
Complete BART, Intl and CPD	Approximate Cost £80,000
Ethnicity	Approximate Cost Up to £10,000
CRM db integration – start	Approximate Cost Up to £50,000
New Profession	Approximate Cost Up to £45,000
Total	Approximate Cost Up to £351,000

6.4 A review of Information and IT risks had taken place.

6.5 The Committee NOTED the report.

FIN007/05 HUMAN RESOURCES DEPARTMENT REPORT

- 7.1 Marc Seale reported that Denise Thompson, the HR Director, had resigned on 2nd February and that there was no written report on this occasion. Larissa Foster had been appointed HR Manager for the time being. Liz McKell had been appointed Partners Manager.
- 7.2 An HR specialist from the Internal Audit Department of BDO Stoy Hayward had undertaken an audit of the operations of the Human Resources Department. A report would be considered by the Audit Committee.
- 7.3 It had become evident that there had been an over-recruitment of partners. The Partners Manager would report to the Committee at its next meeting.

FIN008/05 RISK ASSESSMENT

- 8.1 Marc Seale presented the revised Risk Assessment document which had undergone a complete review since the last meeting. A commentary on the high-risk areas was also presented.
- 8.2 It was noted that Risk 3.2 Loss of support from professions should be reclassified as Medium Risk rather than High Risk.
- 8.3 A further risk (12.8) “Inappropriate appraisal of capital spend” should be added. This will be classified as Medium Risk.
- 8.4 The Committee approved the document for release as the current Assessment for internal use and for publishing to the Privy Council, Auditors and others.

FIN009/05 VAT ON ATTENDANCE ALLOWANCES

- 9.1 At the previous meeting the Committee authorised BDO Stoy Hayward to investigate whether there was any case for partners not to charge VAT on their partners’ fee charges to HPC. They have concluded that all those partners properly registered for VAT should pay over VAT on the income they receive from HPC.
- 9.2 Consequently they feel that there is no valid case to put forward to HM Customs and Excise.
- 9.3 This will now be communicated to all Partners and members of Council.
- 9.4 The Committee noted the recommendation from BDO Stoy Hayward.

FIN010/05 MANAGEMENT ACCOUNTS TO 30TH NOVEMBER 2004

- 10.1 The Committee NOTED the management accounts for the eight months ended 30th November which showed an operating deficit for the period of £487,002 against a budgeted surplus of £105,232, an adverse variance of £592,234. This variance reduced to £462,980 after accounting for unbudgeted unrealised gains on investments of £86,162 and investment income £43,092 over budget.

- 10.2 No further discussion took place on these figures as the December figures were available under the next agenda item.

FIN011/05 MANAGEMENT ACCOUNTS TO 31st DECEMBER 2004

- 11.1 The Committee NOTED the management accounts for the nine months ended 31st December which showed an operating deficit for the period of £364,026 against a budgeted surplus of £320,867, an adverse variance of £684,893. This variance reduced to £507,076 after accounting for unbudgeted unrealised gains on investments of £127,653 and investment income £50,164 over budget.
- 11.2 It was pointed out that in the month of December a surplus of £122,976 had arisen. Although it was not at budgeted levels, it was felt that cost savings introduced at the beginning of the month had begun to take effect.
- 11.3 The detailed commentary provided by the Management Accountant gave insight into the various variances. The main reasons for overspends included unbudgeted use of Bircham Dyson Bell (since restricted), the cost of the CPD consultation, the development of the Education and Training Department and the increasing case workload of the Fitness to Practise Department (including the unbudgeted cost of Registration Appeals).
- 11.4 A Latest Estimate for the financial year 2004/5 was included with the preliminary budget papers for 2005/6 to be discussed in that part of the meeting scheduled to be held in private.

FIN012/05 INVESTMENT REPORT

- 12.1 The Committee NOTED the paper from Carr Sheppards Crosthwaite which indicated that the value of the portfolio was £1,453,653, an increase for the last quarter of £89,172 (7.7%) or 13.2% for the rolling twelve month period.
- 12.2 The concept of benchmarking the performance of Carr Sheppards Crosthwaite would be considered again in a year's time.

FIN013/05 ANY OTHER BUSINESS

- 13.1 There was no Any Other Business

FIN014/05 DATE AND TIME OF NEXT MEETING

- 14.1 The next meeting was confirmed as Wednesday 23rd March 2005 at 12.30 p.m. in Park House. This would follow the lunch break after earlier meetings of the Audit Committee and Remuneration Committee.

The Committee adopted the following resolution: “The Committee hereby resolves that the next part of the meeting shall be held in private because publicity would be prejudicial to the public interest, by reason of the confidential nature of the business transacted.”

Signed (Chairman)

Date