

Council, 28 September 2022

Unconfirmed minutes of the People and Resources Committee meeting of 6 September 2022

Committee Chair's summary to Council

The People and Resources Committee (PRC) met on 6 September 2022. I have summarised the key assurance points for Council below:

1. Another good report from HR. Head of HR noted the most significant areas to drive forward were organisation development, career progression, turnover and recruitment through developing employees internally, all of which linked to the organisation's culture. Diversity data was encouraging. Further pay awards in 2023, not this year. It was stated in a verbal update that there were changes in culture. The PRC asked, if possible, to see evidence at the next meeting.

2. A good report on Partners (whose total cost of one £3.6m was more than 10% of HCPC budget). Clear evidence that data is being collected. PRC encouraged the measurement of partners' effectiveness and impact. Generally, a sense that this issue (of looking at Partners across the board) was beginning to be gripped for the first time.

3. Digital transformation. Good paper. Essentially, specific systems needs had had to be prioritised in recent times. And budget constraints mean that what is now envisaged is more like digital optimisation than transformation. The re-wording of the over ambitious strategy statement was approved. real transformation needed to await regulatory reform. ELT challenged to revert to Council around level of ambition, risks and cost/benefit analysis.

4. Update on the Business Change team. Many projects under way. More frequent clear succinct update reporting requested. Plus, a clear statement of the overall vision. Success here is key to cultural change.

5. Finance. International applications ahead plus hiring delayed. FTP costs over budget because of legal provider spend, but full year reforecast showing similar level of deficit as budgeted, £0.9m.

Clear volatility arising from international application numbers (still apparently unforecastable) meant PRC encouraged ELT to build a capability to cope with this uncertainty. Some debate about whether the Risks/Opportunities should be factored into the reforecast using probabilities.

Stephen Cohen, Chair of the People and Resources Committee

People and Resources Committee

Public minutes of the 10th meeting of the People and Resources Committee held on:-

Date: Tuesday 6 September 2022

Time: 10am

Venue: MS Teams

Present: Stephen Cohen (Chair)
Neville Hounsome
Valerie Webster
Meera Burgess (until item 12)

In attendance:

Ewan Shears	Secretary to the Committee
Claire Amor	Head of Governance
Fatma Ali	Head of HR
Alastair Bridges	Executive Director of Resources and Business Performance
Kellie Green	Head of Professionalism and Upstream Regulation
Alan Keshtmand	Head of Finance
Naomi Nicholson	Executive Director of Professional Practice and Insight
Uta Pollmann	Partner Project Lead (item 8)
Geoff Kirk	Head of IT and Digital Transformation (item 9)
Kayleigh Birtwistle	Programme Manager (item 10)
James McMahon	Head of Estates & Facilities Management (item 15)

Public

Item 1. Chair's welcome and introduction

- 1.1 The Chair welcomed those present to the 10th meeting of the People and Resources Committee.

Item 2. Apologies for absence

- 2.1 Apologies for absence were received from Rebekah Eglinton.

Item 3. Approval of agenda

- 3.1 The Committee approved the agenda.

Item 4. Declarations of members' interests

- 4.1 No interests were declared.

Item 5. Minutes of the People and Resources Committee meeting 7 June 2022 (report ref: PRC 25/22)

- 5.1 The Committee approved the minutes of its meeting held on 7 June 2022.

Item 6. Matters arising (report ref: PRC 26/22)

- 6.1 The Committee noted the report.
- 6.2 The Committee noted that in relation to matter arising 4, reverse mentoring would be added to the HR workplan for initiation in the next financial year. The Committee noted that reverse mentoring would include both gender and ethnicity.
- 6.3 The Committee urged that in relation to matter arising 6, the remaining Committee members that had not received a Partners briefing, this would be made a priority.
- 6.4 The Committee welcomed hearing from the Chair of the Employee forum at future meetings but asked the Executive to also provide feedback from its perspective to the extent to which they perceived the culture changes were making progress.

Item 7. HR Performance Report 2022-23 Q1 (report ref: PRC 27/22)

- 7.1 The Committee received a paper from the Head of HR. The paper provided a number of performance metrics, with commentary, for the period April to July 2022. The Committee noted the following points:-
- the data showed an improved reporting period compared to Q4 2022, and key positives included a decrease in turnover and a decrease in sickness. Factors that contributed to lower turnover included hybrid working with departments trialling different working practises, internal recruitment and a number of other career development opportunities within the organisation.
 - departmental workshops related to hybrid working provided an opportunity to explore what hybrid working meant for individuals and for departments. Following this the whole organisation was in a period of trialling out hybrid working based on the outcomes of the workshops. A recent survey invited feedback from the organisation, and a report would be presented to ELT in the coming weeks.
 - the number of days employees were expected in the office was not prescribed, however different departments were using different rules depending on their individual needs, such as the FtP department who required onsite working once a week and the Registration department who worked on a rota basis.
 - accurate assumptions of occupancy rates being fed into the estates strategy were important. The hybrid working framework provided the basis for expected occupancy levels between 20%-40%. The final report following the pilot would go to ELT in October and would ensure the HCPC was getting value from its space. The Committee would be kept updated by the Executive.
 - the percentage of agency staff remained high and there were agency staff backfilling some vacant positions. There were also some agency staff employed for specific project related work with a view to make those positions permanent.
- 7.2 In response to a question, the Head of HR noted the most significant areas to drive forward were organisation development, career progression, turnover and recruitment through developing employees internally, all of which linked to the organisation's culture.
- 7.3 The Committee noted the comparatively small number of employee exit interviews that had not recommended the HCPC as a place to work, but welcomed the initiatives (including a recent employee pulse survey) and supporting data in the report that aimed to positively influence the perception of working at the HCPC and it's culture. The Committee noted that the outcomes of the pulse survey would be shared with the

Committee at its next meeting, and that pulse surveys would be carried out on a quarterly basis moving forward.

- 7.4 The Committee requested that the headline items that stood out as either progressing well, or that required action were highlighted at the beginning of the report.
- 7.5 The Committee noted the diversity data was very encouraging and the action in that area was highly positive. The Committee also noted the increase in employees accessing money related areas of the wellbeing platform and related this to the cost-of-living crisis amongst other factors.
- 7.6 The Committee recognised that a percentage of leavers would go on to work for other regulators but asked to see data and analysis on those recruited to the HCPC from other regulators. This would help to show the HCPC's attractiveness to employees within the sector.
- 7.7 In response to a question from the Committee, the Head of HR clarified that career development could relate to development or opportunity within the same role or level and that promotion prospects would refer to moving into a more senior role. Initiatives that supported this included the aspiring leaders programme, the management development programme, the coaching programme and the mentoring programme.
- 7.8 In response to a question, the Head of HR noted that pay review discussions had taken place and that because of the positive data in the recent report, the HCPC would be looking in the coming months at providing a more meaningful pay award in April 2023. The Committee advised that due to the changing external environment the Executive should keep this under active review and revert back to the Committee if required.
- 7.9 The Head of HR noted that there had been a change in culture due to the engagement and drop-in sessions. Channels of communication with the organisation continued to be opened and once the results of the recent pulse survey were analysed the Committee would be presented with them, along with a culture update. The Executive assured the Committee that this was at the front of mind across the teams. The Committee added that this was about behaviours and not just activities, to which the Executive agreed.

Item 8. Partners Q4 report (report ref: PRC 28/22)

- 8.1 The Committee received a paper from the Partner Project Lead.
- 8.2 The Partner Project Lead presented the report and highlighted the following points:-

- this was the second standalone report to the Committee since the partners function moved from HR to the Professionalism and Upstream Regulation department in February 2022;
- the report included data and narrative on the current establishment, partner turnover, recruitment activity (including diversity information), and training;
- this was the first time it was possible to compare partner and registrant EDI data between two of the HCPC's regulated professions due to improved registrant data capture;
- a 360-feedback pilot was introduced in July 2022 for ICP Chairs. This aimed to provide further insight on additional training needs and the development of the newly established role;
- the team was working with individual departments to ensure there were enough partners as required. This was challenging given the changing demand (such as for international applications) and the increase of partner assessors this required;
- a new recruitment survey would be introduced in Q2 and would allow the team to monitor quality and improve the recruitment process;
- the team was capturing data on the impact and quality of training provided to partners;
- the team was capturing exit data for those leaving voluntarily; and
- that a new partner communication plan and strategy was being developed to help embed the HCPC's values with partners, and an improved coordination of engagement from across the departments with partners.

8.3 The Committee welcomed the new data and thanked the Partner Project Lead for the report. The Committee advised that it was possible to obtain vast amounts of data and therefore it was particularly important to stay focussed on the data that was useful and actionable.

8.4 In response to a question from the Committee, the Head of Finance confirmed that the Partner costs for FY2020-21 came to around £3.6m and that this averaged at £3.9m per year for the last 5 years. The Committee noted this was about 10% of the HCPC's spend and that spending this effectively and wisely was important.

8.5 The Committee advised the Executive to think about how to assess the performance of partners as individuals, or as a team contributing to the HCPC delivering its strategy, but it was important to keep things simple. The performance measurement in the paper was welcomed but noted they were organisational measures and did not consider impact. The

Executive was encouraged to think of one or two key impact indicators that could become a part of the performance framework.

- 8.6 The Executive noted that much of the partners performance was managed by the individual departments. Some of those activities included reviewing PSA learning points for FtP decisions and the internal decision review group. The partners team analysed those activities and looked to identify gaps. Concerns about any individual partner would come through to the partners team to manage.
- 8.7 In answer to a question from the Committee, the Partner Project Lead confirmed there were different channels to manage a partner's performance, depending on the department and severity of the concerns. This would follow a procedure and policy around performance issues. The Committee noted that the key to performance management was timely intervention.
- 8.9 The Partner Project Lead updated the Committee that the NMC had recently requested permission to take an appeal case with their partners to the Supreme Court and that this was not yet granted. The Head of Finance confirmed that the situation was being monitored but was not currently a risk on the finance report. The Committee requested to be kept updated and advised that this situation should be recorded as a risk on the finance report.
- 8.10 The Head of Professionalism and Upstream Regulation reassured the Committee that the position was being kept under review and that there had been work undertaken looking at the possible impacts of the potential outcomes of the NMC case on the HCPC.

Item 9. Digital Transformation Strategy Review (report ref: PRC 29/22)

- 9.1 The Committee received a paper from the Head of IT and Digital Transformation. The paper provided a summary of progress and learning to date and aimed to identify areas where the digital transformation strategy could be refreshed to ensure that it remained fit for purpose.
- 9.2 The Head of IT and Digital Transformation summarised his reflections which included the following:-
- there had been a lot of activity with big steps made in the last few years, such as online applications and remote hearings;
 - there had been no failed major IT projects since the new business change framework was introduced;
 - much of the activity was driven by operational necessity and it was not clear that the digital transformation strategy was driving the workplan, and was currently more theoretical than practical;

- it was not clear how some organisation-wide elements would be delivered (e.g. single customer access point, unified user experience, common data model);
 - current activity was being undertaken without an overarching technical architecture or common standards to fit within, which makes integration harder to achieve; and
 - the biggest (internal) pain points had mostly been addressed which provided a new opportunity to consider the wider digital picture.
- 9.3 The Head of IT and Digital Transformation assured the Committee that the user voice would, as best practise be prominent in the design process where possible moving forward.
- 9.4 The Committee noted that the necessities brought about by covid and the progress made as a result might have provided a good platform but cautioned that this would not necessarily inform what the organisation needed. The organisational map should identify the systems and processes that would fit in to the overall IT strategy for the organisation. The Committee further cautioned against the use of bespoke systems and the ongoing costs that they bring versus off-the-shelf products.
- 9.5 The Committee noted that the digital transformation strategy needed to happen with the departments, but not by the departments, and as part of an organisational drive linked to cost benefit analysis. The Executive agreed with the Committee that the strategy should be more practical which would help employees understand its wider goals.
- 9.6 The Committee advised that the Executive needed to be disciplined in the prevention of employees working outside of the digital strategy, such as developing their own spreadsheets.
- 9.7 The Committee noted the current digital transformation strategy vision and agreed that the draft alternative vision strategy in the report was preferable, however the Executive should try to further refine it to be shorter and punchier and to consider the use of the term, 'service users'.
- 9.8 The Executive Director of Resources and Business Performance noted the work on cost benefits and that it was important to get value for money along with an improved service. The HCPC would not look to simply replicate in a modern way, existing paper-based processes.
- 9.9 The Committee issued their support to the Head of IT and Digital Transformation and encouraged him to revert to the Committee if there were any questions or difficulties preventing effective and simple change moving forward.
- 9.10 The Executive highlighted the digital ambition in the paper and explained that the digital strategy breakdown was comprised of a balance of digital

platforms, digital optimisation and digital transformation. The Committee noted that the HCPC did not yet know what was being transformed and that once digital transformation was planned it would be possible to review its risk level, which was set as a higher risk. The Executive recognised that in the medium term the HCPC would need to continue mostly with digital optimisation, and that along with potential regulatory reform a longer-term digital transformation would need to be planned.

- 9.11 The Committee challenged the ELT to provide a view on what it thought the level of digital ambition should be along with the relevant definition of risk, and to present a provisional answer to Council. The Committee noted that the Executive also needed to understand the cost benefits and to be clear on those before seeking Council approval.

Item 10. Business Change update (report ref: PRC 30/22)

- 10.1 The Committee received a paper from the Programme Manager. The report provided an update on the Business Change team, achievements to date and the next steps on the development of a change and benefits framework and a summary of the investment portfolio to date.

- 10.2 The Committee noted the following points:-

- the Business Change team had made several internal appointments along with an external Product Management Lead;
- BDO (Internal Auditors) would be facilitating a workshop in October to explore cross-sector best practice on managing the impact of change and also benefits realisation;
- benefits logs (including owners and realisation dates) were now required for projects at project initiation stage and prior to funding being released; and
- a dashboard had been created for projects and from September 2022 would be a mandatory part of project reporting.

- 10.3 The Executive Director of Resources and Business Performance noted that building capability was not just for within the team, but across the organisation, by setting a clear framework with expectations that people would work within, and that was a big change for the HCPC.

- 10.4 The Committee noted that each project had its own project board, with the Head of Business Change managing the whole portfolio and ELT providing the overall accountability for those projects and change management.

- 10.5 In response to a question, the Executive noted that the resourcing of the Business Changes team was split between the management of change and the ongoing management of core applications. The Executive would

seek the opinion of BDO in relation to suitable levels of resourcing for the team.

- 10.6 The Committee noted the relatively high number of projects being run in the same period and asked the Executive to decide on what type of reporting the Committee would be presented with going forward. The Committee suggested short reporting and the use of a simple table to show how projects were moving, whether they were on track, whether benefits were being delivered and to include any changes to costs, budgets and expectations. The Committee added that it would be helpful to see the vision, the programme of change and how they integrate with the digital strategy.
- 10.7 The Committee asserted that the change team should be at the vanguard of cultural change within the organisation with clear lines of accountability visible and enforced.
- 10.8 The Committee thanked the Programme Manager for the encouraging work and looked forward to receiving reports on a regular basis.

Item 11. Finance Report - Q1 Reforecast (report ref: PRC 31/22)

- 11.1 The Committee received a paper from the Head of Finance. The report presented the financial position as at the end of July 2022, with a commentary on the major variances, risks and opportunities.
- 11.2 The Head of Finance noted that the full year budgeted deficit was set at £0.8m and the latest forecast showed a similar position with a deficit of £0.9m (£75k adverse variance). The key movements of the Q1 forecast against the budget included the following:-
- international applications contribution showed an upside of just below £1.1m;
 - an assumed vacancy gap in the budget that assumed all vacancies being filled by April 2022, was removed;
 - there were additional FtP costs from Kingsley Napley LLP (KN);
 - there was a change of capital policy, with most projects reclassified as operational costs; and
 - the budget had assumed 7,000 new international applications which had been reassessed at 12,500 (as a middle case scenario).
- 11.3 The Head of Finance assured the Committee that a consolidated payroll file had been produced for all staff (including agency staff, fixed term contracts and vacancies), and that looking forward to the Q2 forecast a

forecasting model was being developed to replace the current manual process.

- 11.4 The Committee noted that international applications were significantly over forecast. The Executive explained that the international application assessment factored in past trends and assumed that would continue in the medium term. The best-case scenario assumed the current rate of applications would continue and worst-case scenario assumed that applications would drop off in a month. The Committee challenged the Executive that a scenario of a recruitment drive being potentially halted should be factored into the modelling.
- 11.5 The Committee was concerned that the average processed applications over the last four months was 1,400 and with an opportunity of an extra 3,000 applications over the next three months. The Executive would need to be alive in managing this and how the bottom line might be affected in tackling the increasing demand and increasing pressure on resources.
- 11.6 The Committee advised the Executive to ensure that any investment resulted in a system that could be ramped up or ramped down whether there be 1,000 applications or 10,000 applications. The Committee advised that with a possibility for extreme volatility in relation to international applications, the ELT should have plans to consider this.
- 11.7 The Committee asserted that given the potential volatility, reforecasting should be made a priority and turned around sooner than it was currently.
- 11.8 The Committee noted the drop in income from Registration (UK) and agreed that the Education and Training Committee should consider whether this was due to higher numbers of leavers or new graduates delaying initial registration, and for that to be factored into the forecast.
- 11.9 The Committee noted that despite the overall increased income, the HCPC was still running a deficit and the Executive should consider a review of the use of agency staff and also overtime.
- 11.10 The Head of Finance highlighted that the July actuals showed that income was roughly in line with the forecast, however there was an overall underspend of around £300K which mostly related to lower case volumes in FtP driven by timing issues, pushing spending into Q2. The Executive noted that FtP legal services was under review and the Committee requested an update outside of the meeting.
- 11.11 The Head of Finance noted that Business Central re-implementation would be carried out by KPMG, although that had resulted in a slight increase in costs from £300K to just under £500K.
- 11.12 The Head of Finance noted that risks and opportunities were mostly rated as high, and that they would be incorporated with their impact within the next forecast. The financial implication of rising prices in energy and other associated areas would be re-evaluated.

11.13 The Committee thanked the Head of Finance for the clear paper.

Item 12. Resolution

12.1 The Committee was invited to adopt one or more of the following:

'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;

- (a) information relating to a registrant, former registrant or applicant for registration;
- (b) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (c) 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;
- (d) negotiations or consultation concerning labour relations between the Council and its employees;
- (e) any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
- (f) action being taken to prevent or detect crime or to prosecute offenders;
- (g) the source of information given to the Committee in confidence; or
- (h) 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	Reason for Exclusion
13	C, H
14	C, H

Chair.....

Date.....