

HEALTH PROFESSIONS COUNCIL
FINANCE AND RESOURCES COMMITTEE
MINUTES

**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**

PRESENT

Mr Colin Lea, Chairman
Mr Michael W Barham
Mr Keith M Ross
Mrs Barbara A Stuart
Mr Neil Willis
Dr Sandy Yule
Mr Daniel Ross (co-opted)

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

1 APOLOGIES FOR ABSENCE

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

2 APPROVAL OF AGENDA

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

3 APPROVAL OF MINUTES OF THE MEETING HELD ON 19 MARCH 2002

- 3.1 It was agreed that to avoid misunderstanding the words "in total for all staff" be added to Minute 11.2.
- 3.2 Subject to this change it was agreed that the minutes of the first meeting of the Health Professions Council Finance and Resources Committee be confirmed as a true record and signed by the Chairman.

4 MATTERS ARISING

- 4.1 A paper indicating progress on various matters was noted as follows.
- 4.2 **Appointment of insurers**
To be decided by management and brought to the Committee for ratification.

ACTION: PKHB

- 4.3 **Standing Orders**
Further work is to be done on this item now that format of the Council's Standing Orders was confirmed. It was anticipated that these standing orders be brought to the next meeting for approval.

ACTION: PKHB

- 4.3 **Standing Financial Instructions**
A first draft had been typed but will now be subjected to appropriate editing and scrutiny by the auditors.

ACTION: PKHB/BDO Stoy Hayward

- 4.4 **Stoy Hayward System Review**
Report yet to be studied in detail

ACTION: PKHB/BDO Stoy Hayward

- 4.5 **Training for Council Members and Finance & Resources Committee**
This would be conducted by BDO Stoy Hayward in London later in the year. It was agreed that this should be scheduled during the first two weeks of November.

ACTION: PKHB/BDO Stoy Hayward

- 4.6 **Investment Terms of Reference**
Work is progressing and a recommendation would be brought to the next meeting. The subject of ethical investments would be considered.

ACTION: PKHB

- 4.7 **Audit Committee**
The Chairman was in consultation with the President as to who should be sought from outside the Finance and Resources Committee to join the Audit Committee.

ACTION: Chairman

- 4.8 The following items were also discussed:

- 4.9 **Cheque signatories**
No further work was being done on this item until the views of the auditors had been sought.

ACTION: PKHB

- 4.10 **Telephone system**
Installation had commenced, the project to be completed within 4 – 5 weeks.

5. AUDITED ACCOUNTS (CPSM)

- 5.1 The Committee approved the audited accounts of CPSM, which showed a revised deficit of £92,000. After having taken legal advice it was agreed that the President

and Chief Executive and Registrar should sign the accounts and a letter of representation on behalf of Council.

COUNCIL RATIFICATION REQUIRED

- 5.2 The Committee noted the management letter from the auditors. It was informed that the recommendations would be fully implemented during the current year.
- 5.3 At this point, the Chairman confirmed that the Secretary, Paul Baker, had been appointed Director of Finance and offered his congratulations.

6 EXPENSES POLICY

- 6.1 Mr Keith Breckell of BDO Stoy Hayward attended the meeting and advised the Committee of the tax implications of being paid as Council Members. It was noted that unless Members were self employed, where they should submit invoices for their attendance allowances, or were employed and their attendance allowances were invoiced by their employers, the Members were treated as Office Holders and would be subject to tax on the attendance allowances under the PAYE rules. Payments would be made through the payroll and tax paid over.
- 6.2 Similarly those on the payroll through 6.1 above were considered as having Park House as their place of employment under the Inland Revenue rules. Travel “home to office” was disallowable expenditure under tax legislation and in theory at least tax should be deducted from such payments. The Committee agreed that where this was the case, expense claims should be grossed up and HPC would deduct the tax from the gross amount and pay it to the Inland Revenue.
- 6.3 It was agreed that the Secretary consult every member of Council independently about their status and implement procedures to ensure that each was treated correctly. During this consultation process, Keith Breckell (or a member of his staff) should be available to advise individuals as required. Keith Breckell was also asked to prepare a brief summary paper of the rules/legislation.

ACTION: PKHB/BDO Stoy Hayward

- 6.4 Discussion took place about Care Allowances and it was agreed that before the Committee could make a specific proposal, the Secretary should find out from each Council Member whether such claims were likely to be made in their case.

ACTION: PKHB

- 6.5 It was agreed that the Staff Expenses Policy would follow the Council Members’ Policy in respect of the staff who report directly to the Chief Executive. Other staff should use Standard Class rail or air travel unless they were travelling with a more senior person where that persons’ rules would apply.

COUNCIL RATIFICATION REQUIRED

- 6.6 It was noted that an Expense Policy for other partners could not be determined until after the consultation process had been completed. In the meantime CPSM rules would apply. It was likely that recommendations would be brought to the Committee in October.

ACTION: PKHB

7 LEGAL EXPENSES INSURANCE

- 7.1 Two quotes had been received from Markel Syndicate 3000 at Lloyd's to cover legal expenses incurred by external solicitors/counsel in dealing with cases that are brought before the Disciplinary Committee including the defence of any Judicial Review against the HPC.
- 7.2 After discussion it was agreed that cover limited to £500,000 on any one claim and in aggregate for any matters notified to the Underwriters during the period of insurance (one year's cover) should be purchased at a cost of £31,500 inclusive of Insurance Premium Tax. The first £100,000 of any one claim was at the risk of HPC and not covered by this insurance.
- 7.3 It was agreed that after one year, consideration should be given to increasing the cover to £1,000,000.

COUNCIL RATIFICATION REQUIRED

8 OFFICE ACCOMMODATION

- 8.1 A presentation was made by Jane Clay of DEGW Plc and John Desmond of Bernard Williams and Partners concerning their work to date on reassessing Park House. It was noted that modernisation of the building, including enlarging the Council Chamber and providing a modern work environment was currently estimated at £750,000 plus VAT. Such improvements were necessary as it was possible that the number of registrants could increase by 50% before too long and already additional staff had been employed.
- 8.2 It was noted that this project would totally be funded by Department of Health grant.
- 8.3 It was agreed that the project should continue and that the Committee should be appraised of progress on a monthly basis. Proposed detailed costings and the tender document should be reviewed by the Committee in due course and brought to Council.

8 PAYROLL POLICY

- 8.1 The HR Director, Denise Thompson, presented a paper, which discussed the recent review of the Salary Structure of the organisation. This work had been undertaken by the HR Consultant, Jackie Hammond, and Richard Bulgin of the Reward Group. The review had included a complete rewriting of all job specifications in a common manner. This in itself had assisted in the payroll review.
- 9.2 The main finding was that the pay rates in use were not in most cases far away from the market rates for the "not for profit" sector. The budget effect of upgrading the salaries in line with the "Reward" recommendations net of some other planned adjustments would be an increase of costs of around £20,000 on basic pay.
- 9.3 Notwithstanding these details the Committee felt that it needed further information on the grading system, pay scales and the effects on individuals now and in the future before they could sanction any changes.

- 9.4 It was agreed that further information would be brought to the next meeting, although it was noted that the staff were likely to be disappointed that progress on this matter was slower than had originally been planned.
- 9.5 It was noted that the Director of Finance and HR Director who were present at the meeting could potentially have a vested interest in the results of this item although those staff members who had been recruited whilst the project was underway had their initial salaries set in line with the Reward guidelines.

ACTION: HR Director/PKHB

10 BUDGET 2002/3

11 MANAGEMENT ACCOUNTS TO 30 APRIL 2002

These items were deferred

12 CREDIT CARD RISK ASSESSMENT

- 12.1 The paper from the Director Operations was noted

13 FUTURE MEETINGS IN 2002/3

- 13.1 The dates noted on the paper were agreed as follows:

- Thursday 27 June
- Tuesday 30 July
- Tuesday 24 September
- Tuesday 29 October
- Tuesday 26 November

At this point the meeting became inquorate and was adjourned.

Signed (Chairman)

Date

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