

**UNCONFIRMED**

**THE HEALTH PROFESSIONS COUNCIL**

**Chief Executive and Registrar: Marc Seale**

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**FINANCE AND RESOURCES COMMITTEE**

**MINUTES** of the 19<sup>th</sup> Meeting of the Finance and Resources Committee held at 11 a.m. on **Tuesday 23<sup>rd</sup> November 2004** at Whitefield House, 186 Kennington Park Road, London, SE11 4BT

**PRESENT:**

Mr C Lea, Chairman  
Professor N Brook  
Mr R Clegg  
Professor John Harper  
Mr W Munro  
Mr D Ross  
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)  
Ms D Thompson (Human Resources Director)  
Ms L Pilgrim (Secretariat) (Part)

**FIN0119/04 APOLOGIES FOR ABSENCE**

119.1 Apologies had been received from Mr M Barham, Mr K Ross, Mrs B Stuart and Mrs J Stark. Apologies were also received from Mr R Ballard, Management Accountant.

**FIN120/04 APPROVAL OF AGENDA**

120.1 The Draft Agenda was adopted as the Agenda for the Meeting. There would be one item of Any Other Business concerning the meeting dates for 2006.

**FIN121/04 APPROVAL OF MINUTES OF THE MEETING HELD ON 21<sup>ST</sup> SEPTEMBER 2004**

121.1 With one exception, the minutes of the 18<sup>th</sup> meeting of the Health Professions Council Finance and Resources Committee were confirmed as a true record and signed by the Chairman. An addition to add Mr R Dunn's apologies was made.

**FIN122/04 MATTERS ARISING**

122.1 The Secretary reported on matters arising as follows:

**98.1 LISA Reporting**

Work is continuing to enhance the reporting and making the system easier to audit. BDO Stoy Hayward have attended to give clear guidelines as to their requirements and recommendations. They will be re-testing the system before the end of the financial year.

**98.2 Legal process costs**

A paper is being taken to Council at its next meeting. Neil Willis raised the question of additional training of some partners involved in panels and registration appeals. This was ongoing – some assessors had not been getting their original decisions correct, which had led to a number of registration appeals.

**101.6 Departmental Strategies**

HR, IT and Finance Department Strategies are being prepared for the February committee meeting.

**ACTION: DENISE THOMPSON, ROY DUNN AND PAUL BAKER**

**FIN123/04 FINANCE AND OFFICE SERVICES REPORT**

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

123.2 The work of the department had been hampered by the Financial Accountant being off sick for most of the period and the Management Accountant being on study leave. However the financial reporting work had still been maintained.

123.3 £2.2 million was currently on deposit on business reserve, the money market or by bond, earning rates up to 4.63%.

123.4 A number of meetings had taken place and projects in connection with Risk Assessment, Professional Liaison Group budgets, hotel corporate rates and VAT on attendance allowances were either complete or ongoing.

123.5 With the exception of some damp work, all further building work had been curtailed for the remainder of the financial year and security guards stood

down. A review of photocopying both in house and outside is being undertaken.

123.6 The Committee NOTED the paper.

**FIN124/04 IT REPORT**

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

124.2 He updated the committee with regard to projects, 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 (8<sup>th</sup> November audit successful), User Group meetings, the transfer of records with regard to Operating Department Practitioners, document scanning, and finally HPC and IT Governance. There had been no changes in personnel within the department.

124.3 The Committee NOTED the report.

**FIN125/04 HUMAN RESOURCES REPORT**

125.1 Denise Thompson presented the report of the Human Resources (HR) Department.

125.2 Appointments have been made for the Partner Manager and the HR Team Administrator. The following positions are currently being recruited: Team Administrators for Secretariat, Education and Fitness to Practise, the Manager Approvals/Monitoring and the Manager CPD/Aspirant Groups (maternity cover).

125.3 A partners' performance review system is under development and work continues with regard to further partner recruitment.

125.4 The HR Information System goes live at the end of November.

125.5 Various projects/matters to note include: Audit of the HR department in December, Occupational health referrals, ethnicity report for the December Council meeting, flexible working in the Registration department, a review of the dress code policy, the development of customer services standards for Registration and the roll out of IT training from January.

125.6 The Committee NOTED the report.

**FIN126/04 ATTENDANCE ALLOWANCES**

126.1 At its last meeting the Committee agreed that the rates for partners should remain at their present levels for the future and it was confirmed that no allowances for preparation time should be paid. It noted that it was for Council to look at the feasibility of changing rates for Council members in due course.

- 126.2 At its meeting in October the Council noted that members who had concerns about this issue should write to the Chief Executive. A paper outlining these concerns would be presented to the Finance and Resources Committee.
- 126.3 Comments had been received from two Council members. These were discussed.
- 126.4 Having considered the two submissions from Council members concerning Attendance Allowances and the payment of Preparation Time, the Committee AGREED no change to its former decision that the rates for partners should remain at their present levels and that no allowances for preparation time should be paid.
- 126.5 A late submission had been received from Keith Ross. This concerned the rates payable to Council Members and Partners, rather than the concept of Preparation Time. It was pointed out that in the 5-year plan there was no provision for increases until 2008/9 when such increases might be covered by a rise in registration fee rates. Non-inclusion in the 5-year plan did not preclude adjusting these rates when annual budgets are set. The Committee decided that this could be considered when setting the 2005/6 budget.

**ACTION: PAUL BAKER**

**FIN127/04 RISK ASSESSMENT**

- 127.1 Paul Baker presented the six-monthly updated Risk Assessment document which showed changes since April. Some of the changes acknowledged the revised and enhanced procedures made in order to gain ISO certification.
- 127.2 The Committee deferred approval of the paper and called for executive comments on the items shown as High Risk (coloured red on the paper).

**ACTION: PAUL BAKER**

**FIN128/04 PROFESSIONAL LIAISON GROUPS (PLGs) - BUDGETS**

- 128.1 Council required that a paper concerning the budgetary implications of the Professional Liaison Groups be put to its December Council meeting. As budgets are primarily the prerogative of the Finance & Resources Committee the paper has been put to this committee. There was a requirement to consider whether participants who are not Council or Committee members should receive attendance allowances for their work.
- 128.2 Budgetary considerations for PLGs are complex and like all committees are particularly influenced by where participants come from.
- 128.3 Currently there are 3 PLGs operating or about to operate, viz.
1. Health and Disability PLG – this has had one meeting; there are likely to be two further ones before the end of the financial year and a further three during 2005/6.
  2. Curriculum Guidance PLG – This is likely to start in 2005.

3. Standards of Proficiency (Amendments) PLG – This is likely to start later in 2005.

A budget was set for 2004/5 in the sum of £5,000. £9000 has been spent in the year. Clearly the unplanned (in budgetary terms) setting up of PLGs during the year is not satisfactory.

Using the Health and Disciplinary PLG as a model, **each meeting can currently cost up to £4,000 without paying non-Council members.**

If each committee has 6 meetings, the cost rises to £24,000. The three PLGs will cost £72,000, albeit spread over 2 financial years.

The introduction of attendance allowances (9 @ £130) will increase the cost of each meeting by £1,170 to £5,170. Thus each PLG will total £31,020 and the 3 together will total £93,060 (an increase of £21,060).

Obviously these costs include estimates and assume 100% attendance rates.

128.4 The feeling of the meeting was that payments should not be paid to other organisations when there is a mutual interest in the subject matter of the PLG. It was also considered that perhaps the £4,000 cost of a meeting should be used to commission work to be done on behalf of the PLG, rather than have so many meetings.

128.5 The Committee AGREED the following:

1. That PLG spend for the remainder of this financial year is to be reported as an adverse variance and that provision for spend in 2005/6 be included in the budget.

2. That no attendance allowances be paid to non-Council members of PLGs or their employers. This would be reviewed again in time for the 2006/7 budget.

**FIN129/04 AUDIT COMMITTEE MEETING 23<sup>rd</sup> November 2004**

129.1 The Chairman of the Audit Committee, Sandy Yule, reported that a meeting of the Audit Committee had taken place earlier that morning. Representatives from BDO Stoy Hayward and the National Audit Office had attended.

129.2 The meeting primarily covered the written report from the National Audit Office on the previous financial year's audit to 31<sup>st</sup> March 2004 and the Internal Audit Work on Purchasing and Payments undertaken this autumn.

129.3 Both organisations had come up with a number of recommendations although it was stressed that there were no serious weaknesses. The various matters would be reported in the minutes of the meeting which would be passed to the Finance & Resources Committee.

129.4 The Secretary had been asked to report back on the progress on implementing the recommendations at the next meeting of the Audit Committee.

**ACTION: PAUL BAKER**

129.5 The meeting had also agreed a timetable for the work connected with the preparation and audit of the Financial Statements for the year ending 31<sup>st</sup> March 2005 and their subsequent inclusion in the Annual Report.

129.6 The postponed Audit Committee training day with the NAO had been postponed until 25<sup>th</sup> February. Any member of the Finance & Resources Committee who wished to attend should contact Paul Baker for arrangements to be made.

129.7 The Committee NOTED the verbal report.

**FIN130/04 HOTEL CORPORATE RATES**

130.1 At the last meeting the Committee agreed that the Finance Staff implement a scheme whereby P&O Travel arrange hotel accommodation for all categories at discounted corporate rates not exceeding permitted levels of expenditure, with one monthly settlement to P&O Travel.

130.2 Arrangements have now been put in place and revised booking procedures were shown to the committee. Procedures for the booking of meeting rooms outside Park House and conference venues are currently being arranged.

130.3 Barbara Stuart had indicated (by e-mail) that she was concerned by the arrangements for travel, which put some emphasis on low-cost airlines.

130.4 The Committee NOTED the procedures document.

**FIN131/04 VAT ON ATTENDANCE ALLOWANCES**

131.1 Council requested at its October meeting that a paper on VAT on Attendance Allowances be put to the next meeting of the Finance & Resources Committee.

131.2 The underlying point here is that committee members who are self-employed and are VAT-registered feel disadvantaged in comparison with those who are not.

131.3 We budget to pay, and indeed do pay, a maximum sum for allowances. We do not allow VAT-registered Council or Committee Members or Partners to charge VAT on top of that. That is because we are not VAT-registered and cannot be under the Order in Council (Schedule 4 (Article 48) Paragraph 6:

***The Value Added Tax Act 1994 (c.23)***

*In Part II of Schedule 9 to the Value Added Tax Act 1994 (exempt supplies of goods and services), in item 1© in group 7 (health and welfare), for “any register kept under the Professions Supplementary to Medicine Act 1960” there shall be substituted “the Health Professions Order 2001”.*

131.4 Currently our advisors are considering whether our Council and Committee members and partners should have to account for VAT on the allowance they receive from us. There is a **small chance** that they might not have to because of our links with education.

131.5 The Committee NOTED the paper and gave authority for BDO Stoy Hayward to help us draft a letter to HM Customs and Excise. However they felt that thereafter no further expenditure should be incurred in this matter as personal tax matters were the concern of individuals.

**FIN132/04 MANAGEMENT ACCOUNTS TO 30<sup>TH</sup> SEPTEMBER 2004**

132.1 The Committee NOTED the management accounts for the six months ended 30<sup>th</sup> June which showed an operating deficit for the six months of £459,568 against a budgeted deficit of £231,938, an adverse variance of £227,630. This variance reduced to £157,722 after accounting for unbudgeted unrealised gains on investments of £37,513 and investment income £32,395 over budget.

132.2 The Committee expressed concerned on the figures which showed adverse departmental cost variances on Fitness to Practise (including all legal costs) of £221,684, Education and Training (including consultations) of £77,321, Administration (including building refurbishment/security) of £74,479, IT £23,811 and Registration £38,600 (net of additional income).

132.3 The Committee requested that an analysis of the Partners' Conference costs be produced for the next meeting.

**ACTION: RICHARD BALLARD**

**FIN133/04 MANAGEMENT ACCOUNTS TO 31<sup>ST</sup> OCTOBER 2004**

133.1 The Committee NOTED the management accounts for the seven months ended 31<sup>st</sup> October which showed an operating deficit for the seven months of £489,432 against a budgeted deficit of £47,801, an adverse variance of £441,631. This variance reduced to £347,793 after accounting for unbudgeted unrealised gains on investments of £58,613 and investment income £35,225 over budget.

133.2 Whilst the operating deficit had only grown to £489,432 since September (up £29,864), October had again been a bad month, a surplus having been planned. Again it was the same departments which showed overspends.

133.3 The Chief Executive expressed the view that we had inadequately forecast the provision for new services such as Fitness to Practise, registration appeals, professional liaison groups and Education and Training.

133.4 The Chief Executive and Finance Director indicated that they were monitoring the situation closely and would cut down spending wherever possible to minimize the adverse variance. It was stressed that the organisation was still going to make a surplus but not as large as was originally forecast.

**FIN134/04 INVESTMENT REPORT**

134.1 The Committee NOTED the paper from Carr Sheppards Crosthwaite which indicated that the value of the portfolio was £1,348,424, an increase for the last quarter of £32,389 (2.6%) or 12.2% for the rolling twelve month period.

**FIN135/04 ANY OTHER BUSINESS**

135.1 The Committee AGREED two further meeting dates in 2006, viz. Thursday 27<sup>th</sup> April 2006 and Thursday 22<sup>nd</sup> April 2006.

135.2 There was no further Any Other Business

**FIN136/04 DATE AND TIME OF NEXT MEETING**

136.1 The next meeting was confirmed as Friday 11<sup>th</sup> February 2005 at 11 a.m. in Park House.

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 .....