

unconfirmed
The Health Professions Council

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Minutes of the 41st meeting of the Finance and Resources Committee held on **Wednesday 6 February 2008** at Park House, 184 Kennington Park Road, London SE11 4BU.

Present: Mr R Clegg (Chairman)
Mrs P Blackburn
Mrs M Clark-Glass
Mr P Douglas
Mrs S Drayton
Mr W Munro
Mr D Ross
Mr K Ross
Mrs J Sheridan
Mrs B Stuart
Mr N Willis

In attendance:

Mr O Ammar, Education Officer (items 8 to 21)
Mr C Bendall, Secretary to the Committee
Mr R Dunn, Head of Business Process Improvement
Ms L Foster, Director of Human Resources
Mr G Gaskins, Director of Information Technology
Mr M Guthrie, Policy Manager
Mr S Hall, Facilities Manager
Mr R Houghton, Head of Operations
Ms Y Hussain, Partner Manager
Mr R Kennett, Accountant member - Audit Committee (Observer)
Mr S Leicester, Director of Finance
Ms C Milner, Financial Controller
Ms N O'Sullivan, Secretary to Council
Mr G Ross-Sampson, Director of Operations
Mr M J Seale, Chief Executive and Registrar
Mr R Turner, Stiles Harold Williams (items 1-5 inclusive)
Dr A van der Gaag, President

Item 1.08/1 Apologies for absence

- 1.1 The Chairman welcomed Mr Gaskins to his first meeting of the Committee. The Chairman also welcomed Mr Munro (who had recovered from a back injury) and Mr Turner.
- 1.2 Apologies for absence were received from Professor J Harper, who was unable to attend due to travel problems.

Item 2.08/2 Approval of agenda

- 2.1 The Committee approved the agenda, subject to considering the item on 22-26 Stannary Street as item 5.

Item 3.08/3 Minutes of the Finance and Resources Committee meeting held on 20 November 2007

- 3.1 It was agreed that the minutes of the fortieth meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman.

Item 4.08/4 Matters arising

- 4.1 The Committee received a paper to note from the Executive.
- 4.2 The Committee noted the actions list as agreed at the last meeting.

Item 5.08/5 22-26 Stannary Street project: Progress report

- 5.1 The Committee received a paper to note from the Executive.
- 5.2 The Committee noted that renovation work to 22-26 Stannary Street was due to be completed by 10 March 2008, although that date now seemed at risk. The contractor was making every effort to ensure completion and the Chief Executive would meet the contractor's Chief Executive to ensure that the contractor had the necessary resources in place. The Committee noted that it was the architect's responsibility to ensure that the specification for renovations was met. The Committee noted that Mr Turner was reasonably confident that the renovations could be completed within budget. The Committee noted that there was an error in the forecast final cost included in the paper (a copy of the correction is attached to these minutes).

- 5.3 The Committee noted that delays caused by installation of utilities had caused a delay in the overall timescale for the project.

Item 6.08/6 Finance and Facilities Management report

- 6.1 The Committee received a report on the work of the Finance and Facilities Management Department.
- 6.2 The Committee noted that significant projects which involved the Department included:
- upgrading the financial system;
 - preparing for proposed changes to fees;
 - changing access rights to the LISA registration system;
 - preparing for external audit of the 2007-8 accounts; and
 - preparing the 2008-9 budget.

Item 7.08/7 Human Resources report

- 7.1 The Committee received a report on the work of the Human Resources Department.
- 7.2 The Committee noted details of posts which had recently been advertised and filled. The Committee noted that it was expected that fewer new posts would be included in the budget for 2008-9 than in the previous year's budget. The Committee noted that, if a candidate declined the offer of a post, the post would be offered to other candidates who were suitable.
- 7.3 The Committee noted that the Department had introduced HRinfo (an employee intranet system, in which all documents could be accessed online and leave could be applied for electronically). The system was running smoothly and would be useful for future audits of Human Resources systems.
- 7.4 The Committee noted that employee job descriptions had been reviewed and external job market evaluations had been received from Income Data Services. The Department had also arranged the annual performance reviews for employees.
- 7.5 The Committee agreed that it would be helpful if future Human Resources reports could express the total number

of sick leave days as a percentage of total working days and could give an annual percentage for turnover of employees (rather than monthly percentages for turnover).

Action: LF (Ongoing)

Item 8.08/8 Partner Manager report

- 8.1 The Committee received a report on the work of the Partner Manager.
- 8.2 The Committee noted that recruitment for applied psychologist partner roles had commenced, on the assumption that the profession would be regulated by the HPC. There had been 103 applications for partner roles and membership of the interview panel had been finalised.
- 8.3 The Committee noted that the report stated that there was only one prosthetist and orthotist visitor but noted that other visitors had been recruited for the profession. (Secretary's note: The Partner Manager has confirmed that there are three prosthetist and orthotist visitors).

Item 9.08/9 Information Technology report

- 9.1 The Committee received a report on the work of the Information Technology Department.
- 9.2 The Committee noted that the Department had received new servers for the LISA system and was currently planning an appropriate date to install them. This would ensure a better service for the Registration Departments. The Department was also supporting testing for the Continuing Professional Development system, and the upgrade to the financial system.
- 9.3 The Committee noted that IT systems had been affected by an issue with a database on 3 December 2007 (lasting one hour) and a local power cut on 8 January 2008 (lasting 30 minutes).
- 9.4 The Committee noted that the Director of Information Technology was planning resources for the 2008-9 financial year and would review contracts with existing suppliers.

Item 10.08/10 Operations report

- 10.1 The Committee received a report on Operations, covering the Registration Departments, Quality Management, Project Management and Approvals and Monitoring.
- 10.2 The Committee noted that final renewal notices had been sent to radiographers and the renewals process for physiotherapists would begin shortly. The Committee noted that there had been a large increase in telephone calls received by the Registration Departments. The Executive believed that this was because registrants were more aware of the importance of renewing on time. The Committee noted that the Executive was reviewing ways to manage calls, such as publishing information about expected processing times for renewals, or including recorded information messages in the telephone system.
- 10.3 The Committee noted that there had been 19 applications for temporary registration from professionals from other members of the European Economic Area and seven individuals had been registered. The Committee noted that, under the terms of the European directive, professionals working on a temporary basis in the UK were exempt from registration fees.
- 10.4 The Committee noted that the HPC was compliant with the UK legislation which had enacted the European directive. However, members felt that there could be a risk to public protection, as the directive did not permit any test of competence for professionals working on a temporary basis. The Committee noted that the professionals concerned would be subject to fitness to practise procedures and the HPC would contact them each year, to ask if they would continue to work on a temporary basis. The Committee noted that the arrangement was reciprocal and enabled professionals from the UK to work temporarily in the European Economic Area. The impact of European legislation would be discussed at a Council meeting on 20 February 2008.
- 10.5 The Committee noted that Mr Dunn had become Head of Business Improvement. As a result of the local power cut (see item 9.3 above), the business continuity plan had been reviewed and improved.

- 10.6 The Committee noted that the project on temporary registration had been closed, as it was not expected that there would be large volumes of applications. The projects for regulation of clinical psychologists and applied psychologists had been merged.
- 10.7 The Committee noted that the British Standards Institute had audited the registration system in October 2007. One issue had been identified (there was no documented evidence of quality checks on registration work). The Committee noted that quality checks were conducted and the Executive had now addressed the issue.

Item 11.08/11 Fees rise consultation document

- 11.1 The Committee received a paper for discussion/approval from the Executive.
- 11.2 The Committee noted that the Health Professions Order 2001 required the Council to undertake a consultation process before determining or varying any fees. The paper included a draft consultation document on proposed increases to fees in 2009.
- 11.3 The Committee agreed that the foreword to the document should make it clear that any changes to the fees would take effect at the next renewal cycle for each profession after 1 April 2009.
- 11.4 The Committee agreed that the Executive should review the wording of questions, which simply asked whether respondents agreed with stated increases. The Committee noted that respondents could make additional comments when responding to the consultation.
- 11.5 The Committee noted that the Council would be asked to agree the approach to the consultation. The Committee noted that the Executive would recommend that the final consultation document should be circulated to the HPC's list of consultees, as well as being available on request and from the HPC website. The consultation would also be publicised.
- 11.6 Subject to the points made at 11.3 and 11.4 above, the Committee agreed the document and recommended approval of the document by the Council.

Action: MG (ongoing to 27 March 2008)

Item 12.08/12 Investments policy

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee noted that, at its meeting on 20 November 2007, it had asked the Executive to review the ethical restrictions on the investments policy. The existing investments policy excluded tobacco products and was slightly more risk-adverse than a neutral policy.
- 12.3 The Committee noted that ethical investment funds were available in a general form to clients, whereby the fund managers would invest in any stocks which they considered have an ethical, socially responsible or environmental consideration in their stock selection process, i.e. at the discretion of the fund manager without outlining specific restrictions. Such funds tended to have upfront initial charges (typically 2% of the fund value) as well as ongoing annual management charges, typically 1.5% of the fund value.
- 12.4 The Committee noted that the alternative to selecting a general ethical fund was for HPC to continue with the current investment fund approach, but extend the existing list of restrictions, taking into consideration the likely investment return, impact of commission charges and practicalities of imposing certain additional restrictions (definition and ongoing compliance monitoring)..
- 12.5 The Committee noted that the paper proposed that HPC's investments should continue to be managed by Rensburg Sheppards and that the ethical restrictions should be extended, to also exclude investments in alcohol production and gambling. The Committee noted that, for these additional restrictions, the fund commission rate would not change and the financial impact on investment returns was likely to be minor. The Committee agreed that the exclusions should be carefully worded, to make it clear that direct investment in alcohol production and gambling would be excluded, but that indirect investment (for example, in retailers selling alcohol) would be permitted.
- 12.6 The Committee agreed that the paper was very helpful and agreed with the approach taken by the Executive. The Committee noted that the Executive was working to further develop the corporate social responsibility policy and it was

proposed that, once a comprehensive policy had been developed, the restrictions on investments would be further reviewed.

12.7 The Committee agreed that:

(1) the investments policy should be changed so that the list of managed fund investment restrictions should be extended to include direct investment in alcohol production and gambling;

(2) once a comprehensive social responsibility policy had been developed, restrictions on investments would be further reviewed.

Action: SL (point 1 by 21 March 2008; point 2 ongoing to November 2008)

Item 13.08/13 Partner reappointments

13.1 The Committee received a paper for discussion/approval from the Executive.

13.2 The Committee noted that, during 2006 and 2007, over 600 partner agreements had expired at various times. All agreements had been extended to July 2008 and a total of 548 agreements were due to expire in that month. The paper proposed that, as partners had already gone through a recruitment and selection process, they should be offered a further contract extension of two years (until July 2010).

13.3 The Committee agreed that all 548 partner agreements which were due to expire in July 2008 should be extended for a further period of two years, i.e. until July 2010.

Action: YH (ongoing to July 2008)

Item 14.08/14 Invoice/Purchase order signatories update

14.1 The Committee received a paper for discussion/approval from the Executive.

14.2 The Committee noted that, following recent reorganisations of various departments, several positions now had supervisory responsibilities. The paper therefore recommended that additional signatories should be authorised to approve invoices and purchase orders.

14.3 The Committee agreed to add the following signatories to the invoice/purchase order signatories list (with maximum limits indicated in brackets):

- one Education Manager (limit £1000)
- one Head of Business Process Improvement (limit £8000)
- one Hearings Manager (limit £8000)
- three Lead Case Managers (limit £1000 each)

Action: CM (by 14 April 2008)

Item 15.08/15 December 2007 management accounts

- 15.1 The Committee received a paper to note from the Executive.
- 15.2 The Committee noted that, as of 31 December 2007, there had been a higher surplus than budgeted and HPC continued to be in a stable financial position.
- 15.3 The Committee noted that the Fitness to Practise departmental budget included legal costs and the cost of hearings held away from Park House (such as hiring rooms for hearings).

Item 16.08/16 Nine month reforecast for year to 31 March 2008

- 16.1 The Committee received a paper to note from the Executive.
- 16.2 The Committee noted that discussions had been held with each budget holder to identify likely overspends and under spends in the remaining three months of the financial year. These had been added or subtracted from the original budget to give a projected operating surplus. The decrease in international scrutiny fees and additional graduate applications (against budget) had also been taken into account.
- 16.3 The Committee noted that the budgeted surplus had been approximately £59,000 and the forecast surplus was now approximately £265,000.
- 16.4 The Committee agreed that the line for 'other professional fees' in the paper needed to be defined more clearly. The Committee noted that it included fees paid to auditors and fees for legal advice on pension issues and employment issues.

Action: CM (by 19 March 2008)

Item 17.08/17 Financial procedures review

- 17.1 The Committee received a paper to note from the Executive.
- 17.2 The Committee noted that, once the upgrade of the financial system had been completed and processes had been changed, the financial procedures manual would be updated later in 2008 and presented as a paper to the Committee.

Action: SL (by 17 November 2008)

Item 18.08/18 Reappointment of accountant members

- 18.1 The Committee received a paper to note from the Executive.
- 18.2 The Committee noted that on 13 December 2007 the Council had reappointed the accountant members of the Finance and Resources Committee and the Audit Committee.

Item 19.08/19 22-26 Stannary Street: Value added tax

- 19.1 The Committee received a paper to note from the Executive.
- 19.2 The Committee noted that, following advice from Baker Tilly, 22-26 Stannary Street Ltd would be de-registered for VAT purposes once the property was first used after refurbishment. The Committee noted that VAT returns would continue to be filed until the company was de-registered. The Committee noted that de-registration would have no financial impact.

Item 20.08/20 Any other business

- 20.1 There was no other business.

Item 21.08/21 Date and time of next meeting

- 21.1 The next meeting of the Committee would be held at 10.30 am on Thursday 6 March 2008 (Remuneration Committee).
- 21.2 Subsequent meetings would be held at 10.30 am on

Wednesday 19 March 2008
 Thursday 24 April 2008
 Thursday 19 June 2008
 Thursday 31 July 2008
 Thursday 18 September 2008
 Monday 17 November 2008
 Wednesday 4 February 2009
 Thursday 5 March 2009 (Remuneration Committee)
 Monday 16 March 2009
 Thursday 23 April 2009 (discretionary meeting)
 Tuesday 23 June 2009

Chairman

Date

Unconfirmed

CORRECTION TO REPORT DATED 23RD JANUARY 2008

1.5 The forecasted final cost compared with the approved budget is as follows:-

	Approved Budget	Forecast Final Cost
Contract Sum	£901,425.00	£901,425.00
Provisional Sums	£102,500.00	£97,500.00.00
Variations instructed	-	£71,362.00
Variations anticipated	-	£3,000.00
Loss and expense	-	£23,000.00
Sub-Total	£1,003,925.00	£1,096,287.00
Contract contingency	£236,075.00	£143,713.00
TOTAL	£1,240,000.00	£1,240,000.00

RJT/rme/CN06080015

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