

THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Mr Marc Seale

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MINUTES of the 35th meeting of the Finance and Resources Committee held on
Wednesday 21 March 2007 at The Brit Oval, Kennington, London, SE11 5SS.

PRESENT: Mr R Clegg (Chairman)
 Mrs M Clark-Glass
 Mr M C Davies
 Mr P Douglas
 Mr D Ross
 Mrs B Stuart

IN ATTENDANCE:

Mr C Bendall, Secretary to the Committee
 Mr C Callaghan, Studio Callaghan Ltd (Item 1 only)
 Mr J Dugan, Davis Langdon LLP (Item 1 only)
 Mr R Dunn, Director of Information Technology
 Ms L Foster, Director of Human Resources
 Mr S Hall, Facilities Manager
 Mr R Houghton, Registrations Manager (Operations)
 Ms Y Hussain, Partner Manager
 Mr R Kennett, Accountant member - Audit Committee (Observer)
 Mr S Leicester, Director of Finance
 Ms C Milner, Management Accountant
 Ms N O'Sullivan, Secretary to Council
 Ms C Phillips, Project Manager
 Mr M Seale, Chief Executive and Registrar
 Mr R Turner, Stiles Harold Williams (Item 1 only)
 Dr A van der Gaag, President

Item 1.07/26 22-26 STANNARY STREET

- 1.1 The Committee received a paper for discussion/approval from the Executive.
- 1.2 The Committee noted that the paper included the Stage D project report and appendices, setting out the proposed alterations to 22-26 Stannary Street, the project plan and budget. The Committee noted that it was intended that the building would be in use by January 2008 and that the budget was £1.6 m (construction costs of £1.2 m plus professional fees plus VAT).

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2007-03-14	a	F&R	MIN	Minutes Finance and Resources Committee 21 March 2007 public meeting	Final DD: None	Public RD: None

- 1.3 The Committee noted that regarding the tax implications, the main building contractors, Davis Langdon LLP, would control who they sub-contracted the work to and that any sub-contractors might use self-employed workers.
- 1.4 The Committee noted that the local residents' association supported the project. The Committee noted that two neighbouring residents had objected to the planning application and the local planning authority would consider the objections.
- 1.5 The Committee agreed that the Executive should confirm whether the VAT incurred on the project was recoverable and action this as far as possible.

Action: SL (Ongoing)

- 1.6 The Committee agreed that the Chairman and Mr D Ross should be members of the panel which considered tenders for the project.

Action: Chairman/Mr D Ross (Ongoing)

- 1.7 The Committee noted that the paper included a review of contract procurement and recommended a single stage traditional lump sum procurement route. The Committee noted that this route would commit Davis Langdon to a firm price and programme of work and transfer the risk of a cost over-run from the client to the contractor. The Committee also noted that under this form of contract, HPC bore the risk and responsibility for the quality of the design and the design team performance of Studio Callaghan. In addition, Davis Langdon would take total responsibility for performance of the sub-contractors and for any financial failure of a sub-contractor.
- 1.8 The Committee noted that the HPC's solicitor, Bircham Dyson Bell, would review the contract to ensure that the contractual risk to HPC was reduced and clarified as far as possible.
- 1.9 The Committee approved a single stage traditional lump sum procurement route and contract approach for the renovation of the premises at 22-26 Stannary Street.

Action: MJS (Ongoing)

Item 2.07/27 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from Mrs P Blackburn, Mrs S Drayton, Mr W Munro, Mr K Ross and Mrs J Sheridan.

Item 3.07/28 APPROVAL OF AGENDA

- 3.1 The Committee approved the agenda, subject to having already considered the item on 22-26 Stannary Street.

Item 4.07/29 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 7 FEBRUARY 2007

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

Item 5.07/30 MATTERS ARISING

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

Item 6.07/31 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 over the next few months included:
 - the fee change project;
 - changes to the employee pension scheme;
 - the intermediate lapsing project; and
 - introduction of project financial reporting.
- 6.3 The Committee noted that the calculation of employees' availability in the Finance Department took account of annual leave, sick leave and study leave.
- 6.4 The Committee noted that the HPC paid for training for employees, included courses leading to professional qualifications. The Committee agreed that this policy should be discussed as part of the paper on the HPC's pay policy which was due to be considered by a meeting of the Remuneration Committee on 21 June 2007.

Action: LF (by 21 June 2007)

Item 7.07/32 HUMAN RESOURCES DEPARTMENT REPORT

- 7.1 The Committee received a report on the work of the Human Resources Department.

- 7.2 The Committee noted details of vacancies which had recently been advertised and filled.
- 7.3 The Committee noted that as part of the equality and diversity project, training on this subject had been arranged for employees and Council members.
- 7.4 The Committee noted that one employee had raised concerns about the new standard contract. A final appeal hearing in February had upheld the HPC's actions.
- 7.5 The Committee noted that all employee performance reviews had been completed. The Department was compiling the results to ensure that reviews had been conducted consistently.
- 7.6 The Committee noted that the Department had worked with the Finance Department to finalise the recommendations for salary reviews, which had been presented to the Remuneration Committee on 8 March.
- 7.7 The Committee noted that the Department had written to employees to explain issues around the pension scheme. The HPC's pension adviser had also made a presentation to employees on 22 February.
- 7.8 The Committee congratulated the Department on its work.

Item 8.07/33 PARTNER MANAGER REPORT

- 8.1 The Committee received a report on the work of the Partner Manager.
- 8.2 The Committee noted that the Partner Manager had taken advice from the Office of the Commissioner for Public Appointments (OCPA) on the method for recruiting Continuing Professional Development assessors. The OCPA had advised that recruitment should be from the existing pool of partners, as they were already experienced in working for the HPC and there was currently a surplus of partners.
- 8.3 The Committee noted that the partner reappointment process was underway. Existing partner agreements which expired between January and June 2007 had been extended until July 2007, so that all agreements expired at the same time. A letter had been sent to all partners asking if they wanted to continue to work for HPC. Criteria for reappointment would be agreed between the Partner Manager and the relevant head of department or director.
- 8.4 The Committee noted that refresher training for registration assessors had been held in February and March 2007 and there had been a great deal of positive feedback from assessors.

- 8.5 The Committee noted that the Partner Manager would be updating the partner handbook to reflect all existing policies and procedures. Revised policies would be brought to the Committee for consideration.

Item 9.07/34 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 was planning an additional server, which would be used for several functions.
- 9.3 The Committee noted that current projects for the Department included:
- the fee change project;
 - intermediate lapsing project;
 - a project to enable NHS trusts to look up all registrants employed by a trust;
 - authentication and online contact management; and
 - renewals project.
- 9.4 The Committee noted that the Department had arranged testing of external security of the IT systems.
- 9.5 The Committee noted that the Department was investigating the interaction between the Data Protection Act and Freedom of Information Act. In particular, the Department received Freedom of Information requests concerning Fitness to Practise proceedings where there had been no case to answer at investigating stage. The Committee noted that it appeared that, in these circumstances, the Data Protection Act took precedence. The Committee noted that the Director of Information Technology was responsible for dealing with requests under the two acts.

Item 10.07/35 OPERATIONS REPORT

- 10.1 The Committee received a report on Operations, covering the Registration Departments, Project Management and Approvals and Monitoring.
- 10.2 The Committee noted that the two Registration Departments continued to improve the answer rate for telephone calls and that applications for registration were processed well within service levels.
- 10.3 The Committee noted that all employees in the Registration Departments had begun a training programme accredited by the Institute of Customer Services.

- 10.4 The Committee noted details of progress on current projects. The Committee noted that the new Fitness to Practise database had been set up in 2006. The Information Technology Department was working to ensure that data from the previous database was not corrupted when it was transferred to the new database.
- 10.5 The Committee noted that the Approvals and Monitoring Department was in its peak period for visits to education programmes.

Item 11.07/36 ANNUAL BUDGET 2007-8

- 11.1 The Committee received a paper for discussion/approval from the Executive, indicating a modest financial surplus before investments of £59,000. A revised version of the consolidated balance sheet was tabled.
- 11.2 The Committee noted that the paper projected how much registrant numbers by profession would change over the coming year and analysed how sensitive income was to changes in registrant numbers. The paper also set out spending in different areas as a percentage of total spending, key assumptions and funds invested.
- 11.3 The Committee noted that projections of registrant numbers were based on data by profession from previous years and on best estimates. The Committee noted that if actual volumes were lower than expected, some “discretionary” expenditure (particularly on projects) could be delayed.
- 11.4 The Committee noted that the Fitness to Practise budget included provision for appeals against tribunal decisions and cases referred by the Council for Healthcare Regulatory Excellence.
- 11.5 The Committee noted that the agreed reserves policy (which provided that the HPC should have at least three months of budgeted operating costs in reserve) would probably be breached for several months during the 2007-8 financial year (from November 2007), due largely to the cost of refurbishing 22-26 Stannary Street. The Committee noted that over the course of the year, there would probably be a £1.26 m net cash outflow and that any net cash outflow would probably be funded from transfers from the special interest bearing account to the Business Reserve account. The Committee noted that in the Cash Flow Statement projection, the reserve level would meet the reserves policy requirements by the end of 2007-8 (i.e. the policy breach was a short term event). The Committee agreed that it should consider the reserves policy at a future meeting.

Action: SL (by 21 June 2007)

- 11.6 The Committee noted that the budgeted Cash Flow Statement differed from accounting income as it included renewal income received several months in advance (deferred income) i.e. many registrants had set up direct debit arrangements to renew their registration.
- 11.7 The Committee noted that there had been seven iterations of the budget with in-depth analysis of cost drivers, project prioritisation and linkage to departmental workplans. The Committee noted that one member would like to meet the Chief Executive and Director of Finance to receive a more detailed outline of the budgeting process.

Action: MJS/SL (by 31 May 2007)

- 11.8 The Committee recommended the annual budget to the Council for approval.

Action: SL (by 21 March 2007)

Item 12.07/37 FINANCE AND FACILITIES MANAGEMENT WORKPLAN

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee noted that this was the first documented workplan for the Finance and Facilities Management Department submitted to the Committee. The Committee noted that the workplan was linked to the HPC's strategy and set out projects and other initiatives for 2007-8. The Committee noted that a timetable had been prepared for each project.
- 12.3 The Committee approved the workplan.

Action: SL (Ongoing to March 2008)

**Item 13.07/38 HUMAN RESOURCES STRATEGY AND WORKPLAN
2007/2008**

- 13.1 The Committee received a paper for discussion/approval from the Executive.
- 13.2 The Committee noted that the strategy was the same as that approved by the Committee in 2006. The workplan set nine objectives and explained how the previous workplan had been completed.
- 13.3 The Committee noted that the Remuneration Committee's request for a paper on pay policy had been reflected in objective 6 for the 2007-8 workplan.

- 13.4 The Committee agreed the priorities, projects and principles outlined in the strategy and workplan and agreed to keep the document under review.

Action: LF (Ongoing to March 2008)

**Item 14.07/39 INFORMATION TECHNOLOGY DEPARTMENT
WORKPLAN**

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that the paper summarised the Department's strategy for 2007-8 and subsequent years and the workplan for 2007-8. The Committee noted that objectives in the workplan included preparation for statutory regulation of new professions, Continuing Professional Development and the Professional Qualifications Directive (which provided for holders of a professional qualification in a member state of the European Union to have access to, and pursue their profession, in another member state).
- 14.3 The Committee noted that the Department was working to enable the inclusion of additional information (e.g. post-registration qualifications) on the Register.
- 14.4 The Committee agreed the contents of the strategy and workplan.

Action: RD (Ongoing to March 2008)

Item 15.07/40 REGISTRATIONS WORKPLAN 2007-8

- 15.1 The Committee received a paper for discussion/approval from the Executive.
- 15.2 The Committee noted that the workplan's main aim was continual improvement of the Registrations function and that priorities in the workplan might be affected by external factors (e.g. statutory regulation of a new profession). The Committee noted that each objective in the workplan was broken down into activities and timescales.
- 15.3 The Committee noted that the Executive continued to review the performance targets and would research registrants' expectations of customer service in the next year.
- 15.4 The Committee agreed the contents of the workplan.

Action: RH (Ongoing to March 2008)

Item 16.07/41 PROJECTS WORKPLAN 2007-8

- 16.1 The Committee received a paper for discussion/approval from the Executive.
- 16.2 The Committee noted that the workplan outlined major cross-departmental projects which would be developed over the next financial year. The Committee noted that the first four projects had commenced in the previous financial year.
- 16.3 The Committee noted that the Equality and Diversity project and the Continuing Professional Development project were both long running projects, while the other projects were scheduled for the 2007-8 financial year.
- 16.4 The Committee noted that the Project Manager had modified the PRINCE 2 project management system for use within HPC.
- 16.5 The Committee agreed the contents of the workplan.

Action: CP (Ongoing to March 2008)

Item 17.07/42 JANUARY 2007 MANAGEMENT ACCOUNTS

- 17.1 The Committee received a paper to note from the Executive.
- 17.2 The Committee noted that after ten months of the financial year, the Executive had budgeted an operating deficit of approximately £282,000. The actual result for year to date was an operating surplus of £420,433, generating a favourable variance to date of £702,453.
- 17.3 The Committee noted that departmental expenditure was below budget but that there would be additional expenditure before the end of year, which was expected to reduce the variance. This related to vacancies being filled and training of employees.
- 17.4 The Committee noted that the Executive expected that the HPC would break even or achieve a small surplus before investments for 2006-7.

Item 18.07/43 ANY OTHER BUSINESS

- 18.1 There was no other business.

Item 19.07/44 DATE AND TIME OF NEXT MEETING

- 19.1 The next meeting of the Committee would be held at 10.30 a.m. on Thursday 26 April 2007.

19.2 Subsequent meetings would be held at 10.30 a.m. on

Thursday 21 June 2007

Thursday 26 July 2007

Tuesday 18 September 2007

Tuesday 20 November 2007

Wednesday 6 February 2008

Thursday 6 March 2008 (Remuneration Committee)

Wednesday 19 March 2008

Thursday 24 April 2008

Thursday 19 June 2008

CHAIRMAN

DATE