Council

28 July 2020

Council resolutions by correspondence

Executive Summary

Council Standing Order 19 allows for the Council to pass resolutions outside of a meeting. This paper notes any such resolutions made by the Council since its last meeting (21 May 2020), these are:

- the temporary reappointment of Tribunal Advisory Committee members; and
- approval of the Financial Strategy (previously discussed in public Council session).

The relevant supporting documents to provided to members when proposing the resolutions are appended to the paper.

Decision	Council is asked to note the paper.
Previous consideration	The Council has agreed these resolutions by correspondence.
Next steps	None
Strategic priority	The strategic priorities set in 2018 are no longer current. We are developing a new strategy that we aim to confirm at the end of 2020.
Risk	Strategic risk 5 - failure of leadership, governance or culture.
Financial and resource implications	None.
Authors	Claire Amor, Secretary to Council claire.amor@hcpc-uk.org

Council resolutions without meeting

Council Standing Order 19 allows for the Council to pass resolutions outside of a meeting. For a resolution to be valid the following conditions must be met:

- the Chairs consent must be given to circulate the resolution; and
- at least three quarters of the Council must state their agreement to pass the resolution.

Resolutions passed without meeting are recorded by the Secretary to Council and must be reported at the next meeting of the Council.

<table>
<tr><td>Requested by</td><td>Claire Amor, Secretary to Council</td></tr>
<tr><td colspan="2" align="center">Resolution</td></tr>
<tr><td colspan="2">The Council agreed:

• the amendment of the constitution of the Tribunal Advisory Committee (TAC) to be 4 Lay members and 2 Panel Chair members for the period 1 August to 31 December 2020;

• the extension of Marcia Saunders’s and Alan Kershaw’s current terms as members of the TAC until 31 December 2020; and

• the appointment of Phillip Gearing as a Lay member of the TAC from 1 August to 31 December 2020.

The explanatory paper is appended to this form.</td></tr>
<tr><td>Date passed</td><td>10 July 2020</td></tr>
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Council

Agreement by resolution

Tribunal Advisory Committee appointment extensions

Executive Summary

The terms of office of four TAC members are due to expire on 31 July 2020. These members are

- Marcia Saunders – Lay Chair of the Committee
- Alan Kershaw – Lay member
- Phillip Geering – Panel Chair
- Graham Aitkin – Panel Chair

While Marcia and Alan are eligible for a second term, Phillip and Graham's terms of office as Panel Chairs will also expire and so they cannot be reappointed as Panel Chair members of the Committee.

Due to COVID impact it has not been possible to run an appointments campaign and induction. It is also not desirable to do this until the results of the review of Committee governance findings are considered by Council (currently expected in September 2020). The composition of the TAC is something that the Committee itself is minded to make recommendations for change on following their own discussion on how best to add value, and so making longer term appointments and reappointments at this time would complicate future change.

To ensure the Committee remains quorate in the interim period and to ensure that there is a continuity in skills and corporate memory on the Committee, it is proposed that Marcia Saunders, Alan Kershaw and Phillip Gearing be extended as members of the Committee until 31 December 2020. There will be two meetings in this extension period.

Phillip Geering has served 6 years as a Panel Chair having served two before this as a Panel member. So, whilst he cannot continue as a Panel Chair member of the Committee, he can serve a short period as a Lay member with Council agreement.

It is proposed that the terms of reference for the Committee are amended on a temporary basis to enable there to be 4 lay members and 2 Panel Chair members until 31 December 2020. His experience of the HCPC's tribunal operations will remain current in this short extension period.

It is not proposed that Graham Aitkin be extended as he has served a full 8 years as a Panel Chair, the maximum allowed.

Previous consideration	None
Decision	Council is asked to agree • The amendment of the constitution of the Tribunal Advisory Committee to be 4 Lay members and 2 Panel Chair members for the period 1 August to 31 December 2020. • The extension of Marcia Saunders's and Alan Kershaw's current terms until 31 December 2020 • The appointment of Phillip Gearing as a Lay member of the Committee from 1 August to 31 December 2020
Next steps	Following the Council's consideration of the committee governance review recommendations, action will be taken to either make permanent appointments to the TAC's current terms of reference or amended terms of reference.
Strategic priority	Strategic priority 3: Ensure the organisation is fit for the future and able to anticipate and adapt to changes in the external environment
Risk	Risk 5. Failure of leadership, governance or culture
Financial and resource implications	The 2020-21 budget includes full membership of the TAC for all meetings.
Author	Claire Amor, Head of Governance claire.amor@hcpc-uk.org

hcpc health & care professions council

Council resolutions without meeting

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Requested by	Claire Amor, Secretary to Council Tian Tian, Director of Finance
Resolution	
At its meeting of 21 May 2020, the Council agreed to to consider by correspondence the recommendations of the Audit Committee on the appropriate level of net realisable assets to be required in the Financial Strategy. (minute reference paragraph 10.6) The Council duly agreed the Financial Strategy document which reflected the Audit Committee's recommendation on this matter. The final Financial Strategy document as approved by Council is appended to this form.	
Date passed	15 July 2020

HCPC Financial Strategy

1. Context

The Health and Care Professions Council's (HCPC) role is to protect the public by regulating 15 health and care professions by:

- Setting standards for professionals' education and training and practice;
- Keeping a register of professionals, known as 'Registrants', who meet the standards; and
- Taking action, if professionals on the Register do not meet the standards.

The HCPC Financial Strategy aims to enable all aspects of the HCPC's work to be conducted in an orderly and efficient manner thereby allowing HCPC to deliver its statutory and organisational objectives.

To achieve this, HCPC must ensure it has:

- Realistic income plans and strategies; and
- Effective expenditure control and investment strategies.

2. Income

HCPC is primarily funded by Registrants paying a fee to be on the Register. HCPC receives Registrant fees in advance creating liquid cash assets. Registrant's fees are paid either for two years in advance or, if paid by direct debit, six months in advance. These pre-payments ensure that there will normally be significant liquid assets to pay any current debts as and when they fall due.

This structuring of the pre-paid Registrants fees is a critical element of the financial strategy that enables HCPC to have positive cash balances.

The significant risk of reduction to the pre-paid Registrant's fees is either:

- A loss of a one of more cohorts of Registrant's; or
- A change to the pre-payment structure.

Any major changes to the Register with the loss of one or more cohorts, such as with the transfer of Social Workers to Social Work England in December 2019, is likely to have a long lead time. The timeframe for the transfer of Social Workers was in the magnitude of two years. Given that changes to the professions that HCPC regulate would require legislative changes, as with Social Workers, it would be expected that any other changes would be expected to be implemented on a similar two-year time scale. This timeframe will allow HCPC to evaluate alternative financial strategies should there be a situation where large amounts of Registrants would leave the HCPC register.

The pre-payment structure of the Registrants fees is determined by the HCPC Council therefore any change to this structure is in the control of the HCPC Council. Should any change to the Registrant's fee pre-payment structure be proposed then it would be expected that the full financial impact, supported by an equality and diversity impact assessment, would be evaluated as part of the proposal.

The HCPC Council approved in March 2020, subject to ratification through the legislative processes, a £8.12 increase in fees. This increase was calculated using year on year percentage pay increases awarded to Band 5 NHS professionals, the largest band by volume, since 2015 when HCPC last increased its fees. It is the ambition for HCPC to move to a system of regular incremental fee increases based on a formula like that used for the current proposed increase.

A failure to obtain regular fee increases, aligned to service delivery cost increases, is a risk that will impact HCPC's financial strategy.

3. Expenditure

HCPC needs to invest in the future to be able to remain relevant to stakeholders, adapting to the changing requirements and Registrants changing ways of working. To be able to invest in the future, it is proposed that HCPC commits between 5 and 10% of its predicted revenue to forward looking projects such as the prevention agenda and IT systems upgrades.

Taking action, if professionals on the Register do not meet the standards, often takes time that crosses financial years. Each financial year HCPC will be acting on concerns raised in previous financial years as well as processing new concerns. However, when more concerns are being raised than being concluded a backlog is created. The backlog is the number of concerns being processed that is over and above the number of concerns that would be work in progress if the concerns were being concluded at same raised as new concerns were being raised. The anticipated cost of concluding the backlog of FTP concerns should be disclosed as a contingent liability, so that future impact is visible when considering financial decisions.

HCPC is moving to a dynamic budgeting process whereby forecasts are revised every quarter with a forward look for 2 to 3 years in advance in order to improve the medium-term financial planning. As part of this process it is expected that budget holders will be able to demonstrate efficiency objectives are being targeted and achieved.

4. Reserves Policy

A Reserves Policy is focused on ensuring an organisation has sufficient working capital to conduct its business in an orderly fashion taking into account commitments and potential risks. The HCPC approach to a Reserves Policy is based on this objective within the context of balancing the need to invest to ensure sustainability while maintaining working capital through pre-paid Registrants fees.

As a result of the pre-paid Registrant's fees, HCPC operates with a significant cash balance which ensures that HCPC has sufficient working capital.

If the Net Assets less Intangible Assets (the Realisable Net Assets) are positive, then if HCPC were to encounter a situation where it would need to close, it would be able to undertake closure in an orderly fashion. The HCPC's Reserves Policy is predicated on this basis.

As at March 2020, HCPC has positive Realisable Net Assets. However, due to the need to invest and delays in implementing fee increases the current financial forecasts for the next 3 years indicate that HCPC will move to a position of having negative Realisable Net Assets. The ambition is to return to positive Realisable Net Assets within 5 years, and during this time, maintain as a minimum, positive Net Assets and positive cash balances.

The Reserves Policy of the HCPC is reviewed on an annual basis by the Council in line with the HCPC budget and development plans.

5. Going Concern

As at March 2020, HCPC considers itself to be a going concern based because:

- It has cashflow forecasts that indicate that there is sufficient working capital to continue to operate in the current circumstances;
- It has a financial strategy that recognises the need to invest in the future at the present time with the ambition to return to positive Realisable Net Assets within 5 years.