

The Health Professions Council

Chief Executive and Registrar: Mr Marc Seale

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Minutes of the 47th meeting of the Finance and Resources Committee held on **Monday 17 November 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
Professor J Harper
Mr D Ross
Mr K Ross
Mrs J Sheridan
Mrs B Stuart
Mr N Willis

In attendance:

Mr E Bancroft, Rensburg Sheppards (items 1–5 inclusive)
Mr C Bendall, Secretary to the Committee
Ms D Dawkins, Acting Partner Manager
Mr R Dunn, Head of Business Improvement
Ms L Foster, Director of Human Resources
Mr G Gaskins, Director of Information Technology
Mr S Griffin, Etre Ltd (items 23-26 inclusive)
Mr M Guthrie, Head of Policy and Standards
Mr S Hall, Facilities Manager
Mr J Hildebrand, Rensburg Sheppards (items 1-5 inclusive)
Mr R Houghton, Head of Registration
Mr R Kennett, Accountant member, Audit Committee (observer)
Mr S Leicester, Director of Finance
Mr Z McNally, Accor Services (items 1-11 inclusive)
Ms C Milner, Financial Controller
Ms K Neuschafer, Partner Manager
Mr S Rayner, Secretary to Committees
Mr G Ross-Sampson, Director of Operations
Mr P Schwartzfeger, Etre Ltd (items 23-26 inclusive)

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2008-11-10	a	F&R	MIN	Minutes Finance and Resources Committee 17 November 2008 public meeting	Final DD: None	Public RD: None

Mr M J Seale, Chief Executive and Registrar
Dr A van der Gaag, President

Item 1.08/152 Apologies for absence

- 1.1 Apologies for absence were received from Mrs S Drayton and Mr W Munro.

Item 2.08/153 Approval of agenda

- 2.1 The Committee approved the agenda, subject to considering the investment report as item 5.

Item 3.08/154 Minutes of the Finance and Resources Committee meeting held on 18 September 2008

- 3.1 It was agreed that the minutes of the 46th meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman.

Item 4.08/155 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 5.08/156 Investment report

- 5.1 The Committee received a paper for discussion/approval from the Executive. A summary of the performance of HPC's investments and the performance of markets and economies was tabled.
- 5.2 The Committee received a report on the performance of the HPC's investment fund from Mr Bancroft. The Committee noted that Mr J Minett continued as HPC's investment manager but was unable to attend the meeting for personal reasons. The Committee noted that, in the twelve months ending September 2008, the investment portfolio had achieved an annual return of -15.5%, against the benchmark return of -13.5%. Between 30 September and 14 November 2008, the investments had achieved a further decline in portfolio value of 7%, against the benchmark decline of 9.5%.

- 5.3 The Committee noted financial turmoil over recent months, including a 35% decrease in share prices, the collapse of a number of financial institutions and the beginning of a recession. The Bank of England had responded by cutting interest rates and it was expected that the Government would increasing spending and cut taxes, which it was hoped would lead to a recovery in 2009.
- 5.4 The Committee noted that the investment portfolio composition was made on a defensive basis (i.e. investing more in bonds and cash and less in UK equities and overseas equities). The Committee noted that Rensburg Sheppards advised that HPC should continue to invest its funds over the long term, as the bond market was expected to improve over time, followed by the equity market.
- 5.5 The Committee noted the Rensburg Sheppards report and approved the continued appointment of Rensburg Sheppards as the professional fund manager.

Item 6.08/157 Finance report

- 6.1 The Committee received a report on the work of the Finance Department.
- 6.2 The Committee noted that the Department was assisting PKF with the internal audit of the finance systems, as part of the agreed internal audit workplan for 2008-9.
- 6.3 The Committee noted that the draft budget was being prepared.
- 6.4 The Committee noted that, following a six month trial, Co-operative Travel had been appointed as HPC's travel supplier with effect from 7 November 2008.

Item 7.08/158 Human Resources report

- 7.1 The Committee received a report on the work of the Human Resources Department. The Committee wished Ms Foster well on her return to Australia and thanked her for all her work and support.
- 7.2 The Committee noted that the second interviews for the posts of Director of Human Resources and Secretary to Council would be held shortly. It was expected that job offers would be made by the end of the week.

Arrangements would be made to cover the vacancies until the posts were filled.

- 7.3 The Committee noted that the Head of Education would now report directly to the Chief Executive and her job title had been changed to Director of Education.
- 7.4 The Committee noted that the Facilities Department would now report to the Director of Operations.

Item 8.08/159 Partner Manager report

- 8.1 The Committee received a report on the work of the Partner Manager. The Committee wished Ms Neuschafer well for her period of maternity leave and welcomed Ms Dawkins as the Acting Partner Manager.
- 8.2 The Committee noted that refresher training for Visitors had continued in September 2008 and that the remaining Visitors would be trained in 2009.
- 8.3 The Committee noted that appraisal for Panel chairs would take place in the last quarter of 2008 and in early 2009.
- 8.4 The Committee noted that the Partner Manager's workplan and budget for the next financial year was being prepared. The Committee noted that, in 2009, HPC would recruit Continuing Professional Development assessors for the remaining professions to be audited.

Item 9.08/160 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 begun recruiting an extra employee, as set out in the Department's workplan.
- 9.3 The Committee noted that the Department had been involved in a number of activities, including improvements to the disaster recovery systems and work on the online renewals project.

Item 10.08/161 Operations report

- 10.1 The Committee received a report on Operations, covering the Registration Department, project management, facilities

management and business improvement. A paper was tabled, summarising the current status of major projects.

- 10.2 The Committee noted that Continuing Professional Development audits had been completed for chiropodists/podiatrists and were underway for operating department practitioners.
- 10.3 The Committee noted that the Registration Department had celebrated National Customer Service Week, which was designed to raise awareness of the importance of customer service and thank employees for their work.
- 10.4 The Committee noted that the Registration Department had achieved same-day processing of documentation in recent weeks. The Director of Operations thanked employees for this achievement.
- 10.5 The Committee noted that the Registration Department aimed to answer all telephone calls which were received.
- 10.6 The Committee noted the status of major projects. The Committee noted that it was intended that the online renewals system would be implemented on 18 September 2008, with the project completed by 1 November 2008 (i.e. documentation of lessons learnt). Further discussion about the project took place at items 23 and 24.
- 10.7 The Committee noted that HPC had successfully passed the British Standards Institute audit of its quality management system. The audit had not identified any issues or non-conformities.

Item 11.08/162 Proposal for the introduction of childcare vouchers scheme

- 11.1 The Committee received a paper for discussion/approval from the Executive.
- 11.2 The Committee noted that approximately 2.5% of organisations in the UK offered childcare voucher schemes to their employees. The paper proposed that a scheme should be introduced at HPC, to improve family-friendly working practices. It was proposed that this should be a 'salary sacrifice' scheme, which would involve employees swapping part of their taxable salary for tax free vouchers.

- 11.3 The Committee noted that the financial implications were a National Insurance saving to HPC, less the administration charge from Accor Services, giving a maximum saving of £4,362 per year, based on the assumption that all 22 eligible employees took the full benefit.
- 11.4 The Committee agreed to approve the introduction of a childcare voucher scheme, effective 1 April 2009, using the salary sacrifice option.

Action: LF/KW (ongoing to 1 April 2009)

Item 12.08/163 Projected registrant numbers

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee received a paper for discussion/approval from the Executive, which projected registrant numbers for the financial years 2009-10 to 2013-14 inclusive.
- 12.3 The Committee noted that registrant numbers were projected to rise to approximately 285,180 by 2013-14. The paper used assumptions based on past statistics for registrants and information about the proposed regulation of new professions. The statistics given for new registrations via the UK approved programme route were based on conservative assumptions.
- 12.4 The Committee noted that the Education Department was collating data on student cohorts for pre-registration education and training programmes. It was anticipated that this would be available in 2009, when the Executive prepared the next projection of registrant numbers.
- 12.5 The Committee noted the assumptions on the proposed regulation of new professions. The Committee noted that the Department of Health was awaiting a report from a working group on the regulation of assistant workers and would make decisions in due course.
- 12.6 The Committee approved the document on projected registrant numbers.

Item 13.08/164 Five year plan

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

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- 13.2 The Committee noted that the five year plan made projections based on a number of assumptions. The Committee noted the following points:
- the plan did not include the cost of revalidation of registrants;
 - there was a decrease of 3% year on year in the number of UK graduates;
 - there was a decrease of 5% year on year in the number of international applications;
 - 100 fitness to practise cases would be transferred from the British Psychological Society, if practitioner psychologists were subject to statutory regulation by HPC on 1 July 2009;
 - registrant numbers were forecast to increase by 61% between 2006-7 and 2013-14;
 - fitness to practise cases were forecast to increase by 258% between 2006-7 and 2013-14;
 - employees were forecast to increase from 95 in 2006-7 to 165 by 2013-14;
 - income was forecast to increase from £15.69m in 2009-10 to £27.48m in 2013-14; and
 - expenditure was forecast to increase from £15.72m in 2009-10 to £26.33m in 2013-14.
- 13.3 The Committee noted that the plan included 'purchase of additional office space' in future years. The Committee noted that an additional storey for 22-26 Stannary Street would be added within the next year and that it was possible that there could be shift working and desk sharing in some departments. The Committee noted that the purchase of any additional office space would require careful, long-term project planning.
- 13.4 The Committee noted that costs per registrant were forecast to increase from £82.24 in 2009-10 to £122.94 in 2013-14. The Committee noted that it was possible that this was due to the cost of the grandparenting process for new professions. The Committee agreed that the Executive should analyse the reasons for the forecast increase and prepare a paper for the next meeting.

Action: CM (by 4 February 2009)

Item 14.08/165 Integrating new professions into the HPC renewal cycle

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that the current renewal cycle had significant peaks and troughs in demand, which had an impact on planning resources for the Registration Department. One of the proposed objectives for the Department's 2009-10 workplan was to review the renewal cycle and recommend that it should be rescheduled so that the workload was spread more evenly over the two-year renewal period. It was planned that the findings of the review would be implemented during the 2010-11 financial year.
- 14.3 The paper proposed that, when a new profession was regulated by the HPC, at least one month from opening the Register should be allowed before the three month renewal period was opened. This would allow the quality of data transferred to the HPC to be checked for accuracy and completeness. The paper also proposed that, in order to incorporate new professions into a quiet period during the renewal cycle, renewal would be for part of the current two year cycle. Registrants in new professions would pay a pro rata renewal fee when first renewing, but upon renewing for the second time would be charged the standard renewal fee.
- 14.4 The Committee approved the recommended approach for integrating new professions into the renewal cycle.

Action: RH (ongoing to 2011)

Item 15.08/166 Finance System Upgrade

- 15.1 The Committee received a paper to note from the Executive.
- 15.2 The Committee noted that the Finance Systems Upgrade had been a major project scheduled for 2008-9. The goals had been to deliver an upgrade to the SAGE financial system (from SAGE 100 to SAGE 200), introduce online purchase ordering and enable automated activity reporting and budget tracking by activity.

- 15.3 The Committee noted that the SAGE aspect of the project had been successfully delivered on 1 April 2008. However, the adoption of online purchase ordering and activity reporting had been more challenging. A number of system and process issues had been identified and it had become apparent that further time would be needed to address these. The Executive Management Team had agreed that a business case for online purchase ordering should be prepared and considered in the future round of evaluation of major projects.
- 15.4 The Committee noted that planning of the online purchase ordering system had included planning of the resources required for the project, but in hindsight the resources including time allocated had been insufficient.

Item 16.08/167 VAT deregistration update

- 16.1 The Committee received a paper to note from the Executive.
- 16.2 The Committee noted that 22-26 Stannary Street Ltd had been deregistered for VAT purposes with effect from 10 October 2008. HPC had been required to re-pay £237,265 residual VAT plus interest to HM Revenue and Customs.

Item 17.08/168 Financial procedures update

- 17.1 The Committee received a paper to note from the Executive.
- 17.2 The Committee noted that a number of updates had been made to the financial procedures manual (e.g. a change to the preferred travel supplier; an additional step in the annual budget process; and updates to the intermediate lapsing process).
- 17.3 The Committee noted that weekly payment of employees' expenses had been introduced, to assist cash flow for those employees who were often away on business.
- 17.4 The Committee noted that the financial regulations would be reviewed and were due to be considered by the Committee at the next meeting.

Action: SL (by 4 February 2009)

Item 18.08/169 Capita Hartshead Flexiplan Scheme

- 18.1 The Committee received a paper to note from the Executive.
- 18.2 The Committee noted that the Capita Hartshead Flexiplan Scheme had been the HPC employee pension until its replacement by the Friends Provident scheme.
- 18.3 The Committee noted that Entrust Pension Recovery Ltd had been appointed as the sole professional trustee for the Flexiplan scheme in 2007. On 6 March 2008, Entrust had resolved to wind up the scheme and the paper outlined progress since that date. The Committee noted that progress would be reported to future meetings.

Item 19.08/170 Council for Professions Supplementary to Medicine pension scheme

- 19.1 The Committee received a paper to note from the Executive.
- 19.2 The Committee noted progress towards closing the Council for Professions Supplementary to Medicine final salary pension scheme. The scheme had closed in June 1995 and had no active members. The Committee noted that the Chairman would attend a meeting on the afternoon of 17 November 2008 to discuss the outstanding issues.

Item 20.08/171 Employee attitude survey 2009

- 20.1 The Committee received a paper to note from the Executive.
- 20.2 The Committee noted that the first survey of employee attitudes had been circulated to employees on 30 September 2008. The survey results had been compiled in a report, discussed with the Executive Management Team and released to employees. The Committee noted that the overall results were extremely positive and it was anticipated that the survey would be conducted every two years to monitor improvements and identify any trends.
- 20.3 The Committee agreed that the survey had been an excellent piece of work and praised the Executive's transparency in publishing the results. The Committee also

thanked the Executive for responding to the points made by employees in the survey.

Item 21.08/172 Six month reforecast for year to 31 March 2009

- 21.1 The Committee received a paper to note from the Executive.
- 21.2 The Committee noted that discussions had been held with each budget holder to ascertain likely overspends and underspends at the financial year end. These figures had been added or subtracted from the original budget to give a projected operating surplus or deficit. A decrease in international scrutiny fees and an increase in the number of applications from UK graduates had been taken into account.
- 21.3 The Committee noted the following points:
- income from dietician renewal fees had been mistakenly recognised in the previous financial year;
 - average attendance at Council and committee meetings was forecast at 80% rather than the budgeted average of 85%;
 - the Fitness to Practise Department was predicted to overspend on room hire, due to more hearings being held away from Park House and in the home countries; and
 - an underspend in user acceptance testing was due to a transfer of £150,000 to the capital expenditure budget. This had been discussed at the Committee meeting held on 18 September 2008.
- 21.4 The Committee noted that, at the end of the financial year, an operating surplus of £610,000 before investments was forecast, against a budgeted surplus of £245,000.

Item 22.08/173 September 2008 management accounts

- 22.1 The Committee received a paper to note from the Executive.
- 22.2 The Committee noted that, as of 30 September 2008, HPC had an operating surplus of £502,000 before investments, compared to a budgeted deficit of £3000 before investments. The Committee noted that HPC continued to be in a stable financial position.

- 22.3 The Committee thanked the Financial Controller for including summaries of the management accounts and permanent/timing income and expenditure differences.

Item 23.08/174 Online applications and renewal project update

- 23.1 The Committee received a paper to note from the Executive.
- 23.2 The Committee noted progress on the online applications and renewal project, which was intended to be useable, secure and scalable (able to meet peaks in demand). The Committee noted that the Executive had identified a number of issues at an early stage (e.g. the need to identify an internet service provider who could support the proposed system).
- 23.3 The Committee noted that a number of other healthcare regulators, such as the Royal Pharmaceutical Society of Great Britain and the General Optical Council, also offered online systems to their registrants.

Item 24.08/175 Development work on online renewals system: Presentation

- 24.1 The Committee received a presentation from representatives of Etre Ltd, which was responsible for designing the part of the online renewals system which would be used by registrants.
- 24.2 The Committee noted that a group of 10 registrants (in a range of age groups, with different experience of using online systems) had been involved in testing usability of the renewals system. Each registrant had been asked to complete a number of standard tasks, such as setting up an account, renewing registration and updating contact details. The system prompted registrants if they did not complete the necessary information. The results of the testing (including recording the areas of the screen which were most viewed) had been used to improve the design of the system.
- 24.3 The Committee noted that the system would not enable a new direct debit to be set up electronically by a registrant, as this would require additional electronic security which would delay the introduction of the system. The Committee noted that the system would allow secure electronic payment by credit or debit cards. The Committee noted that

new direct debits could be set up by completing a paper form and that the majority of registrants did not change their direct debit arrangements.

- 24.4 The Committee thanked the representatives of Etre Ltd for an interesting presentation.

Item 25.08/176 Any other business

- 25.1 There was no other business.

Item 26.08/177 Date and time of next meeting

- 26.1 The next meeting of the Committee would be held at 10.30 am on Wednesday 4 February 2009.

- 26.2 Subsequent meetings would be held at 10.30 am on

Thursday 5 March 2009 (Remuneration Committee)

Monday 16 March 2009

Thursday 23 April 2009 (discretionary meeting)

Tuesday 23 June 2009

Thursday 30 July 2009

Tuesday 15 September 2009

Tuesday 17 November 2009

Wednesday 10 February 2010

Thursday 4 March 2010 (Remuneration Committee)

Wednesday 17 March 2010

Thursday 29 April 2010

Thursday 17 June 2010

Thursday 29 July 2010

Chairman

Date