

People and Resources Committee

Minutes of the People and Resources Committee meeting held in public on:

Date: Thursday 12 September 2024

Time: 2pm

Venue: Videoconference (Microsoft Teams)

Present: Sue Gallone (Chair)
Neville Hounsome
Geraldine Kinkead-Richards*
John McEvoy
Valerie Webster

In attendance:

Fatma Ali, Head of HR and OD (for items 1-13)
Aihab Al-Koubaisi, Financial Controller
Francesca Bramley, Governance Manager (Committee Secretary)
Alastair Bridges, Executive Director of Resources
Laura Coffey, Executive Director of Fitness to Practise and Tribunal Services
Karen Flaherty, Head of Governance
Rosemary Flowers-Wanjie, Policy Lead (for item 14)
Alan Keshtmand, Head of Finance
Geoff Kirk, Head of IT and Digital
James McMahan, Head of Estates, Facilities Management and Sustainability (for items 4 and 14)
Uta Pollman, Partner Project Lead (for item 10)
Andrew Smith, Executive Director of Education, Registration and Regulatory Standards and Deputy Chief Executive

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Public meeting

1 Welcome and Introduction

1.1 The Committee Chair welcomed those present to the meeting.

2 Apologies for absence

2.1 There were no apologies for absence from Committee members.

3 Approval of agenda

3.1 The Committee approved the agenda.

4 Declaration of members' interest in relation to agenda items

4.1 There were no interests to declare from Committee members.

5 Minutes of the People and Resources Committee meeting held in public on 6 June 2024

5.1 The Committee approved the minutes as an accurate record of its meeting held in public on 6 June 2024.

6 Matters arising

6.1 The Committee noted the updates on the matters arising from previous meetings held in public. In relation to action 9b, the Head of Governance updated the Committee on the plans for a Committee workshop to take place on 6 December 2024 to consider the principles for the budget-setting process and investment prioritisation, subject to Committee members' availability.

Performance Reports

7 Resources Directorate Performance Report

7.1 The Head of Estates, Facilities Management and Sustainability joined the meeting for this item. The Committee received a paper from the Executive Director of Resources, providing an update on performance in the areas covered by the HCPC's corporate enabler functions for July 2024. External benchmarks had been included within the report where possible to provide additional context.

7.2 The report showed continued good performance reported against most key performance indicators (KPIs).

- 7.3 The long-term cyber attack that the HCPC had been managing since August 2023 had resumed in late July/early August 2024 and a new, apparently unconnected attack also commenced in early August 2024. Cyber security remained an area of focus and a cyber sub-group had been established. The long-term attack had recently ended and the measures that the HCPC had put in place had been effective in blocking the attack with no harm to systems and data.
- 7.4 Office attendance was reported at 20% in July 2024, which was in line with the hybrid policy benchmark of 20%. Office attendance reporting had been revised to take any exceptions authorised by executive directors into account, providing a more accurate reflection of performance.
- 7.5 Progress had been made on the HCPC's portfolio of investment projects, with FTP frontloading progressing and the partner project in initiation. Significant activity across the investment portfolio was planned for the second half of the year and the Executive Leadership Team would closely monitor the impact of this increased workload on the relevant teams. Progress against the technology road map would be incorporated into future reports.
- 7.6 The Committee discussed the hearings utilisation performance of 1% against an internal benchmark of 10%. There was a sense that the HCPC's utilisation was broadly in line with other regulators and reported figures did not include the utilisation of tribunal suites for other internal meetings or in-person hearings that had taken place at alternative venues. Arrangements for hearings would be made consensually with each registrant. Hearings utilisation would remain under review by the Executive Leadership Team to ensure the HCPC was making best use of its estate.
- 7.7 The Committee requested clarification on the lack of resource for user acceptance testing (UAT) for FTP frontloading. The Executive Director of Resources advised that given the operational pressures within the FTP department, care was being taken to schedule adequate time for expert users to test the system. The UAT had been completed although a supplementary round would be planned and resourced as required, with deployment to follow.
- 7.8 The Committee queried the additional resource being sought to support regulatory reform. The HCPC planned to appoint to a fixed term post to provide the necessary capacity and expertise to undertake up-front work on the implications of regulatory reform. To date, the Head of Policy and Standards had led this work, but this was not sustainable and therefore this additional post was proposed, with recruitment options under review. This was considered to be a modest investment when compared to the potential financial impact of regulatory reform.
- 7.9 The Committee enquired as to whether the funding allocated to investment projects in the 2024-25 budget was likely to be spent by the end of the financial year, noting the actual expenditure of £165,000 against the committed funding of £310,000 and annual budget of £915,000. The Executive Director of Resources confirmed that further expenditure was planned and that this additional resource would be required to support the considerable activity planned in the second half of the year.

- 7.10 In response to a question from the Committee, it was confirmed that the long-term cyber attack was a sustained external attack that had required the HCPC to strengthen its defences rather than an internal system failure and was not considered to be a targeted attack.
- 7.11 The Executive Director of Resources provided an update on the projects that had been reported as due to progress in August 2024 in the business change project dashboard. The partners project had been initiated and was on track, with the governance route for financial decisions flowing from the People and Resources Committee to the Council. The online concerns discussions had taken place during August as set out in the schedule.

8 HR Performance Report

- 8.1 The Committee received the HR performance report from the HR Business Partner covering the first quarter of the 2024-25 financial year, which outlined the performance of the organisation in line with the KPIs from the HR function.
- 8.2 The Committee noted the following points:
- the positive overall performance in staff retention, turnover, recruitment and health and wellbeing initiatives;
 - the ongoing work to optimise longlisting and shortlisting processes in order to address delays in recruitment timelines that had resulted from an increased number of candidates;
 - the reported increase in long-term sickness absence driven mainly by unexpected medical conditions, with support being provided to managers and also employees through wellbeing keeping in touch calls and signposting to wellbeing resources;
 - the reduced exit interview completion rate of 43% in the quarter, noting some employees had left in difficult circumstances during the quarter and that a new more concise form had been introduced to encourage more colleagues to share their experiences;
 - positive development within learning and development, including 95% e-learning completion compliance, ten learning and development events held during the quarter and the introduction of quarterly departmental induction for new starters; and
 - the increased pulse survey participation rate of 62% in the latest survey, with the overall employee satisfaction score increasing by 1% and a working group established to further improve the participation rate.
- 8.3 The Committee enquired as to whether any themes had emerged from the wellbeing advisor calls during the quarter. It was noted that advisors completed an anonymised form following all calls and that no trends had been identified.

8.4 The Committee discussed what may be driving the relatively low uptake of learning and development events, noting a total of 30 attendees across five events. The Head of HR advised there appeared to have been a dip in attendance, although it was noted that for some courses targeted at specific employee groups such as new managers, the uptake was dependent on the number of eligible employees.

Action: The Head of HR and OD would undertake a review of learning and development event uptake.

8.5 The Committee considered how it assured itself that lessons were learned from employee relations cases and that the necessary actions were being taken forward. It was clarified that although the report to the Committee provided only the number of employee relations cases, the cases were reviewed and discussed in detail by the Executive Leadership Team on a regular basis.

Action: A deep dive into employee relations cases would be incorporated into a future HR Performance Report to provide the Committee with additional insight and assurance.

8.6 The Committee expressed concern regarding the low pulse survey response rate within the Communications and Engagement team. It was clarified that this team's response rate was combined with the Professionalism and Upstream Regulation department within the report. The Committee emphasised the importance of receiving feedback from colleagues within the Professionalism and Upstream Regulation team, who regularly worked off-site with stakeholders, to understand how best to engage with them.

8.7 The Committee reflected that overall, the report indicated that the HCPC was a proactive organisation and that low uptake for some employee offers was not a cause for concern in the context of high employee satisfaction and good turnover, retention and recruitment performance.

9 Finance Report

9.1 The Committee received a paper from the Financial Controller presenting the financial position as at the end of July 2024, with a commentary on the major variances, risks and opportunities.

9.2 The Financial Controller highlighted the following points:

- the year-to-date surplus was £1 million, which was aligned to the forecast;
- the year-end forecast surplus was £1.3 million against a budgeted surplus of £186,000, comprising a projected income surplus of £1.6 million and an expenditure deficit of £434,000;
- the increased projected income was a result of the budgeted number of international applications increasing from 6,000 to 8,000 applications and a £300,000 surplus position in investment income;

- the increased expenditure deficit was mainly due to temporary staffing costs within the Fitness to Practise (FTP) department partially offset by an underspend on vacant FTP posts; and
- the general reserves position was £4.9 million at the end of July 2024, with realisable net assets of £1.6 million, representing two weeks of operating expenditure.

9.3 The Committee acknowledged that some international applicants would not ultimately join the Register; it was understood that a conversion rate of around 65-70% conversion rate had been assumed when setting the 2024-25 budget.

Action: The percentage conversion rate of international applications to registrants that had been used to inform the 2024-25 budget would be confirmed to the Committee.

9.4 The Committee reflected on the importance of regulatory reform to strengthen the HCPC's financial sustainability in view of the financial constraints. The Committee perceived the financial position to be vulnerable and enquired as to whether the operational pressures within FTP were expected to continue. It was noted that the FTP temporary staffing resource was mostly to maintain resilience whilst recruiting to vacant triage case manager roles. If the FTP department was fully established with all vacancies permanently filled, this would provide a more resilient model to absorb any fluctuations in caseload. Whilst this inability to recruit to full establishment remained the main pressure, the Executive Director of Fitness to Practise and Tribunal Services and the Head of HR and OD had held initial discussions on resource planning to seek to forecast the required resource changes in roles and teams as the caseload increased.

9.5 The Committee sought clarity regarding the legal costs of £150,000. It was noted that when the relationship with the legal provider ended, a number of ongoing cases were retained by them, which had taken longer than anticipated to conclude. All cases were expected to conclude by the end of 2024.

10 Partner Report

10.1 The Partner Project Lead joined the meeting for this item. The Committee received the Partner report for the first quarter of the 2024-25 financial year, which provided an overview of a number of performance metrics.

10.2 The following areas of the report were highlighted:

- a record number of applications received for partner roles in quarter 1, with 700 applications received across four recruitment campaigns;
- a reduction in turnover, with a lower number of voluntary resignations reported than in the previous three quarters;
- the significant training activity, with training provided to 139 partners during the quarter;

- the publication of the fourth partner newsletter in July 2024, with an opening rate of 70%;
- further work on quality statements would be taken forward as part of the wider partner transformation project to capture more quantitative measures.

10.3 The Committee acknowledged the positive trends outlined in the report.

People

11 Impact of Beyond Barriers and reverse mentoring programmes

- 11.1 The Committee received a report evaluating the impact of the Beyond Barriers and reverse mentoring programmes.
- 11.2 All participants had fed back positively on their experience of the programmes, noting in particular the impact on career development. Expressions of interest had been received from employees who wanted to participate in the programme and work was ongoing to schedule the next round of the schemes.
- 11.3 The programmes underpinned the HCPC's commitment to valuing employees and retaining and developing talent, supporting long-term workforce and succession planning and developing an internal talent pipeline of employees from under-represented groups.
- 11.4 The Committee reflected on the presentation that had been given to the Council at its meeting in May 2024, which had included a video of participants sharing positive feedback on the schemes.
- 11.5 The Committee commended the Head of HR and OD and the Learning and OD Lead for the success of the mentoring programmes, noting the importance of monitoring the longer-term impact.

12 Employee Forum Update

- 12.1 As there was no Employee Forum representative available to attend the meeting, the Forum had provided a summary from the Employee Forum meeting on 11 July 2024 for the Head of HR and OD to share with the Committee.
- 12.2 In response to queries from constituents regarding the restructuring policy, the Forum had discussed the policy and the Head of HR and OD had offered to provide additional training to Employee Forum representatives to enhance the support they could offer to constituents on this topic in the future. The Forum learned about the multiple channels available to constituents to give feedback, raise concerns and obtain information.
- 12.3 The Forum had received an update on the role of freedom to speak up (FTSU) guardians to understand how this had originated within the NHS and how this role

had subsequently been implemented at the GMC. The Forum had queried whether the HCPC would consider introducing a FTSU guardian role in the future.

- 12.4 The Committee considered it important to give careful consideration as to how the potential implementation of the FTSU role would work within the HCPC. It was clarified that a working group had been established to develop the HCPC's position.

13 International applications income and costings

- 13.1 The Committee received a report setting out the income and costings for international applications, as had been requested by the Committee at its meeting in June 2024.

- 13.2 The following points were highlighted:

- the fee income charged per applicant was £640, the estimated direct costs were approximately £393 per application and the indirect costs per application were around £263, resulting in a net loss of approximately £16 (3%) per application;
- various scenarios assuming different numbers of international applications generated a slight net loss or, at best, a slight contribution, suggesting international applications could essentially be viewed as cost-neutral once indirect costs had been taken into account;
- international applications accounted for around 15% of the total register base and this had been used as the basis for apportioning indirect costs such as overheads, FTP operational costs and IT upgrades;
- the unit costings focused on a single component of the overall financial position and should be viewed in the context of the wider forecast, which was a projected surplus that took additional revenue streams, savings and other areas of expenditure into account; and
- although there was a high level of confidence in the direct costs, the next steps were to further refine the indirect costs by analysing more detailed data, for example to consider whether the apportionment of 15% of FTP costs was aligned with the proportion of FTP cases relating to international registrants.

- 13.3 The Committee considered the direct costs to be clear and noted the plans to further refine the indirect costs.

- 13.4 The Committee discussed the issue of timing in calculating the unit costs, reflecting that some applicants would not join the Register, some would join for one year only and others would join for longer

- 13.5 The Committee considered that some indirect costs may be offset against the registration fee that a proportion of the applicants would pay once they joined the Register, rather than against the scrutiny fee and noted that some indirect costs

would potentially be incurred irrespective of the number of international applications received, such as IT costs. The Committee emphasised the importance of understanding the flow of applications through to appeals, registration and the length of registration to further inform and refine the unit cost calculations. As the work to further refine the indirect costs progressed, these considerations would be incorporated into future budget planning and fee reviews.

13.6 The refinement of the indirect costs would also be informed by an updated analysis of international retention rates, which was due to be published later in 2024.

13.7 The Committee reflected on the prior assumption that international applications contributed to the HCPC's income, which had been discussed at recent Council meetings, noting that the unit costs set out in the report indicated that this may not be the case, which may indicate that the HCPC's international application fee was too low.

13.8 The Committee enquired as to how the HCPC's international application fee compared with other regulators' fees, noting the HCPC's general fee was 30% lower than the average fee across other regulators. It was clarified that the HCPC's international application fee was significantly lower than the fee charged by other regulators.

Action: The Deputy Chief Executive and Executive Director of Education, Registration and Regulatory Standards would confirm (by email) the international application fees for other health care regulators, including the percentage difference between the HCPC's fee and the average fee across other regulators.

13.9 The Head of Finance confirmed that the direct costs accurately reflected the registration resource and time required to process international applications as there was a dedicated team managing these applications, however further work was planned to refine the indirect costs.

13.10 The Deputy Chief Executive and Executive Director of Education, Registration and Regulatory Standards advised that the HCPC's international assessment methodology was under review, which was likely to impact upon the HCPC's fees. It was further noted that future fee rises may be applied to scrutiny fees, or that a differential fee rise could potentially be applied. This was likely to be considered after the fee rise that was currently being implemented to allow sufficient time to review indirect costs.

13.11 The Committee expressed their thanks for the work that had been undertaken to date, which had provided with Committee with greater transparency and represented a good check and balance to inform the broader financial picture.

14 Sustainability strategy update

14.1 The Head of Estates, Facilities Management and Sustainability and the Policy Lead joined the meeting for this item. The Committee received a report providing an update on the environmental sustainability strategy since its approval in July 2023.

It was noted that the renewable energy sources listed in paragraph 16 of the report should have been wind, water and solar.

14.2 The following points were highlighted:

- the publication of a sustainability statement on the HCPC's website outlining the organisational commitment and supporting actions being taken forward;
- the work that was being led by the Policy and Standards department to begin the process of appropriately embedding sustainability into the HCPC's wider regulatory role;
- the current focus on addressing the HCPC's direct emissions (electricity and gas), building ongoing engagement internally and externally;
- the planned change of focus onto pathways to address longer-term targets for indirect emissions (purchased goods and services), which was the largest area of emissions, as the plans to address direct emissions gathered momentum; and
- the key achievement of transitioning to renewable energy supplies from 1 April 2024.

14.3 The Committee noted the progress that had been made to deliver the sustainability strategy.

15 Committee forward plan

15.1 The Committee noted the forward plan.

16 Resolution

16.1 The Committee resolved that the remainder of the meeting would be held in private, because the matters being discussed related to matters which, in the opinion of the Chair, were confidential or the public disclosure of which would prejudice the effective discharge of the Council's functions.

The meeting was briefly adjourned.