

Unconfirmed
THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Mr Marc Seale

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MINUTES of the twenty-fifth meeting of the Finance and Resources Committee held on **Tuesday 20 September 2005** at Park House, 184 Kennington Park Road, London, SE11 4BU.

PRESENT: Mr R Clegg (Chairman)
 Mr P Acres
 Professor N Brook
 Mrs M Clark-Glass
 Mr M C Davies
 Mr K Ross
 Ms J Sheridan
 Mrs B Stuart

IN ATTENDANCE:

Mr C Bendall, Secretary to the Committee
 Mr R Dunn, Director of Corporate Services
 Ms L Foster, Human Resources Manager
 Mr S Leicester, Finance Manager
 Ms L McKell, Partner Manager
 Mr G Ross-Sampson, Director of Operations
 Mr M Seale, Chief Executive and Registrar

Item 1.05/94 APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Mr J Camp and Mr W Munro.

Item 2.05/95 APPROVAL OF AGENDA

2.1 The Committee approved the agenda, subject to the inclusion of the following item under Any Other Business:-

"Additional Visitor Duties".

2.2 The Committee welcomed Mr Leicester, who had been appointed as the permanent Finance Manager.

Item 3.05/96 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 29 JULY 2005

- 3.1 It was agreed that the minutes of the twenty-fourth meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman, subject to the following amendments:-
- (i) Council members who were not members of the Committee should be listed as being "In attendance";
 - (ii) Item 8.3: The Committee had agreed that Mr John Camp should also be a signatory for sums over £25,000.00.
 - (iii) Item 10.2: There was a typing error in the last sentence, which should read "...by a different firm than that which acted as the external auditors."

Item 4.05/97 MATTERS ARISING

- 4.1 Item 10.5 - Process to recruit internal auditors
- 4.1.1 The Committee noted that the external auditors had recommended three organisations to act as HPC's internal auditors and the National Audit Office's opinion was awaited. The candidates would be asked to give a presentation to HPC in due course.
- 4.2 Item 16.2 - Audit engagement letter
- 4.2.1 The Committee noted that the National Audit Office and Baker Tilly had reached agreement on the wording of the engagement letter between Baker Tilly and the HPC.

Item 5.05/98 PROPOSED NEW EMPLOYMENT CONTRACTS

- 5.1 The Committee received a paper for discussion/approval from the Executive.
- 5.2 The Committee noted that the job offer letter and contract of employment had been revised by the HPC's solicitor, Kingsley Napley, and the Committee was asked to comment on the proposed drafts.
- 5.3 The Committee agreed that the job application form and the job offer letter should include a statement to the effect that if any information provided by the employee was inaccurate, this might render void the contract of employment.
- 5.4 The Committee noted that the draft job offer letter stated that the job description was "provisional".
- 5.5 The Committee noted that clause 9.9 of the draft contract provided that if an employee was incapacitated for a continuous period of more than

120 days, the HPC would be entitled to terminate employment by giving written notice. However, clause 9.6 provided details of paid sick leave for longer periods. The Committee agreed that the contract should be amended to remove this inconsistency.

- 5.6 The Committee noted that the Government was consulting on proposed legislation to prevent age discrimination and the consultation period ended on 17 October. The HPC's policy documents would be subject to review, in the light of responses to the consultation and any legislative change.
- 5.7 The Committee agreed that the draft job offer letter and contract should be revised and circulated electronically to members for their consideration.

Action: LF/CB

- 5.8 The Committee noted that the Executive Management Team had recently discussed the arrangements for sick pay and had proposed the following: 10 days full pay in the first year of service; 10 days in the second year; 2 months in the third year; 3 months in the fourth and fifth years; and 6 months after six years of service. It was proposed that there would be no half pay. The Committee agreed that the proposed arrangements should be circulated electronically to members for their consideration.

Action: LF/CB

Item 6.05/99 ETHNIC MONITORING

- 6.1 The Committee received a paper for discussion/approval from the Executive.
- 6.2 The Committee noted that the Council had agreed that the HPC should develop a strategy to address obligations under the Race Relations (Amendment) Act 2000 and that advice had been sought from Bircham Dyson Bell solicitors on these obligations.
- 6.3 The Committee noted that it was intended that the work on this policy would incorporate policies on age discrimination and disability discrimination. The Committee agreed that it should receive reports on ethnic monitoring once the strategy had been implemented.
- 6.4 The Committee agreed that further external advice should be sought about HPC's specific obligations under the Act and how best to address these. The Committee agreed that a detailed proposal for a proposed strategy and a timetable should be presented to its first meeting in 2006.

Action: LF

Item 7.05/100 MANAGEMENT ACCOUNTS FOR YEAR TO JULY 2005

- 7.1 The Committee received a paper for discussion/approval from the Executive.
- 7.2 The Committee noted that, after four months of the financial year, HPC had budgeted an operating deficit of £443,718. The actual result for the year to date was a surplus of £130,828, a favourable variance of £574,546. After four months, actual income including investment income totalled £3.73 million with costs at £3.46 million, giving an overall surplus of £265,722.
- 7.3 The Committee noted that a surplus arose for various reasons, including a timing difference in expenditure or because a permanent post was not filled. The Committee noted that reforecasting would take place to help understand each department's end-of-year position.
- 7.4 The Committee noted that the £101,000 over-spend against budget in legal costs included £94,000 legal expenses which had been under-budgeted for Fitness to Practice cases. The Committee noted that this was due to the increasing volume and duration of cases and that the Director of Fitness was monitoring cases to identify trends. The Committee noted that HPC was billed on a monthly basis for these costs, including work on cases which had not yet been completed, so that HPC was not exposed to large costs upon completion of individual cases. The Committee noted that the HPC had no powers under the Health Professions Order to claim back the cost of Fitness to Practice cases.
- 7.5 The Committee noted that the Council Awayday on 6 October would be asked to consider a five-year financial forecast.

Item 8.05/101 FINANCE REPORT

- 8.1 The Committee received a paper for discussion/approval from the Executive.
- 8.2 The Committee noted that the HPC's statutory accounts for the year ending 31 March 2005 were being finalised and the accounts would be tabled in Parliament after the summer recess.
- 8.3 The Committee noted that there would be an update on the Management Controls Review by Baker Tilly at the Council Awayday.
- 8.4 The Committee noted that the Finance Department was developing a cash flow forecasting model. The HPC currently invested sums of between £1m - £2m, earning approximately 4.2% per annum and also held funds in a Business Reserve account earning approximately 2.5%

per annum interest. The Committee noted that it was intended that a loan of £0.5 million which had been used to fund the purchase of share capital for 22-26 Stannary Street Ltd would be repaid by March 2006.

- 8.5 The Committee noted that there had been an expenditure of £239,000 in May 2005 on the Council elections.
- 8.6 The Committee noted that Ms N Patel had been recruited as Assistant Finance Officer in May 2005 and that there were five permanent, full-time employees in the Finance Department.

Item 9.05/102 HUMAN RESOURCES DEPARTMENT REPORT

- 9.1 The Committee received a paper for discussion/approval from the Executive.
- 9.2 The Committee noted that recent appointments included an education officer, a hearings officer in the Fitness to Practice Department and a temporary helpdesk manager in the UK Registrations Department.
- 9.3 The Committee noted that return to work meetings had been introduced for employees who took sick leave on three occasions within three months. Monitoring of sick leave issues took place through the increased use of the Human Resources Information System. The Committee noted that the Department had made a comparison of HPC's sick leave figures with those for other industries and HPC had average levels of sick leave. The Committee noted that detailed breakdowns of the figures were included in the statistics attached to the Chief Executive's report to Council. The Committee agreed that a comparison of sick leave figures between HPC and other industries should be circulated electronically to members.

Action: LF/CB

- 9.4 The Committee noted that a further 36 Visitors had been recruited, comprising eight Arts Therapists, seven Biomedical Scientists, 14 Paramedics and seven Operating Department Practitioners. No further partner recruitment was needed, other than for new modalities/professions.
- 9.5 The Committee noted that draft performance reviews for Visitors and Registration Assessors had now been completed. A review system for Panel Members and Chairs would also be developed for the Fitness to Practice Department.
- 9.6 The Committee noted that, of the 563 Partners currently working with the HPC, 286 contracts would expire in spring/summer 2006. The intention was to review the optimum number of Partners required by

each department to operate effectively. The Committee noted that this might result in individual Partners receiving more work.

- 9.7 The Committee noted that the next Partner Conference had been booked for 28-29 November 2006 in Glasgow.

Item 10.05/103 CORPORATE SERVICES REPORT

- 10.1 The Committee received a paper for discussion/approval from the Executive.
- 10.2 The Committee noted that the Renewals process was running smoothly. A process had been developed to enable registrants to request a repeat renewal notice via the HPC website, once they had informed the HPC of a change of address.
- 10.3 The Committee noted that work continued on the Intelligent Character Recognition Project, which was designed to partially automate the paper-based renewals process.
- 10.4 The Committee noted that the direct debit scheme used in the UK was undergoing changes to use internet technology. As a result, HPC would need to make changes to its direct debit systems to match new requirements from the banks' clearing house organisation. The LISA registration system was being updated so that HPC could receive paperless direct debit instructions and automate much of the process.
- 10.5 The Committee noted that work on the Fitness to Practice tracking system (APU) was close to completion.
- 10.6 The Committee noted that IT training had commenced for employees based on business need and would continue until late 2005.

Item 11.05/104 BANK MANDATE - CHANGE OF SIGNATORIES

- 11.1 The Committee received a paper to note from the Executive.
- 11.2 The Committee noted the revised list of signatories:-

List A (up to and including £25,000.00): Mr M Seale, Ms N O'Sullivan, Mr R Dunn, Mr C Middleton, Mr S Leicester, Mr G Ross-Sampson.

List B (amounts over £25,000.00): Professor N Brook, Mr J Camp.

Item 12.05/105 PROPOSED APPOINTMENT OF TAX ADVISERS

- 12.1 The Committee received a paper to note from the Executive.

- 12.2 The Committee noted that BDO Stoy Hayward had previously provided audit and tax services for HPC. Tax advice had been sought on corporate tax liability, VAT and PAYE/National Insurance. BDO had also provided a Tax Due Diligence Report when HPC purchased the share capital of Purbrook and Eyres Ltd (subsequently renamed 22-26 Stannary Street Ltd).
- 12.3 The Committee noted that, with the change in external auditor to the firm of Baker Tilly, it was desirable to also use that firm to provide tax advice. Baker Tilly had been involved in the purchase of Purbrook and Eyres Ltd and the audit of the annual accounts ending March 2005, including corporate tax determination. Since Baker Tilly already had access to HPC financial records due to the audit, the risk of non-tax compliance and the cost of tax advice should be lower than if a separate firm of tax advisers were used.

Item 13.05/106 ROLE BRIEF AND ADVERT FOR CHARTERED ACCOUNTANT MEMBER OF FINANCE AND RESOURCES COMMITTEE AND AUDIT COMMITTEE

- 13.1 The Committee received a paper to note from the Executive.
- 13.2 The Committee noted that it had agreed at its meeting on 29 July that a qualified accountant should be appointed as a member of the Finance and Resources Committee and the Audit Committee, for a renewable period of two years. Following this decision, and the approval of the Interview Panel, a role brief and advertisement had been developed for the Committee's consideration.
- 13.3 The Committee agreed that the membership of the Finance and Resources Committee and the Audit Committee should be separate, so that there was a clear separation between the two Committees. As a result, two chartered accountants would need to be recruited. The Committee agreed that its members who were also members of the Audit Committee should step down from that committee and that members of Council should be asked to nominate themselves as members of the Audit Committee. This decision would be put to Council for ratification.
- 13.4 The Committee agreed that the purpose of the role should be described as bringing a professional accounting perspective to the work of the committees. The Committee agreed that, as the accountant members would not be members of the Council, the information about the role of a Council member should be deleted. The Committee agreed that the details about attendance fees for other Council business should be deleted, as the accountant members would not be required to attend other meetings.

- 13.5 The Committee noted that it was intended that the advertisement would be published in The Sunday Times on 2 October.

Action: MJS

Item 14.05/107 BUSINESS CASE FOR INVESTMENTS IN BACS IP AND AUDDIS TECHNOLOGY

- 14.1 The Committee received a paper to note from the Executive.
- 14.2 The Committee noted that the system by which HPC collected direct debit payments would no longer operate after 31 December 2005. Currently over 80% of registrants paid their fees by direct debit and it was therefore vital that HPC invested in new software to allow continued collection of direct debit payments in 2006. The Committee noted that work on development of the new system had already commenced.

Item 15.05/108 AMENDMENTS TO THE FINANCE AND RESOURCES COMMITTEE STANDING ORDERS

- 15.1 The Committee received a paper to note from the Executive.
- 15.2 The Committee noted that it had agreed at its meeting on 29 July that the original version of the standing orders and the revised version should be presented to its next meeting.
- 15.3 The Committee noted that the Council had considered the revised standing orders at its meeting on 13 September and had requested the following amendments:-
- (i) Standing order 3 should be amended so that the Remuneration Committee was required to "determine the annual salary review for HPC employees.";
 - (ii) Standing order 4 should include a requirement for a member of the committee to be a chartered accountant;
 - (iii) Standing order 4(4) should include a requirement that members who were not members of the Council should be selected "in accordance with the guidance issued by the Commissioner for Public Appointments."
- 15.4 The Committee noted that Bircham Dyson Bell had been asked to amend the standing orders.

Item 16.05/109 AMENDMENTS TO THE AUDIT COMMITTEE STANDING ORDERS

- 16.1 The Committee received a paper to note from the Executive.
- 16.2 The Committee noted that, as a consequence of the amendments to the standing orders of the Finance and Resources Committee, it was proposed that the Audit Committee standing orders would also be amended so that it reported directly to the Council. The Council would be asked to approve the proposed amendments.

Item 17.05/110 ANY OTHER BUSINESS

- 17.1 The Committee received a paper for discussion/approval from the Executive on Additional Visitors Duties.
- 17.2 The Committee noted that the HPC was now required to undertake assessments for minor/major changes to programmes offered by education providers and monitoring of programmes. These additional duties were to be undertaken by Visitors.
- 17.3 The Committee noted that assessment of changes and monitoring involved the review of documentation from education providers. It was envisaged that assessment duties would be similar to those undertaken by Registration Assessors and that these duties could be performed by the Visitor at home. It was, therefore, proposed that a fee of £65.00 be paid to Visitors providing this service, in line with that currently paid to Registration Assessors.
- 17.4 The Committee agreed that HPC Visitors undertaking the additional duties of assessment of major/minor change and monitoring should be paid a fee of £65.00 per assessment.

Item 18.05/111 DATE AND TIME OF NEXT MEETING

- 18.1 The next meeting of the Committee would be held at 11.00am on Monday 21 November 2005.

CHAIRMAN