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**The Health Professions Council**

Chief Executive and Registrar: Mr Marc Seale

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Minutes of the 44th meeting of the Finance and Resources Committee held on **Thursday 19 June 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  
Mrs S Drayton  
Professor J Harper  
Mr K Ross  
Mrs J Sheridan  
Mrs B Stuart  
Mr N Willis

**In attendance:**

Mr C Bendall, Secretary to the Committee  
Mr R Dunn, Head of Business Improvement  
Mr S Ecroyd, National Audit Office (items 1-7 inclusive)  
Ms L Foster, Director of Human Resources  
Mr G Gaskins, Director of Information Technology  
Mr M Harris, Baker Tilly (items 1-7 inclusive)  
Ms K Johnson, Director of Fitness to Practise  
Mr J Jones, Publications Manager (items 1-7 inclusive)  
Mr S Leicester, Director of Finance  
Ms C Milner, Financial Controller (items 1-8 inclusive)  
Ms K Neuschafer, Partner Manager  
Ms C Reed, Projects Manager  
Mr G Ross-Sampson, Director of Operations  
Mr M J Seale, Chief Executive and Registrar  
Dr A van der Gaag, President  
Mr B Watkins, Stiles Harold Williams (items 1-7 inclusive)  
Ms K Webster, Human Resources Manager

### **Item 1.08/79 Apologies for absence**

- 1.1 The Chairman welcomed Mr Jones and Ms Neuschafer to their first meeting of the Committee. The Chairman also welcomed Mr Ecroyd, Mr Harris and Mr Watkins.
- 1.2 Apologies for absence were received from Mr R Kennett (observer on behalf of the Audit Committee), Mr W Munro and Mr D Ross.

### **Item 2.08/80 Approval of agenda**

- 2.1 The Committee approved the agenda, subject to considering the following items as items 5-8:
  - Finance and Facilities Management report;
  - Draft annual report 2007-8;
  - Building valuation report and
  - March 2008 management accounts
- 2.2 The Committee agreed to receive a verbal report under item 21 (any other business) from the President and the Chief Executive on a recent report by the Council for Healthcare Regulatory Excellence about the Nursing and Midwifery Council.

### **Item 3.08/81 Minutes of the Finance and Resources Committee meeting held on 24 April 2008**

- 3.1 It was agreed that the minutes of the 43rd meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman.

### **Item 4.08/82 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 5.08/83 Finance and Facilities Management report**

- 5.1 The Committee received a report on the work of the Finance and Facilities Management Department.
- 5.2 The Committee noted that the audit of the annual report and accounts for 2007-8 had been completed on time.

- 5.3 The Committee noted that the Department was involved in the following projects:
- completing the upgrade of the financial system;
  - contributing to the project for online registration renewals;
  - preparing for proposed changes to fees in 2009, subject to the outcome of the consultation;
  - updating financial procedures;
  - updating the Five Year Plan; and
  - preparing for phase 2 of the 22-26 Stannary Street project (an additional storey).

**Item 6.08/84 Draft annual report 2007-8**

- 6.1 The Committee received a paper for discussion/approval from the Executive.
- 6.2 The Committee noted that the paper contained the draft annual report for the financial year ending 31 March 2008 and included feedback from the joint external auditors, Baker Tilly (UK) LLP and the National Audit Office (NAO). The draft report had also been circulated electronically to members of the Audit Committee for their comments and was due to be considered by that Committee on 26 June 2008.
- 6.3 The Committee noted that the draft report was in a similar format to the previous annual report. In the Consolidated Income and Expenditure Account, total operating income in 2007-8 had been £11.6m with total operating expenditure of £11.57m, generating an operating surplus of approximately £47,000. However, due to impairment of land and buildings (£1.04m), the retained deficit was £976,000. The total impairment of £1.27m arose from land and buildings revaluation. It was accounted for partly in the Consolidated Income and Expenditure account (£1.04m) and partly in the Consolidated Balance Sheet in reducing the Revaluation Reserves (£230,000). Further expansion on the details of the land and buildings valuation took place at item 7.
- 6.4 The Committee noted that the paper include a summary of key operating statistics dating back to the financial year 2003-4 and noted the increases in operating income, average number of employees and average number of fitness to practise allegations over time.

- 6.5 The Committee noted that the draft report was subject to amendments, including page numbering, insertion of page references and insertion of graphs showing the number of registrants and the breakdown of registrants by gender.
- 6.6 The Committee noted that Baker Tilly and the NAO were both satisfied that the financial statements were a true and fair view of the HPC's affairs as at 31 March 2008. The Committee noted that Baker Tilly and NAO both felt that the audit had gone well.
- 6.7 The Committee agreed to approve the draft annual report and accounts for 2007-8.

**Action: SL (by 3 July 2008)**

**Item 7.08/85 Building valuation report**

- 7.1 The Committee received a paper to note from the Executive.
- 7.2 The Committee noted that Stiles Harold Williams chartered surveyors had valued HPC's buildings (184 Kennington Park Road, 20 Stannary Street and 22-26 Stannary Street) as at 22 April 2008. The valuation had been provided on an open market basis at £3.1m (£2.1m for buildings and £1m for land). Stiles Harold Williams had stated that in their view, the existing use value and market value were the same figure. Stiles Harold Williams had provided further breakdowns of land and buildings for each property. The Committee noted that the valuation had been undertaken in accordance with the valuation standards of the Royal Institution of Chartered Surveyors.
- 7.3 The Committee noted that, because the valuation was less than the total of the net book value plus additions (refurbishment of 22-26 Stannary Street), an impairment of land and buildings had been included in the 2007-8 financial statements. The Committee noted that the impairment did not have significant consequences for the financial stability of the HPC.
- 7.4 The Committee noted that impairment of land and buildings included £280,000 arising from a correction to the net internal area of 184 Kennington Park Road and 20 Stannary Street. The Committee noted that previous surveys and valuations had varied in estimating net internal floorspace, which was a significant contributor to overall valuation.

- 7.5 The Committee noted that the Executive expected that the final cost of phase 1 of refurbishment of 22-26 Stannary Street would be within the project budget.
- 7.6 The Committee noted that current economic conditions were causing a general fall in property prices (both domestic and business premises), although some buyers were entering the market as prices fell.
- 7.7 The Committee noted that the environmental survey in the report was for the nearest residential property in Kennington Park Road (postcode SE11 4BT). The Committee noted that there was a history of previous land uses in the area which had raised minor environmental concerns for developers.
- 7.8 The Committee noted that the Council had approved the acquisition of the premises at 22-26 Stannary Street via the purchase of Purbrooks Ltd (company name later changed to 22-26 Stannary St Ltd) in early 2005. The acquisition was based on a plan to refurbish and connect it to the existing site. The Committee noted that there were no plans for the HPC to relocate and that the current buildings met the HPC's current requirements.
- 7.9 The Committee noted the valuation report.

**Item 8.08/86 March 2008 management accounts**

- 8.1 The Committee received a paper to note from the Executive.
- 8.2 The Committee noted that, as discussed at item 6, there had been a retained deficit of approximately £976,000 at the financial year end, entirely due to the impairment write down of land and buildings.
- 8.3 The Committee noted that registration income had been approximately £937,500 below budget, largely due to a decrease in income from international scrutiny fees and a decrease in the number of registrants. Total expenditure had been approximately £914,500 below budget, due to net under-spends in several departments and delayed operational expenditure on projects such as the regulation of practitioner psychologists. There had been overspends against budget in the Fitness to Practise Department (e.g. additional disbursements charged by Kingsley Napley due

to the number of cases held away from Park House), in employee recruitment and the IT department (e.g. additional spending on software licences).

- 8.4 The Committee noted that HPC continued to be in a stable financial position.

#### **Item 9.08/87 Human Resources report**

- 9.1 The Committee received a report on the work of the Human Resources Department.
- 9.2 The Committee noted that the post of Director of Operations had been advertised in a national newspaper. The post was currently filled by a contractor and had now been advertised as a permanent contract.
- 9.3 The Committee noted that, on 9 June 2008, Mr Mark Fitcher of Barnet Waddingham LLP had given a presentation on the employee pension scheme to 20 new employees. A number of employees had applied to join the pension scheme.

#### **Item 10.08/88 Partner Manager report**

- 10.1 The Committee received a report on the work of the Partner Manager.
- 10.2 The Committee noted that Ms Yasmin Hussain had left the HPC to take a post at a charity and that Ms Neuschafer had been recruited as Partner Manager.
- 10.3 The Committee noted that interviews for practitioner psychologist fitness to practise panel members were being held in June. Interviews for practitioner psychologist registration assessors and visitors would be held in July and August. Partner roles would be re-advertised if some roles were not filled following the interviews.

#### **Item 11.08/89 Information Technology report**

- 11.1 The Committee received a report on the work of the Information Technology (IT) Department.
- 11.2 The Committee noted that the quarterly testing of the security of the IT infrastructure had identified some issues which would be addressed.

- 11.3 The Committee noted that a disaster recovery exercise had taken place on 28 May 2008 and had been successful.
- 11.4 The Committee noted that, due to a fault with the HPC's telecommunication provider, it had not been possible to make outbound telephone calls for two hours on 15 May 2008. The IT Department had implemented a solution to allow calls to be made.
- 11.5 The Committee noted that on 1 May 2008 a system failure in the Net Regulate registration system had meant that it had been necessary to reset the data held at the close of business on 30 April 2008. Employees had worked overtime over a weekend to re-input the data which had been lost. The fault in the system had been identified and addressed. There had been a three hour period when the registration system was unavailable to the Registration Department.

**Item 12.08/90 Operations report**

- 12.1 The Committee received a report on Operations, covering the Registration department, Business Improvement (including Quality Management), Project Management and Education - Approvals and Monitoring.
- 12.2 The Committee noted that there had been a substantial increase in the volume of telephone calls in March and April 2008. Only 46% of calls had been answered, due to the high volume of calls and the impact of the Registration Department's relocation to 22-26 Stannary Street. The answer rate had improved to 81% in May 2008.
- 12.3 The Committee noted that the team dealing with UK registrations received approximately 80 emails per day and responded to these on average within five days of receipt. However, during April 2008 the service standard of response within five working days had not been met. The Committee noted that some registrants might forward an email enquiry several times if they did not receive a very prompt reply. The Committee noted that, at the end of May 2008, replies to emails had been sent within one working day.
- 12.4 The Committee noted that the percentage of physiotherapist and arts therapists who had lapsed from the Register was higher than in the previous renewal cycle. The Committee noted that it was hoped that the online renewals system

would reduce the number of registrants who lapsed. A presentation about the system was given at item 16.

- 12.5 The Committee noted that project MP34 related to online renewals and the scope did not now include online applications.

### **Item 13.08/91 Information and Consultation of Employees Regulations - HPC actions**

- 13.1 The Committee received a paper for discussion/approval from the Executive.
- 13.2 The Committee noted that, from 6 April 2008, employees in organisations with 50 or more employees had the right to be informed and consulted on a regular basis about issues in the organisation. The rights were set out in the Information and Consultation of Employees Regulations 2004. The HPC currently had 116 employees.
- 13.3 The Committee noted a letter from Kingsley Napley solicitors dated 2 April 2008, explaining that it was counsel's advice that the regulations were intended to apply to organisations that undertook an economic activity, even if that economic activity was not for gain. Counsel had confirmed that the regulations would not apply to the HPC because it was a statutory body whose main function was the regulation of health professionals.
- 13.4 The Committee noted that the Executive had written the Department for Business Enterprise and Regulatory Reform for its views, but the Department had been unable to offer advice on whether the regulations applied to the HPC. The Executive had surveyed other healthcare regulators and a professional body about their interpretation of the regulations. Of the organisations with employee numbers above the threshold level, all presumed that the regulations would apply to them.
- 13.5 The Committee noted that the Executive Management Team (EMT) had felt that, whether the regulations applied or not, it would be good practice to set up a pre-existing agreement so that a consultative forum was provided for employees. The EMT had felt that employees should be provided with information about the regulations and should be asked to vote on whether they would like a formal information and consultation structure. If more than 25% of employees were interested, arrangements would be made



to elect employee representatives to draft and consult on the agreement. The agreement would include a list of potential issues which the forum could discuss.

- 13.6 The Committee approved the recommendation that employees should be asked to vote on whether or not to progress a pre-existing agreement based on level of interest. A vote of more than 25% of employees to show interest would trigger the start of negotiations on an agreement.

**Action: LF (ongoing to 17 November 2008)**

#### **Item 14.08/92 Equality and Diversity Scheme – Human Resources employee and partner actions**

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that, as part of the equality and diversity scheme, there were a number of action points for the Human Resources Department, relating to employees and partners. Some actions had been delayed, largely due to work on the new pension scheme in 2007, but all actions would be completed in the first year of the scheme. Details of progress were included in the paper.
- 14.3 The Committee noted that, as part of this work, it was proposed that an updated and revised equal opportunities monitoring form should be used for partners and employees. This would provide a more detailed and comprehensive overview of the backgrounds of employees and partners. The draft monitoring form was included in the paper.
- 14.4 The Committee noted that collection of data was done on a voluntary basis. The Committee agreed that the Executive should make completion of the form compulsory and amend the equal opportunities monitoring form to include a category for individuals who preferred not to answer each question.
- 14.5 The Committee:  
(1) noted the human resources action points and action taken to date;  
(2) approved the introduction of a revised equality and diversity monitoring form for partners and employees, subject to the amendment agreed at paragraph 14.4.

**Action: LF (by 31 July 2008)**

**Item 15.08/93 Criminal Records Bureau disclosures – Fitness to Practise Department**

- 15.1 The Committee received a paper for discussion/approval from the Executive. A letter from HPC's solicitor, Mr Jonathan Bracken of Bircham Dyson Bell, dated 11 May 2008, was tabled. The letter gave legal advice which had been included in the paper (in a memorandum from Mr Bracken to the Director of Fitness to Practise dated 29 May 2008).
- 15.2 The Committee noted that criminal records checks were currently conducted on employees whose duties might bring them into contact with vulnerable adults. The checks would apply to a limited number of employees (the Fitness to Practise Department and the Chief Executive). The current practice required candidates who had been invited to an interview for a vacancy in the Fitness to Practise Department to complete and return a self-declaration form with their job application. The self-declarations were returned in a sealed envelope, which was not opened by the Human Resources Department. The self-declaration forms of unsuccessful candidates were securely and confidentially disposed of and the successful candidate's self-declaration form was kept on a secure file while a Criminal Records Bureau (CRB) disclosure was requested.
- 15.3 The Committee noted that it had discussed on 24 April 2008 whether it would be possible for new employees not to work with, or have contact with, vulnerable adults when they started work, until the CRB disclosure had been received. The Committee had also discussed whether the start of employment should be delayed until a clear CRB disclosure had been received by the HPC. The paper explained that the implications would be a possible loss of candidates due to the time which it would take to receive a completed disclosure (up to six weeks) and recruitment of temporary workers to fill vacant posts.
- 15.4 The Committee noted the legal advice from Mr Jonathan Bracken of Bircham Dyson Bell that some basic safeguards should be put in place to ensure that an employee did not pose an unacceptable risk to children or vulnerable adults, whilst awaiting the outcome of a CRB disclosure. The safeguards should include, as a minimum, limiting the person's contact with, and access to, children or vulnerable

adults and controlling access to information about children or vulnerable adults. These safeguards were in place.

- 15.5 The Committee was asked to discuss the current policy and practice of conducting checks. The Committee noted that the amount of time which it took to receive a CRB disclosure varied. The Committee noted that any employees in the Fitness to Practise Department who were not British citizens would be subject to CRB checks upon appointment, but the checks would only reveal information about any offences committed in the UK.
- 15.6 The Committee noted that there were only a small number of fitness to practise cases a year which involved vulnerable individuals (approximately five cases per year) and that there were minimum risks in the current policy and practice.
- 15.7 The Committee agreed the continuation of the existing process whereby criminal record checks were conducted after the employee commenced employment in the Fitness to Practise Department.

#### **Item 16.08/94 Registration renewals presentation**

- 16.1 The Committee received a paper to note from the Executive.
- 16.2 The Committee noted that it had considered projected registrant numbers at its meeting on 20 November 2007. The Committee noted that the volume of registrants was projected to increase to approximately 236,000 by 2012-13 (see the HPC Five Year Plan). This would cause increased processing of hard copy renewal notices and final notices and increased telephone calls to the Registration Department. At the same time, the public increasingly preferred to access public and commercial services online. The HPC already provided an extranet for Council members.
- 16.3 The Committee noted that, by the end of the 2008-9 financial year, registrants in all professions would have been offered a facility to manage their contact details online, using authentication functionality.
- 16.4 The Committee noted that the Executive was currently in the early stages of developing a system to allow registrants to renew their registration online. Each registrant was already provided with an authentication card when they

registered. Based on the experience of other regulators in the UK, USA and Canada, take-up rates had been conservatively forecast at 70% by 2013. The system would be designed with the capacity to deal with a take-up rate of 100%.

- 16.5 The Committee noted that benefits of online renewals would include improvements to customer service, benefits to employers (e.g. reducing the likelihood of registrants being reduced to assistant level if they failed to renew) and to the environment (e.g. reduced use of paper forms). It was also expected that there would be a reduced volume of telephone calls, reduced costs of processing hard copy renewal forms and the HPC would avoid the need to recruit 10 additional employees to the Registration Department.
- 16.6 The Committee noted that the online renewals system would need to be designed so that it was reliable, secure, capable of dealing with peaks of demand and that registrants had clear instructions to use the system. The Committee noted that the HPC's reputation would suffer if the system failed. The Executive would use external contractors as necessary in developing the project.
- 16.7 The Committee asked that progress reports should be included in the Operations reports presented to each meeting of the Committee.

**Item 17.08/95 Exit interview report 2007-8**

- 17.1 The Committee received a paper to note from the Executive.
- 17.2 The Committee noted that all employees who left HPC were encouraged to take part in a confidential voluntary exit interview. A report of the findings was compiled by the Human Resources Department on an annual basis and the Executive Management Team (EMT) considered the report. The Committee noted that in previous years it had received a summary of the findings and that the full report was being presented to the Committee for the first time.
- 17.3 The Committee noted that the findings in 2007-8 had identified issues in one particular department. Managers in that department had already been aware of the issues raised and were addressing the issues.

- 17.4 The Committee noted that the exit interview process was voluntary and that, of 22 employees who had left the HPC, only 10 had agreed to an exit interview. The statistics were therefore a small sample and the findings from exit interviews might not be representative of all employees' views. The Committee noted that the Executive would shortly conduct an employee attitude survey and the findings were due to be presented to the meeting of the Committee on 18 September 2008. The Committee noted that the employee attitude survey would include questions similar to those in the exit interview process.
- 17.5 The Committee agreed that it would like to see the annual report on exit interviews. The Committee agreed that the report would help the Executive to identify any issues which needed to be addressed.

**Item 18.08/96 360 degree feedback project: Update**

- 18.1 The Committee received a paper to note from the Executive.
- 18.2 The Committee noted that the EMT had conducted the first stage of a 360 degree feedback process, where members of the EMT provided feedback on the Chief Executive and each other. In May 2008, the EMT had agreed that two departments should trial a 180 degree feedback process, where a manager would receive feedback from employees who directly reported to them. The two departments involved would be the Policy and Standards Department and the Education – Approvals and Monitoring Department. The outcome of the process would be considered by the EMT.
- 18.3 The Committee agreed that, as the feedback process was time-consuming, the Executive was right to trial the process before deciding whether it should be used across all departments.

**Item 19.08/97 Major projects completed in financial year 2007-8**

- 19.1 The Committee received a paper to note from the Executive.
- 19.2 The Committee noted that 11 major projects which had been completed in 2007-8 and the Continuing Professional Development process was ready for the audit process to start in June 2008.

**Item 20.08/98 Annual review of actions taken in 2007-8: Public meetings**

- 20.1 The Committee received a paper to note from the Executive.
- 20.2 The Committee noted the actions arising from meetings in 2007-8.

**Item 21.08/99 Any other business**

- 21.1 The Committee noted that, on 16 June 2008, the Council for Health Regulatory Excellence (CHRE) had published a report on the Nursing and Midwifery Council (NMC). The report had been requested by the Department of Health. The report had concluded that, while the NMC was carrying out its statutory functions, it was failing to perform these to the standard of performance which the public had the right to expect of a regulator. The report had identified serious weaknesses in the NMC's governance and culture, in the conduct of its Council, its ability to protect the public through operating of fitness to practise processes and its ability to retain the confidence of stakeholders. The President and the Chief Executive of the NMC had both announced their intention to resign.
- 21.2 The Committee noted that the next Council meeting on 3 July 2008 would be asked to review HPC's position in relation to the issues which had been identified at the NMC. The Council paper would seek to identify the causes of issues at the NMC and how the HPC could avoid similar issues. The Committee noted that PKF (UK) LLP was the internal auditor for both the HPC and the NMC. The Committee noted that the Chief Executive and Registrar had worked with PKF in preparing the Council paper.
- 21.3 The Committee noted that media coverage of the CHRE report had, to date, been limited. The Royal College of Nursing and health trade unions had responded to the report.
- 21.4 The Committee noted that, following the Council discussion, there might be additional business for the committees to consider in their respective areas.

**Item 22.08/100 Date and time of next meeting**

- 22.1 The next meeting of the Committee would be held at 10.30 am on Thursday 31 July 2008.
  
- 22.2 Subsequent meetings would be held at 10.30 am on
  - Thursday 18 September 2008
  - Monday 17 November 2008
  - Wednesday 4 February 2009
  - Thursday 5 March 2009 (Remuneration Committee)
  - Monday 16 March 2009
  - Thursday 23 April 2009 (discretionary meeting)
  - Tuesday 23 June 2009

**Chairman**

**Date**