

UNCONFIRMED

THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Marc Seale

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FINANCE AND RESOURCES COMMITTEE

MINUTES of the 17th Meeting of the Finance and Resources Committee held at 11 a.m. on **Tuesday 27th July 2004** at Park House, 184 Kennington Park Road, London, SE11 4BU.

PRESENT:

Mr C Lea, Chairman
Mr M Barham
Professor N Brook
Mr D Ross
Mrs B Stuart
Mr N Willis
Dr S Yule

IN ATTENDANCE:

Mr J Minett (Carr Sheppards Crosthwaite) (CSC)

Mr M Seale (Chief Executive and Registrar)
Mr P Baker (Finance Director and Committee Secretary)
Mr R Dunn (Director of Information)
Ms D Thompson (Human Resources Director)
Mr R Ballard (Management Accountant)

Mr Lea welcomed Mr James Minett of CSC to the meeting.

FIN083/04 APOLOGIES FOR ABSENCE

83.1 Apologies had been received from Mr R Clegg, Professor J Harper, Mr K Ross, Mrs J Stark and Mr W Munro.

FIN084/04 APPROVAL OF AGENDA

84.1 The Draft Agenda was adopted as the Agenda for the Meeting. It was noted that there were no items to be held in private on this occasion.

FIN085/04 APPROVAL OF MINUTES OF THE MEETING HELD ON 24TH JUNE 2004

85.1 It was AGREED that the minutes of the 16th meeting of the Health Professions Council Finance and Resources Committee should be amended to record the omission of Sandy Yule's apologies for non-attendance. Subject to this amendment, the minutes were confirmed as a true record and signed by the Chairman.

FIN086/04 MATTERS ARISING

86.1 **Hotel Corporate Rates** (Minute FIN064.4/04)

This project was taking more time than was first anticipated. A report would be brought to the next meeting of the Committee in September. Daniel Ross indicated that he would put forward recommendations to assist the project.

ACTION – DANIEL ROSS

86.2 **Bank Mandate** (Minute FIN068.1/04)

Council had ratified the appointment of Roy Dunn as a signatory on the bank accounts in place of Anne Barnes.

86.3 **Attendance Allowances** (Minute FIN69.2/04)

Work had commenced finding out the rates paid by other regulators. Early indications were that payments to partners for day work were lower in the HPC than others, e.g. General Dental Council or Nursing and Midwifery Council. A full report would be brought to the Committee in September and should relate the payments to the fees paid by registrants in each case.

86.4 **Professions Supplementary to Medicine Charitable Trust** (Minute FIN070.2/04)

The Council had ratified the decision to wind up the charity.

FIN087/04 FINANCE AND OFFICE SERVICES REPORT

87.1 Paul Baker, the Finance Director, presented his monthly report.

87.2 Performance indicators with regard to the payment of June invoices and the production of June Management Accounts had been met.

87.3 £1,500,000 was on money market deposit and around £500,000 was currently held on Business Reserve Account.

87.4 The statutory accounts had been completed and signed by all relevant parties. The Annual Report and Accounts had been laid in Parliament on 12th July in time for them to be ratified by the Council on 15th July and published at the Annual Meeting on 16th July. Management letters had been received from both auditors.

- 87.5 The Finance Department had had a useful “awayday” in Kent and had also contributed to the work necessary for gaining ISO certification. Four Council members had received induction training in the month and following recommendations by the Council Members, Finance would be planning for an additional member of staff in the next financial year.
- 87.6 The building works (outside painting, front “garden” landscaping, air conditioning work and some inside painting) were currently taking place. Some delays were taking place due to pipe work found below ground.
- 87.7 Neil Willis commented on the delays to the year end accounts. It was explained that audit problems had occurred with regard to LISA but Roy Dunn indicated that further reports from the system were being devised to ensure that the problem did not recur.
- ACTION – ROY DUNN**
- 87.8 Daniel Ross indicated that he would provide the Finance Director with a suggestion as to where we might attain higher interest rates on our deposits.
- ACTION – DANIEL ROSS**
- 87.9 Michael Barham applauded the concept of the Finance Awayday and related it to good practice for Investors in People. Marc Seale indicated that we would not be going for Investors in People at present but would build up the various requirements in slow time so that when we did apply, maybe in two years’ time, it would be relatively easy to attain the accreditation.
- 87.10 The Committee NOTED the paper.

FIN088//04 IT REPORT

- 88.1 Roy Dunn, Director of Information, presented his the monthly report.
- 88.2 He reported that Bryan Wilson had been appointed as Back Office Systems Administrator. He was particularly experienced with Lotus Notes. Jackie Holah would be converting to permanent staff to give desk top support.
- 88.3 Other current projects included, *inter alia*, Document Control (Freedom of Information), the Human Resources system, the Customer Services System, the Business Continuity / Disaster Recovery online backup project, ISO, the migration of the Operating Department Practitioners and decommissioning the Care System.
- 88.4 He reported that an analysis of the Risk in the Information and IT Department was being carried out looking at various functions indicated on a diagram he presented to the meeting.
- 88.5 Comments were raised concerning the amount of paper still emanating from HPC and questioned the development of on-line assessments. This possibly would be developed in the future but not immediately. It could well be that at some time in the future all partners would need to be on-line. No decision as to whether the HPC would fund partners’ computers could be made at present, although this was unlikely.

88.6 The Committee NOTED the paper.

FIN089/04 HUMAN RESOURCES REPORT

89.1 The Committee NOTED the report from Denise Thompson which covered her department's work regarding the partners' programme (the pool of partners was currently 500.) July training meant that a further 58 partners could be called upon. 150 visitors are booked onto training events in September.

89.2 The current situation with regard to employee resourcing was covered. In particular the Director of Fitness to Practise had been recruited internally and a Secretary to Committees had been recruited externally. The position of Partner Manager was currently being advertised.

89.3 HR software would now be operational following training in August.

89.4 Operating Department Practitioner potential partners would be interviewed in August and trained in September.

FIN090/04 INVESTMENT REPORT

90.1 James Minett (CSC) presented the valuation of the investment portfolio as of 30th June 2004.

90.2 At the end of June the portfolio was valued at £1,316,035, an increase of £35,127 since the end of March. He also tabled a further valuation at 23rd July which valued the portfolio at £1,284,145, £31,890 (2.4%) down since June.

90.3 20.6% of the fund was in fixed interest securities, 72.0% in equities and 7.4% in cash. At 23rd July the percentages were 20.9%, 70.5% and 8.6% respectively.

90.4 A discussion took place concerning the investment objectives and parameters. It was AGREED that the parameters set out in the report should continue, viz. "the portfolio is to be managed in a way that will balance immediate income with long term capital appreciation. The fund will hold a combination of fixed interest investments, shares in leading companies and/or collectives (unit trusts/investment trusts). The ethical policy of no tobacco would continue, although the wording would be expanded to enable certain investments to be eliminated as required. The comments concerning cash requirements from 1st April 2002 to 31st March 2004 can now be removed from the General Objectives.

90.5 Paul Baker reported that £900,000 had been withdrawn from the portfolio since the inception of HPC. He did not think it appropriate to replace this money into the fund at the present time: there was a need to endeavour to hold cash deposits equal to the Deferred Income and also there might be future requirements for cash if the healthcare assistants were to be regulated in the future.

- 90.6 James Minett was thanked for attending the meeting and asked to continue his work for the coming year.

FIN091/04 AUDIT COMMITTEE 24TH JUNE 2004

- 91.1 The minutes of the meeting were presented to the meeting by Paul Baker in his capacity as the Secretary of the Audit Committee. They confirmed the verbal presentation given at the previous meeting.
- 91.2 In particular he drew the Committee's attention to the Audit Management Letter received from BDO Stoy Hayward, which was embodied into the minutes and which indicated a number of weaknesses that the HPC would address in the coming year. In particular the reporting from the LISA system would be strengthened to enable the auditors to be able to verify electronically the income and deferred income, together with membership statistics.
- 91.3 A Reserves Policy was needed. This would be addressed at a later meeting this year following work on the 5-year plan.
- 91.4 Post opening procedures had been tightened but it was still considered uneconomic to have two members of staff present for all post-opening. It was noted that we should expect to receive adverse comments each year from the auditors on this matter.
- 91.5 It was confirmed that there was a time-table in place for the recommendations to be implemented and reported back to the Audit Committee.
- 91.6 It was noted that the National Audit Office is to run a one-day learning session for the Audit Committee, the Chairman of the Finance & Resources Committee and the Chief Executive. Others would be welcome. An expansion of the role of the Audit Committee to cover matters other than financial matters would be considered.
- 91.7 The Committee NOTED the minutes.

FIN092/04 MANAGEMENT ACCOUNTS TO 30TH JUNE 2004

- 92.1 The Committee NOTED the management accounts for the three months ended 30th June which showed an operating deficit for the two months of £294,844 against a budgeted deficit of £305,482 a favourable variance of £10,638. This variance became a favourable variance of £41,691 after accounting for unbudgeted unrealised gains on investments of £19,136 and investment income of £11,917 over budget.
- 92.2 It was noted that the Fitness to Practise costs were £105,060 over budget after three months due to the increase in activity. A new "latest estimate" for the year will be evaluated by the Management Accountant and the Director of Fitness to Practise.

FIN093/04 ANY OTHER BUSINESS

Increasing legal costs and the possibility of employing in-house lawyers.

- 93.1 Neil Willis voiced his concerns about the increased legal costs and asked whether the organisation should appoint in-house lawyers.
- 93.2 Marc Seale indicated that he too was concerned about the increasing costs. He explained that the HPC currently used outside lawyers for four specific reasons, viz. Human Resources advice (occasional advice on individual matters), commercial legal advice (e.g. on contracts, deeds, etc.), Orders in Council (Parliamentary agents – probably for at least a further two years whilst new legislation was put in place) and Fitness to Practise (increasing due to the number of cases.) For Fitness to Practise, it was acknowledged that some of the work done for us was of an administrative nature: this work would be brought in house but it would take up to six months to identify the processes and absorb them. Currently there were 170 cases commencing already this year, a large increase on past years.
- 93.3 In addition there were up to 400 registration appeals which were never anticipated or budgeted. Assessors were not always making the correct decisions. We would need to re-train some of them. In the meantime, following legal advice, we are accepting appeals without going through the whole legal process in every case.
- 93.4 Marc Seale agreed to produce a paper for the next Investigating Committee to consider the matter. A schedule of costs per case would also go to the meeting. Financial implications of any recommended changes to the existing processes would subsequently be brought to the Finance & Resources Committee by the end of the year with budget implications for 2004/5 considered by March 2005.

ACTION – MARC SEALE

FIN075/04 DATE AND TIME OF NEXT MEETING

- 75.1 The next meeting was confirmed as Tuesday 21st September 2004 at 11 a.m. in Park House.

Signed (Chairman)

Date