

Council, 22 September 2021

Unconfirmed minutes of the People and Resources Committee meeting of 15 September 2021

Committee Chair's summary to Council

The PRC met on 15 September with a full agenda.

The 2021-22 Q1 management accounts were reviewed and some pro forma figures through to the end August were also presented. Income for the financial year may well be £1m over budget as a result of a surge in international registrations. The Committee received assurance this was likely to persist into FY 22/23 and was not a one off.

Expenses would be larger than budgeted because the FTP numbers had not been properly calculated earlier. The Committee recognised the issues that had arisen in Finance but asked that in future the Committee and Council might receive monthly management accounts with proper full accruals 10 business days after month end.

There were still uncertainties, especially around the 405 exit costs and 184/6 refurb but the deficit was now forecast at around £2.3m with reserves of £620k by year end. Cost savings in Registration that had been promised were likely postponed because of the increase in international registrations and the need for time to implement productivity improvements.

A new investment policy focused wholly on GBP bank deposits at high quality banks was agreed.

The PRC received three excellent reports from HR . The People Strategy was almost finalised with a good implementation plan. Reporting thereon would need some further development. An excellent set of HR KPI's had been developed and would be reviewed going forward. While sickness and turnover numbers were high there were no special causes for concern. Excellent detailed analysis had been done on Gender & Ethnicity pay gaps, so as to enable credible action plans to narrow the gaps. Good progress had already been made on the GPG outcomes.

Stephen Cohen, Chair of the People and Resources Committee

People and Resources Committee

Public minutes of the 5th meeting of the People and Resources Committee held on:-

Date: Wednesday 15 September 2021

Time: 2pm

Venue: Zoom

Present: Stephen Cohen (Chair)
Eileen Mullan
Stephen Wordsworth
Nicola Hunt

In attendance:

Ewan Shears	Governance Officer (minutes)
John Barwick	Chief Executive, and Registrar
Claire Amor	Head of Governance
Naomi Nicolson	Executive Director of Professional Practice and Insight
Fatma Ali	Head of HR
Gordon Dixon	Financial Consultant
Uta Pollman	Head of Partners & HR Operations
Maureen Drake	Chair of the Education and Training Committee (ETC)

Public

Item 1. Chair's welcome and introduction

- 1.1 The Chair welcomed those present to the fifth meeting of the People and Resources Committee.

Item 2. Apologies for absence

- 2.1 There were no apologies.

Item 3. Approval of agenda

- 3.1 The Committee agreed to consider a tabled paper relating to FtP Legal Procurement during the private session of the meeting. This this addition, the Committee approved the agenda.

Item 4. Declarations of members' interests

- 4.1 No interests were declared.

Item 5. Minutes of the People and Resources Committee meeting of 3 June 2021

- 5.1 Committee member Eileen Mullen noted the minutes had correctly recorded them as an apology in Item 2 Apologies for absence, however the cover sheet suggested they were present.
- 5.2 The Committee approved the minutes of its meeting held on 3 June 2021 subject to the amendment above.

Item 6. Quarterly Financial Performance Report

- 6.1 The Committee received the report from the Executive
- 6.2 The Committee noted that it would be helpful to review the most recent accounts and requested that moving forward these should be made available ten days after month end. The Executive would consider this but noted that the accounts would need to be reviewed by ELT prior to any Committee scrutiny. The Executive agreed to provide a verbal update to Council in the interim.
- 6.3 The Executive noted that there were complexities in relation to the lead lag and estimated that there would be around £1m of additional income with an additional spend of around £800K on FtP. Most of the 405 costs

were accounted for last year and most of the 184/6 KPR refit costs would be capitalised this year. The Committee noted that that position would present a small reduction in the FtP backlog.

- 6.4 The Executive noted that the position was approximately £10K off budget and noted the following issues;
- Given the FTP spend, the budget was not sufficient for delivery;
 - the increase in Registration spend was due to an increase in international applicants;
 - there was a significant underspend in HR which was a result of delayed recruitment, but noted that this was a timing difference; and
 - there was a significant overspend in IT on the costs associated with Net Regulate, which was counterbalanced by delays in projects.
- 6.5 The issues were the same issues that were in the quarterly report, but the detailed analysis required was of the run-rate impact and the position at the end of the year. While the actuals versus budget were closely matched, there were concerns with how much was attributed to timing difference and how much was real difference.
- 6.6 The Executive estimated that that the 5 month numbers presented in the report would show significant pluses and significant minuses if extrapolated to 12 months, and would leave the HCPC in roughly the same position overall.
- 6.7 The Committee noted that the decisions made now would impact on next year's numbers, with FTP and Estates costs rolling through.
- 6.8 The Committee noted that there were three budget cost centres that have the biggest impact, which were FTP, Registrations, and Estates. For the other cost centres, the projections would be more predictable.
- 6.9 The Committee noted that the previous prediction of a £300K saving in Registration was unlikely to materialise in the current financial year but could be realised next year. The Executive noted however, that there were additional costs to be factored in with the processing of additional applicants.
- 6.10 The Executive noted that the £1m increase in income was due to a sizable variance in international registration applications, which could be attributed to Brexit and the NHS workforce planning. The Committee noted there was a new working group set up to review registrant data and forecasts linking in with HEE and associated bodies across the UK, to gain an understanding of future plans.

- 6.11 The Committee noted that the spike in growth in applications the current year was largely due to an increase in international applicants, and this growth should be expected to continue year on year with additional workforce planning being done. The Committee further noted that there was an over recruitment in many approved programmes this year, and that a spike in school leavers entering higher education would translate into more people entering HCPC professions.
- 6.12 The Committee noted that international recruitment was becoming more attractive because of indefinite leave to remain status being made available in some cases.
- 6.13 The Executive noted that the return to practise initiatives had resulted in a significant increase of returners to practice.
- 6.14 The Committee thanked the Executive for the helpful discussion and invited the Executive to bring decisions for consideration relating to the Estates and FTP expeditiously to the Committee, noting their impact and time lags.

Item 7. Investment Policy

- 7.1 The Committee received the updated Investment Policy from the Executive and noted the following changes:
- Government bonds had been removed as an acceptable investment, in line with advice from DHSC and HM Treasury;
 - organisational changes had been reflected in the approvals; and
 - bank credit ratings were reviewed.
- 7.2 The Committee were assured that for the HCPC's current cash position there were a sufficient number of suitable UK registered banks to invest in as set out by the Policy.
- 7.3 The Committee discussed reference to ethical considerations in the policy and it was agreed that the Executive and the Chair of Committee would meet outside of this meeting to agree some wording changes prior to the Investment Policy's submission to Council for approval.
- 7.4 The Committee noted that the reference in the Policy to not investing in property that was not for the HCPC's own use, was appropriate at this time, and that should the Estates Strategy position change then the Policy would be reviewed at that point. The Executive noted that the HCPC would not be considering purchasing property as a pure form of investment.

7.5 The Committee noted that the HCPC manage their own investments due to the simplicity and type of investments made and agreed that this was suitable.

Item 8. Gender Pay Gap and Ethnicity Pay Gap Reports

8.1 The Committee received the two reports from the Head of HR and noted the following highlights:

- All employers with 250 or more employees were required to publish their gender pay gap data every year under new legislation that came into force in April 2017;
- the HCPC's gender pay gap had reduced from the previous year;
- while there was currently no legal requirement to publish ethnicity pay gaps, the HCPC was doing so in line with its ambition to be an inclusive regulator;
- the HCPC was recruiting further afield from London and recent recruitment had seen appointments of people from across the country;
- there was a higher percentage of employees from an ethnic background employed in lower pay bands and the HCPC was investing in people in those pay bands to ensure that they received the development opportunities they needed to progress in their careers;
- a programme was due to commence next year for people aspiring to be leaders and who do not have managerial experience. It aimed to provide the managerial experience required when the opportunity for applying for managerial positions arose; and
- a succession planning initiative was due to launch to help identify people and their skills gaps, and to provide the necessary training and opportunities to current employees.

8.2 The Committee noted that there were not many other organisations committed to producing ethnicity pay gap reports and the HCPC was taking a leading role by doing so. It was hoped that more organisations would follow. The Executive noted that it was important for the HCPC and other organisations to publish the ethnicity pay gap report as it would drive the issue forward faster and show that it was being taken seriously. The risk that people would view the pay gap report negatively was outweighed by the organisation demonstrating transparency and inclusivity, and that would be more likely to attract people to want to work for the HCPC.

- 8.3 The Committee welcomed publishing both reports and noted the past and future initiatives listed that were driving forward the change that the organisation was striving for to address the gender and ethnicity pay gaps. The Executive noted that this ambition was built in to the HCPC's core objectives of the corporate strategy.

Item 9. HR, OD and Partner performance report

- 9.1 The Committee received the report from the Executive.
- 9.2 The Committee noted the report covered the period from April 2020 to June 2021 and provided Key Performance Indicators (KPIs) for the HCPC in relation to its people.
- 9.3 The Committee noted that HR would work with managers and Heads of departments to resolve any underlying issues within teams and deliver against the People Strategy.
- 9.4 The Committee welcomed the report and noted that it provided a good overview of the areas that required attention and that it was important to see trends over time, and the differences between departments..
- 9.5 In relation to the wellbeing statistics and sickness rates, the Committee noted that these appeared to be high and that some further clarification of how to interpret the data should be given. The Chair of Committee offered to work with the Executive outside of this meeting to achieve this and the Executive also agreed to introduce benchmarking against other regulators' sickness levels.
- 9.6 The Executive noted that it would seek to measure any return on investment linked to activities focussed on tackling sickness levels.
- 9.7 The Committee noted that the establishment figures showed an increasing trend in the numbers of permanent staff, which reflected the desire for the HCPC to have permanent posts where possible.
- 9.8 The Committee noted that the large spike in the average cost per hire graph was attributed to the various senior positions being filled coinciding with the recruitment campaign in FTP for case managers, where there had been introduction fees for agency staff who were made permanent.
- 9.9 The Committee noted the high levels of capability and disciplinary cases in the Registration department and the work being undertaken to identify the causes, such as skills gaps and identify how the organisation could support people. The Chair of ETC agreed to share some insight with the Executive in relation to sickness levels in the NHS.
- 9.10 The Committee noted the Partners section of the report. The Committee noted that Partner turnover continued to be low, except where the 8-year

rule (maximum term) impacted in July of 2021 when 15 Panel Member Chairs had come to the end of their maximum term.

- 9.11 In response to a question from the Committee, the Executive confirmed that from a Partners perspective, there was nothing in the data that was of particular concern, however in relation to HR there was some concern in the level of sickness as noted above. Areas such as turnover where there had been some concern, was on an improving trend.

Item 10. Any other business

- 10.1 There was no other business.

Item 11. Date & time of next meeting:

- 11.1 Wednesday 17 November 2021, 2pm

Item 12. Resolution

- 12.1 The Committee was invited to adopt one or more of the following:

'The Committee hereby resolves that the remainder of the meeting shall be held in private, because the matters being discussed relate to one or more of the following;

- (a) information relating to a registrant, former registrant or applicant for registration;
- (b) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (c) the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property;
- (d) negotiations or consultation concerning labour relations between the Council and its employees;
- (e) any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
- (f) action being taken to prevent or detect crime or to prosecute offenders;
- (g) the source of information given to the Committee in confidence; or
- (h) any other matter which, in the opinion of the Chair, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions.'

Item	Reason for Exclusion
13	C, B
14	C, H
15	C
16	C
17	C
18	C

Chair.....

Date.....

Unconfirmed