

Finance and Resources Committee

Public minutes of the 51st meeting of the Finance and Resources Committee held as follows:-

Date: Tuesday 23 June 2009

Time: 10:30am

Venue: The Council Chamber, Health Professions Council, Park House, 184 Kennington Park Road, London SE11 4BU

Present: Mr R Clegg (Chairman)
Mrs M Clark-Glass
Mrs S Drayton
Mr W Munro
Mr D Ross
Mr K Ross
Mrs B Stuart

In attendance:

Mr C Bendall, Secretary to the Committee
Mr D Blacher, Baker Tilly (items 1-7 inclusive)
Mr G Butler, Director of Finance
Mr N Cohen, Customer Services Manager
Ms D Dawkins, Acting Partner Manager (items 1-8 inclusive)
Mr R Dunn, Business Improvement Manager
Mr S Ecroyd, National Audit Office (items 1-7 inclusive)
Mr G Gaskins, Director of Information Technology
Mr S Hall, Facilities Manager
Ms L Hart, Secretary to Council
Ms T Haskins, Director of Human Resources
Mr R Houghton, Head of Registration
Mr R Kennett, Accountant member, Audit Committee (observer)
Mr S Leicester, Director of Finance
Ms C Milner, Financial Controller
Ms C Reed, Projects Manager
Mr M J Seale, Chief Executive and Registrar
Dr A van der Gaag, President

Item 1.09/87 Apologies for absence

- 1.1 Apologies for absence were received from Mrs P Blackburn, Professor J Harper, Mrs J Sheridan and Mr N Willis.
- 1.2 The Chairman welcomed everyone to the meeting. The Chairman thanked Mr Leicester for his work as Director of Finance and wished him well for the future. The Chairman welcomed Mr Butler as the newly appointed Director of Finance and welcomed Mr Blacher and Mr Ecroyd.

Item 2.09/88 Approval of agenda

- 2.1 The Committee approved the agenda, subject to considering the draft annual report as item 7, the Partner Manager report as item 8 and a tabled paper under item 19 (any other business).

Item 3.09/89 Declarations of members' interests

- 3.1 Members had no interests to declare in connection with the items on the agenda.

Item 4.09/90 Minutes of the Finance and Resources Committee meeting held on 23 April 2009 (report ref: FRC 61/09)

- 4.1 It was agreed that the minutes of the 50th meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman.

Item 5.09/91 Matters arising (report ref: FRC 62/09)

- 5.1 The Committee received a paper to note from the Executive.
- 5.2 The Committee noted the actions list as agreed at the last meeting.

Item 6.09/92 Finance report (report ref: FRC 63/09)

- 6.1 The Committee received a report on the work of the Finance Department.
- 6.2 The Committee noted that funds under management were now invested with NatWest, Barclays and Lloyds TSB.
- 6.3 The Committee noted that the Department was involved in the following projects:
 - completing the annual report and accounts process;
 - preparing the 2008-9 financial statements under International Financial Reporting Standards, for audit in August 2009; and
 - preparing for the fees project 2011.

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- 6.4 The Committee noted that, for the year 2008-9, income had been £13.5m and expenditure had been £12.9 m.
- 6.5 The Committee noted that the supplier which had been used to provide support and development for the Sage financial system (BDE Group) was no longer trading as a business partner to support Sage. The Executive was in the process of appointing a replacement supplier, with Sage support arrangements in place in the interim.

Item 7.09/93 Draft annual report 2008-9 (report ref: FRC 68/09)

- 7.1 The Committee received a paper for discussion/approval from the Executive.
- 7.2 The Committee noted that the draft annual report incorporated feedback from the joint external auditors, Baker Tilly (UK) LLP and the National Audit Office, and from members of the Audit Committee. The Committee noted that the external auditors were due to attend the Audit Committee on 24 June 2009, but no significant issues were expected to arise.
- 7.3 The Committee noted that in 2008-9 total operating income had been £13.5m and total operating expenditure had been £12.9m, resulting in an operating surplus of £623,000. However, impairment of land of buildings of £849,000 recorded in the Consolidated Income and Expenditure Account had resulted in a retained deficit of £375,000. The Committee also noted that the total land and buildings impairment was £1,056,695 with £849,000 relating to the premises at 22-26 Stannary Street and a further £207,800 reduction in the valuation of Park House and 20 Stannary Street, posted to the Consolidated Revaluation Reserve in the balance sheet.
- 7.4 In discussion, the Committee agreed to the following amendments:
- biographies for Council and committee members and attendance tables for Council and committee meetings should be added to the front part of the report;
 - in the Chief Executive's report, the fourth paragraph should be amended to read: 'Our fitness to practise cases only involve a very small minority of practitioners; just 0.26% of registrants were subject to a complaint last year. The number of fitness to practise cases continues to rise with 483 allegations received and 175 concluded Conduct and Competence and Health Committee hearings. This is an increase from 424 allegations and 156 concluded hearings last year.';
 - on page 15, there should be a reference to the 'departments' of health in England, Northern Ireland, Scotland and Wales;

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- on page 16, the reference to equality and diversity should be deleted, as this was covered on page 12;
- on page 19, the third paragraph on employer contributions to the employee pension scheme should be amended to read '...16.5 per cent for contracts pre-dating May 2007 and...';
- on page 20, the reference to 'provision' should be amended to 'amount';
- on page 24, the first line should be amended to delete a comment made during drafting;
- on page 40, dashes should be inserted for the 2009 figures for deferred taxation and timing differences;
- on page 48, note 19 to the accounts should be amended as follows: Change the title of the note to 'Surplus of income over expenditure'; Change 'Gain/(Loss) on disposal...' to '(Loss)/Gain on disposal...'; Change 'Decrease/(Increase) in debtors' to '(Increase)/Decrease in debtors'; Change 'Increase/(Decrease) in deferred income' to 'Increase in deferred income'; and
- on page 53, the first paragraph of the Director's report for 22-26 Stannary Street Limited should be amended to include a sentence 'The report is prepared in accordance with the small companies regime as defined in the Companies Act 1985'.

7.5 The Committee agreed that these amendments should be reported to the Audit Committee on 24 June 2009.

7.6 Subject to the amendments above, the Committee approved the annual report.

Action: GB (by 6 July 2009)

Item 8.09/94 Partner Manager report (report ref: FRC 65/09)

8.1 The Committee received a report on the work of the Partner Manager.

8.2 The Committee noted that recruitment was taking place for Continuing Professional Development assessors in five professions.

Item 9.09/95 Human Resources report (report ref: FRC 64/09)

9.1 The Committee received a report on the work of the Human Resources Department.

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- 9.2 The Committee noted that the Department had been involved in recruitment for a number of posts. The vacancy for Director of Policy and Standards had been advertised, with first and second interviews planned for 13 July and 15 July 2009 respectively.
- 9.3 The Committee noted that, following agreement by the Committee and work done by the Department in 2008, the Director of Human Resources had drafted an agreement under the Information and Consultation of Employees Regulations. Employee representatives would be elected and trained. The agreement would then be finalised and a consultation group established.
- 9.4 The Committee agreed that the statistics presented in the report should compare the actual number of employees against the number of employees provided for in the annual budget.

Action: TH (ongoing)

Item 10.09/96 Information Technology report (report ref: FRC 66/09)

- 10.1 The Committee received a report on the work of the Information Technology Department.
- 10.2 The Committee noted that the Department had been involved in a number of activities, including:
- a successful business continuity test on 22 May 2009; and
 - installing new desktop computers, except for specialist computers such as those in the Finance Department. The replacement of the remaining computers was being scheduled to support business cycles.
- 10.3 The Committee noted three issues which had affected aspects of IT services and the action which had been taken to deal with the issues.

Item 11.09/97 Operations report (report ref: FRC 67/09)

- 11.1 The Committee received a report on Operations, covering the Registration Department, project management, facilities management and business improvement.
- 11.2 The Committee noted that service levels in the Registration Department continued to be significantly above service standards.
- 11.3 The Committee noted that, at the start of June 2009, paramedics and orthoptists had been invited to renew their registration. Registrants were renewing at a faster rate than in the previous registration cycle, which reflected HPC's success at communicating with the professions.

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- 11.4 The Committee noted that the project for regulation of practitioner psychologists had ensured that the Register could open on 1 July 2009.
- 11.5 The Committee noted that the online applications and renewals project had encountered delays in delivery of the system by a supplier. The due date for the project would be amended to take into account the delay.
- 11.6 The Committee noted that work had commenced on site in mid-May 2009 for phase 2 of work to 22-26 Stannary Street (an additional storey). It was anticipated that work would be completed by the end of September 2009.

Item 12.09/98 Registrant debtors and creditors policy (report ref: FRC 69/09)

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee noted that the registrant debtors and creditors policies had last been approved by the Committee in September 2006. The policies had been revised to avoid reference to specific fee levels and additional information had been included in the registrant creditor policy under the section on refunds. The Committee noted that some members felt it would be clearer for any revisions to policies to be marked on the version included in the Committee papers.
- 12.3 The Committee approved the updated registrant debtors and creditors policy.

Action: GB (by 30 July 2009)

Item 13.09/99 Bank mandate and invoice signatories (report ref: FRC 70/09)

- 13.1 The Committee received a paper for discussion/approval from the Executive.
- 13.2 The Committee noted that, due to recent changes of employees, it was necessary to amend the bank mandate and the list of invoices signatories.
- 13.3 The Committee approved the following amendments:
 (1) to add the new Director of Finance, Mr Gary Butler, as a signatory to list A of the bank mandate and the invoice/purchase order signatory list; and
 (2) to add a signatory for amounts up to £1000, Mr Gary Rope, in the invoice and purchase order signatory list.

Action: SL (by 30 June 2009)

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Item 14.09/100 Contract signing limits (report ref: FRC 71/09)

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that there was currently no specific guidance in the tendering process on who should sign a contract on HPC's behalf if a new supplier was appointed. The paper proposed that, for supplier contracts with an estimated annual value of over £25,000 (VAT inclusive), a member of the Executive Management Team (EMT) or the budget holder should sign the contract. The President, Chief Executive or any other signatory for the level of £25,000 would also sign the contract. For supplier contracts up to an estimated annual value of £25,000 (VAT inclusive), a member of the EMT or a budget holder would sign the contract.
- 14.3 The Committee noted that only a small proportion of contracts were worth less than £25,000 per year. Spending was set through the budgeting process and monitored through the monthly management accounts.
- 14.4 The Committee approved the enhancement to the tendering policy as set out in paragraph 14.2.

Action: GB (by 30 July 2009)

Item 15.09/101 Major projects summary – financial year 2008-9 (report ref: FRC 72/09)

- 15.1 The Committee received a paper to note from the Executive.
- 15.2 The Committee noted the major projects which had been completed in 2008-9:
- updating the fee structure;
 - phase 2 of the upgrade to the finance system;
 - upgrading the Net Regulate registration system to capture equality and diversity data relating to applicants; and
 - amending the Net Regulate system to reflect the status of registrants subject to fitness to practise proceedings.

Item 16.09/102 March 2009 management accounts (report ref: FRC 73/09)

- 16.1 The Committee received a paper to note from the Executive. A revised appendix to the paper, showing the property impairment and the accounting treatment used in the 2008-9 accounts, was tabled.
- 16.2 The Committee thanked the Executive for providing the information on the property impairment. The Committee agreed that the Executive

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should provide comparative figures for the 2007-8 financial year to show the overall project cost.

Action: CM (by 30 July 2009)

- 16.3 The Committee noted that, before unrealised gains and losses, there had been a surplus of approximately £623,400. However, after impairment of the value of land and buildings, there had been a deficit of approximately £375,000. The Committee noted that the operating surplus amounted to only 4.15% of the annual budget and had been caused by a number of variances including the delay in regulation of practitioner psychologists. The Committee noted that this could be explained to stakeholders if concerns were raised about the HPC's surplus level before impairments.
- 16.4 The Committee noted that the future format of the management accounts would be amended to comply with International Financial Reporting Standards. The Committee agreed that, for improved clarity, the surplus/deficit before and after impairments, corporate tax and investments in the management accounts should be amended so that it was the same as that used in the annual report and accounts.

Action: CM (ongoing)

Item 17.09/103 HM Treasury report on government departments (report ref: FRC 74/09)

- 17.1 The Committee received a paper to note from the Executive.
- 17.2 The Committee noted the report by HM Treasury on significant reported fraud in government departments in 2007-8.

Item 18.09/104 Annual review of actions taken in 2008-9: Public meetings (report ref: FRC 75/09)

- 18.1 The Committee received a paper to note from the Executive.
- 18.2 The Committee noted the actions which had been taken in 2008-9.

Item 18a.09/105 Update on pension schemes (report ref: FRC 75a/09)

- 18.3 The Committee received a paper to note from the Executive.
- 18.4 The Committee noted progress with winding up the employee pension scheme which had been operated by the Council for Professions Supplementary to Medicine. It was expected that the scheme would be wound up early in the 2010 calendar year, once the remaining steps had been completed. The Committee noted that no insurers had been prepared to quote to buy out members' benefits.

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- 18.5 The Committee noted progress with winding up the Capita Flexiplan pension scheme (the scheme which had previously been offered to HPC employees). It was expected that the scheme would not be wound up for at least another year due to some legal uncertainty about the pension benefits applying to early leavers from the scheme. The Committee agreed that, once the situation became clearer, it would consider whether there would be any financial implications for HPC (e.g. accounting provisions and funding of any liability for payments towards the scheme).

Action: GB (ongoing)

Item 19.09/106 Any other business

- 19.1 The Committee received a paper for discussion/approval from the Executive.
- 19.2 The Committee noted that it was intermittently asked to review the expenses policy for Council and Committee members to ensure that the policy was achieving value for money and that it was fit for purpose. The paper proposed that the policy should be revised to ensure that it was fit for purpose for the restructured Council and that the language reflected the new structure (e.g. deletion of references to alternate Council members). The proposed revisions included a provision that, if only a proportion of travel and subsistence expenditure was HPC-related, the relevant pro-rata share of the expense should be claimed from HPC.
- 19.3 The paper proposed that, for rail fares, standard class fares would be reimbursed as a matter of course. However, first class travel would be reimbursed, provided that:
- the cheapest available rates were secured using the HPC nominated travel agent wherever practical;
 - the rail journey time exceeded one and a half hours; and
 - the ticket had been purchased as far in advance as possible but no later than one day prior to the journey being taken.
- 19.4 The paper proposed that, for air travel, all air travel undertaken should be undertaken in 'standard class' with the exception of journeys exceeding five hours, where the cost of a premium economy ticket (or equivalent for those carriers that did not have premium economy) would be reimbursed.
- 19.5 Some members felt that the proposals for air travel would disproportionately affect members who took long flights, while other members felt that the proposals would still allow sufficient flexibility when members made their travel arrangements. The Committee noted that the proposals were intended to ensure that HPC obtained value for money, in accordance with the Council's guiding principles. The Committee noted

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that meetings were normally arranged at least a year in advance and this would enable members to purchase advance tickets at a cheaper rate.

19.6 The Committee agreed that, with effect from 1 July 2009:

- (1) the expenses policy should be updated to incorporate the changes made to the reimbursement of travel expenses;
- (2) minor amendments should be made to the policy to ensure that the language reflected the new structure of the Council and that the policy was accurate and up-to-date;
- (3) the section on taxi fares should be amended to clarify that taxi fares would also be reimbursed where a member was physically disabled; and
- (4) the expense policy be reviewed annually

Action: LH (points 1-3: action by 1 July 2009; point 4 – ongoing)

19.7 The President thanked Mr Clegg, Mr Munro and Mrs Stuart for their work during their time on the Council and wished them well for the future.

19.8 The Chief Executive and Registrar thanked Mr Leicester for his work as Director of Finance and thanked Committee members for their contribution to the Committee's work. The Chief Executive and Registrar thanked Mr Clegg for his work as Chairman.

19.9 Mr Clegg, Mr Munro and Mrs Stuart thanked the President and the Chief Executive and Registrar and wished HPC well for the future.

Item 20.09/107 Date and time of next meeting

20.1 The next meeting of the Committee would be held at 10.30 am on Thursday 30 July 2009

20.2 Subsequent meetings would be held at 10.30 am on

Tuesday 15 September 2009

Tuesday 17 November 2009

Wednesday 10 February 2010

Thursday 4 March 2010 (Remuneration Committee)

Wednesday 17 March 2010

Thursday 29 April 2010

Thursday 17 June 2010

Thursday 29 July 2010

Resolution

The Committee agreed to adopt the following resolution:

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'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;

- (1) information relating to a registrant, former registrant or applicant for registration;
- (2) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (3) 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;
- (4) negotiations or consultation concerning labour relations between the Council and its employees;
- (5) any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
- (6) action being taken to prevent or detect crime or to prosecute offenders;
- (7) the source of information given to the Committee in confidence; or
- (8) any other matter which, in the opinion of the Chairman, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions.'

Summary of those matters considered whilst the public were excluded

Item 21.09/108 Minutes of the private part of the Finance and Resources Committee of 23 April 2009 (report ref: FRC 76/09)

The Committee considered and approved the minutes of the private part of the Finance and Resources Committee meeting held on 23 April 2009.

Item 22.09/109 Matters arising

There were no matters arising.

Item 23.09/110 22-26 Stannary Street: Update on refurbishment (report ref: FRC 77/09)

The Committee noted progress on the refurbishment of 22-26 Stannary Street.

Item 24.09/111 Annual review of actions taken in 2008-9: Private meetings (report ref: FRC 78/09)

The Committee noted a progress report on actions agreed in private meetings held in 2008-9.

Chairman

Date

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