

Council

**Public minutes of the 135th meeting of the Health and Care Professions
Council as follows:-**

Date: Tuesday 23 March 2021

Time: 10am

Venue: Videoconference

Present: Christine Elliott (Chair)
Stephen Cohen
Maureen Drake
Kathryn Foreman
Sue Gallone
Helen Gough
Nicola Hunt (Council Apprentice)
Sonya Lam
Pameleta Ricketts (Council Apprentice)
David Stirling
Kathryn Thirlaway
Stephen Wordsworth

In attendance:

Claire Amor, Secretary to Council
John Barwick, Chief Executive and Registrar
Olivia Bird, Policy Manager
Matthew Clayton, Senior Policy Officer
Laura Coffey, Head of Fitness to Practice
Neil Cuthbertson, Executive Director of Digital Transformation
Gordon Dixon, Director of Business Improvement
Tom Hampshire, PWC
Colette Higham, Professional Standards Authority
Claire Holt, Director of HR & OD
Jacqueline Ladds, Executive Director of Policy and External Relations
Jo Moore, Executive Director of Corporate Services
Charlotte Rogers, Policy Lead
Andrew Smith, Executive Director of Regulation
Rachel Taylor, PWC

Public Agenda

Item 1. 21/25 Chair's welcome and introduction

- 1.1 The Chair welcomed Council members and the Executive to the 135th meeting of Council.
- 1.2 The Chair noted that there would be a minute's silence at 12pm as part of the national day of reflection to remember those lost and bereaved due to the ongoing pandemic.

Item 1.i. 21/26 Apologies for absence

- 1.i.1 Apologies were received from Eileen Mullan.

Item 1.ii. 21/27 Approval of Agenda

- 1.ii.1 The Council approved the agenda.

Item 1.iii. 21/28 Declaration of Members' interests

- 1.iii.1 Members had no interests to declare.

Item 1.iv. 21/29 Minutes of the Council meeting of 25 February 2021

- 1.iv.1 The Council approved the minutes of its meeting of 25 February, 2021

Item 1.v. 21/30 Matters arising

- 1.v.1 The Council noted those matters arising from previous meetings. The Council discussed matter arising 13, which related to the development of a FtP customer service charter. The Council advised the Executive that this should be a simple guide to what a registrant should expect when part of an FtP process, both of the engagement with the process and how the HCPC could be expected to work with them. The Head of FtP agreed that the document would reflect this direction. **Action.**

Standing reports

Item 2. 21/31 Chair's report

- 2.1 The Council noted the report.

Item 3. 21/32 Chief Executive's performance report

- 3.1 The Council received a paper from the Chief Executive.
- 3.2 The Council noted the following points:-
- the statutory instruments to effect the fee rise were making progress through the parliamentary process;
 - the government's consultation on regulatory reform was expected to be published imminently. While the reforms would begin with the GMC's legislation, this would set the framework for all the regulators and the HCPC had worked closely with the Department of Health and Social Care (DHSC) on the development of proposals; and
 - an appointment had been made to the SMT role of Executive Director of Insight and Professional Practice. The post holder was expected to join the HCPC in May, this would complete the permanent SMT structure.
- 3.3 The Council requested an update on the scale and impact of the return to practice process on maternity leavers. The Executive agreed to provide this update at the May meeting of the Council. **Action.**
- 3.4 The Council noted the annual review of the inquires recommendation tracker. The Council questioned if the terminology of 'whistleblowing' was correct in all home countries. The Executive agreed to report back on this point at the May meeting of Council. **Action.**
- 3.5 The Council discussed the direct debit collection errors noting that this had been discussed at the Audit and Risk Assurance Committee's (ARAC) March meeting. The Chair of ARAC noted the importance of a lessons learnt review of the issues to avoid future occurrences. The Executive Director of Digital Transformation agreed and advised that the HCPC's serious incident review process had been initiated once the error was identified. This included root cause analysis and recommendations for future mitigation.
- 3.6 The Executive Director of Corporate Services provided an overview of the finance report appendix. She noted that there had been a small positive movement to the deficit since the last report from £629k to £644k. There was more certainty on the receipt of grant monies to cover the costs of the temporary registers. She added the caveat that income had been manually calculated due to system issues.
- 3.7 The Chair of the People and Resources Committee requested that cash levels be tracked as part of the standing finance report. The Executive Director of Corporate Services agreed that this was an important measure for the Council to track and that she was working with the finance team to deliver this. **Action.**

Item 4. 21/33 Fitness to Practice Improvement Plan – progress report

4.1 The Council received a paper from the Executive Director of Regulation (EDR).

4.2 The Council noted the following points:-

- the first full cycle of the Improvement Programme governance structure had completed with positive assurance of its effectiveness;
- the programme included 16 priority projects to deliver by the end of July 2021. 13 of the 16 projects were rated as green and on track for delivery. 3 of the 16 projects were tracking amber;
- one of the amber projects related to the recruitment of case managers. This was amber due to the volume (over 270 applications) of quality applications received, which required additional time to assess. Overall, the delay was not significant with the first intake planned for May, instead of April, 2021;
- the project to update processes and guidance was rated as amber because the Quality Assurance team's review of the draft documents had resulted in a further round of re-drafting. The delay would not impact on the completion date;
- the project to increase hearings' capacity was amber due to the ongoing Covid-19 related restrictions. The timescales of the project would be kept under review as the Covid-19 restrictions were lifted. The team had scheduled 102 hearings with 86 awaiting listing. This was the first time since March 2020 that the HCPC had more hearings listed than awaiting listing. Before the pandemic the norm for the HCPC had been circa 50 cases awaiting scheduling at any one time; and
- since the report was written, an issue had arisen with user acceptance testing for the new FtP CMS system. This would delay the project delivery by 2-3 weeks and impact on the delivery of the risk assessment tool, as the system was required to be in place for roll out.

4.3 The Council asked if performance targets were in place for cases referred to external law firms. The EDR advised that service level agreements were in place with all engaged law firms and that the HCPC had audit processes in place to ensure the quality as well as timeliness of these outsourced cases. EDR agreed to include more information on these assurances in the next iteration of the report. **Action.**

4.4 The Council discussed the reporting of KPIs it was suggested that KPIs should focus on what would be an acceptable percentage of cases meeting and not meeting time expectations, rather than reporting against an expectation of full compliance with that time expectation. EDR agreed to consider this as part of the upcoming review of KPIs, he noted however that it was important to ensure that improvement in FTP performance could be

measured against a baseline and so changing KPIs whilst it was underway required caution as the evidence base would not be certain.

- 4.5 The Council asked if the EDR was confident in the sustainability of the Improvement Programme. The EDR responded that sustainability had been a key focus of the development of the plan as long term improvement was the focus. He provided an overview of the mitigations in place to ensure improvement could be sustained.
- 4.6 Tom Hampshire, PwC, advised that the engagement from FtP teams and buy in from FtP leadership had been very positive, more so than many organisations they had worked with. He added the PwC's focus in assisting the HCPC was to create long lasting change.
- 4.7 The Council asked if there were detailed metrics behind the graphic on page 7 of the report. EDR confirmed there were and that metrics for quality and efficiency and productivity had been agreed. Setting the baseline would be challenging given the impact of social worker cases on previous case performance. The Council agreed that measuring improvements against a baseline would provide assurance for ongoing risk of investing in FtP improvement.
- 4.8 The Council requested that where data was presented as a median that a description of the range be provided to provide transparency on the full spectrum of performance. It was suggested that cumulative graphs would provide a better illustration of the range. **Action.**
- 4.9 The Council noted the positive impact of the internal Quality Assurance Team in providing an assurance source outside of the directorate. Council Member Kathryn Foreman noted that her experience of the QA team's work on a recent review of registration appeals had been very positive with notable improvement in the value they added as a result of new ways of working with the organisation.
- 4.10 The Council welcomed the report format as providing a clear view of performance.

Items for discussion / decision

Item 5. 21/34 Equality Diversity and Inclusion Strategy

- 5.1 The Council received a paper from the Policy Lead. The paper presented the final Equality Diversity and Inclusion (EDI) Strategy for approval as well as the results of Diversity McKenzie's (DM) audit of the HCPC's organisation wide approach to EDI.
- 5.2 The Council noted the following points:-
 - the Executive was pleased with the results of the audit, noting that DM considered the HCPC's result very strong in their experience. Overall,

there were many areas of strength highlighted and areas for improvement were considered minor development areas by DM; and

- due to competing priorities within the organisation the responding action plan had not been finalised. This would be completed once resource in the Policy and Standards team was secured.

- 5.3 The Council welcomed the report noting the positive findings, members thanked Executive colleagues for the significant work to develop EDI practice which had enabled the positive findings. The Council noted that the HCPC had not met the PSA standard in this area in the previous year and that that it required ongoing focus and investment. The Council agreed that the gap analysis recommendations were accepted and should be taken forward and implemented. The Policy Lead agreed, noting that an action plan in response to the report would be put in place. **Action.**
- 5.4 The Council discussed EDI data collection. The Executive advised that new IT systems would as standard seek to include the ability to collect such data. It was noted that the new FtP CMS system development was aware of this requirement. In particular how best to capture EDI data for those raising concerns with the HCPC as evidence that the ability to raise a concern was equally available to all groups.
- 5.5 The Policy Lead advised that consideration of how best to capture that data was underway and that whilst system improvements were underway to enable data capture, significant work had been undertaken to publicise the registrant EDI survey to improve response rates. Analysis of the data the HCPC held would progress.
- 5.6 The Council noted the finding on page 23 of the paper regarding applicant success rates disparities. The Director of HR advised that the HR EDI and Engagement Officer would take forward work on this recommendation.
- 5.7 The Council noted that as part of internal work to review all HR policies, EDI considerations would be included as a reflection point for any potential improvements.
- 5.8 The Chair of the People and Resource Committee (PRC) noted that the Committee had a remit to provide assurance on internal EDI practice. He would be meeting with the Executive to scope how best to seek this assurance.
- 5.9 The Council approved the EDI Strategy.

Item 6. 21/35 Interim Budget 2021-22

- 6.1 The Council received a paper from the Executive Director of Corporate Services.
- 6.2 The Council noted the following points:-

- at its meeting on 9 March 2021, PRC considered a draft budget for 2021-22 together with a forecast 3-year financial plan. The forecast showed the budget as presented would lead to a net liabilities position over the next two financial years;
 - PRC agreed a number of actions were needed to improve the HCPC's forecasted financial position and to move it to a more financially sustainable footing;
 - the PRC and Executive agreed to recommend that the Council adopt a three month baseline budget for the first quarter of 2021-22 while a full 2021-22 budget which supported the Corporate Plan and ongoing financial sustainability was produced; and
 - the reasons for this approach included the ongoing uncertainty on achieving a fee rise, uncertainty on the achievability of some proposed savings and resourcing pressures within the finance team.
- 6.3 The Chair of PRC noted that during the interim budget period, the Council should be able to gain a better sense of the efficacy of the FtP Improvement Programme. Additionally, in the period, there would be more clarity on the HCPC's future Estates Strategy. He added that these two key factors would have a considerable impact on confidence for further financial risk.
- 6.4 The Chair of the Audit and Risk Committee (ARAC) welcomed the focus on the HCPC's going concern. She supported the proposed approach to enable appropriate phasing of investment activities within the Corporate Plan.
- 6.5 The Council agreed with the proposal to consider a three-month interim budget to the end of June 2021 at a special meeting to be convened, and then consider a full year 2021-22 budget at its meeting on 1 July 2021.

Item 7. 21/36 Corporate Plan 2021-22

- 7.1 The Council received a paper from the Chief Executive. The Council noted that it had provided feedback on the draft of the Corporate Plan 2021-22 at its meeting in February. The final draft was presented for approval.
- 7.2 The Chief Executive noted that Directorate level annual workplans underpinned the Corporate Plan with a greater level of detail on development and business as usual activities in 2021-22. He advised that, given the outstanding matter of budget approval, that the Executive was confident that the Plan could be delivered, but that the phasing of activities would be reviewed to better align with budget aims.
- 7.3 The Council noted that the commitment to creating a memorandum of understanding with regard to mental health support was within the wrong heading in the Corporate Plan. The Executive would correct this. **Action.**

- 7.5 The Council asked that the infographic on page four of the plan be amended not to begin with statistics on FtP activity as this gave this too much prominence in the HCPC's overall purpose. The Executive would amend this graphic. **Action.**
- 7.6 The Council welcomed the Corporate Plan 2021-22 as a significant development in the HCPC's approach to strategy and planning and thanked the Chief Executive and his team for their excellent work in producing a clear and succinct Plan.
- 7.7 The Council approved the publication of the Corporate Plan 2021-22 subject to the amendments outlined in paragraphs 7.4 and 7.5.

Item 8. 21/37 Strategic Risks Review

- 8.1 The Council received a paper from the Head of Governance. The Council noted that the HCPC's Strategic Risks were agreed in 2018 and that, following the approval of a new Corporate Strategy for 2021-26, a new set of Strategic Risks had been developed for Council adoption.
- 8.2 The Council noted that the proposed Strategic Risks were closely aligned with each of the Strategy aims. At its meeting in March 2021, ARAC had agreed to recommend that the Council adopt the new Strategic Risks.
- 8.3 The Council noted that the HCPC's operational risks would be categorised, under one of the six strategic risks, and that should a new issue emerge that rose to the level of a strategic risk, this could be added as an additional Strategic Risk; as was the case with the transfer of Social Worker Regulation in England.
- 8.4 The Council agreed to adopt the presented Strategic Risks as the HCPC's Strategic Risks for continued monitoring. It was noted that the risks would be developed into the Strategic Risk Register format, and would be presented as part of the Chief Executive's July organisational performance report.

Item 9. 21/38 Maintaining the Covid-19 Temporary Register

- 9.1 The Council received a paper from the Chief Executive.
- 9.2 The Council noted the following points:-
- the paper set out the HCPC's preferred approach to maintain the temporary register to ensure its statutory responsibilities were fulfilled and the appropriate support was provided to the pandemic response;
 - the continuation of the temporary register was subject to the continuing provisions of the Coronavirus Act 2020 and the direction of the Secretary of State of Health and Social Care;

- the costs of running the temporary registers were expected to be met by government funding; and
- supporting former registrants back to the permanent register was a key focus with a more flexible application of the HCPC's Returners to Practice requirements.

9.3 The Council noted that seven concerns had been raised about temporary registrants since the temporary register opened. The Council registered some concern about this number. The Chief Executive provided assurance that of the total number of 30k temporary registrants, seven concerns was an amount not out of step with concerns per registrant numbers for the permanent register. He added that the Executive was confident that the vetting process for entry to the temporary register was robust.

9.4 The Council discussed the importance of prior communication and consultation with regard to the timing of the closure of the temporary register. The Chief Executive agreed, noting that an adequate notice period was to be expected before the Secretary of State of Health and Social Care ended the powers to run the register. Council noted that communication with employers would be key to ensure that those services reliant on temporary registrants had time to prepare for the removal of this source.

9.5 The Chief Executive confirmed that the HCPC's engagement with stakeholders on the maintenance of the register had included four country engagement.

9.6 The Council questioned why every six months had been chosen as a review period as detailed in paragraph 2.4.3 of the paper. The Chief Executive advised this was following a balance of the risk and operational demand considerations.

9.7 The Council agreed the approach to maintaining the temporary register as set out in the paper.

Item 10. 21/39 New Online Materials for Reflective Practice

10.1 The Council received a paper from the Senior Policy Officer.

10.2 The Council noted that following points: -

- new online materials for reflective practice had been produced to provide registrants with practical assistance and demonstrate the importance of reflection to their practice;
- the materials supported the HCPC's commitment to promoting continuing professional development as set out in the Professionalism and Prevention Framework;

- the HCPC's commitment to produce such materials in response to the recommendations of the rapid policy review into gross negligence manslaughter in healthcare;
 - two stakeholder engagement workshops were held in February 2021 to support the production of the guidance; and
 - the Education and Training Committee provided feedback on the materials at its meeting on 11 March, 2021, and agreed to recommend that the Council approve the materials subject to agreed amendments (which had been made).
- 10.3 The Council welcomed the materials noting that they would be a useful resource for registrants. A Council member in attendance at one of the Stakeholder engagement workshops noted the support and positive reception for the HCPC engaging in this area.
- 10.4 The Council discussed how supervision was addressed within the materials. The Executive advised that earlier drafts had contained more information on supervision, but this had been removed as it was not the intended focus. Work was ongoing on the development of content for the HCPC's website employer hub, supervision would be best focused in that area.
- 10.5 The Council welcomed the engagement plan set out in the paper. It was agreed that unions should be included in the engagement, as many had education sections with a large reach. The Executive agreed to include this key stakeholder in engagement. **Action.**
- 10.6 The Council asked if the lack of prominence regarding the role of compassionate leadership and restorative clinical leadership, was intentional. The Executive advised it was not intentional, and the materials would be reviewed to ensure this had more focus. **Action.**
- 10.7 The Council discussed the recent high profile GMC FtP case involving reflective practice statements. The Executive noted that the intention in producing the materials was in part to make the HCPC's position clear on the use of such statements in FtP cases; that being, that registrants were not compelled to submit them but could voluntarily do so as mitigation. The Executive was sensitive to the need to ensure registrants understood the potential implications of voluntary submission of such statements. The Council agreed that this message was clear within the materials.
- 10.8 The Council agreed to approve the materials for publication subject to the amendment agreed in paragraph 10.6.

Item 11. 21/40 Reflection

- 11.1 The Council held a minute's silence as part of the national day of reflection for those who had lost their lives or had been bereaved as a result of the Covid pandemic.

- 11.2 Following the silence, the Chair shared a collection of statistics illustrating the impact of the pandemic in numbers as well as a summary of the numerous and fundamental ways in which the HCPC's professions had contributed to the national response effort.
- 11.3 Council members, the Executive and observers present were invited to share their reflections on how the pandemic had impacted them and how they would take positively take forward those experiences.

Items to note

The Council noted the following items:

Item 12. 21/41 Unconfirmed minutes of the Audit and Risk Assurance Committee of 10 March 2021

Item 13. 21/42 Unconfirmed minutes of the Education and Training Committee of 12 September 2020

Item 14. 21/43 Any other business

- 14.1 As this was his last meeting of Council, the Chair led the Council in thanking the Director of Business Improvement for his significant contribution to the important improvement work underway at the HCPC since he first joined the team in July 2019.

Item 15. 21/44 Date and time of next meeting:

- 15.1 Thursday 27 May, 10am

Item 16. 21/45 Resolution

The Council adopted the following resolution:

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

- (a) information relating to a registrant, former registrant or application for registration;
- (b) information relating to an employee or office 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 Council;
- (f) action being taken to prevent or detect crime to prosecute offenders;

- (g) the source of information given to the Council 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 Council's functions.

Item	Reason for Exclusion
17	C
18	H
19	H
20	C
21	C
22	B

Chair:

Date:

Unconfirmed

Council

**Public minutes of the 136th meeting of the Health and Care Professions
Council as follows:-**

Date: Monday 12 April 2021

Time: 3.30 pm

Venue: Videoconference

Present: Christine Elliott (Chair)
Stephen Cohen
Kathryn Foreman
Sue Gallone
Helen Gough
Sonya Lam
Eileen Mullan
Pameleta Ricketts (Council Apprentice)
David Stirling
Kathryn Thirlaway

In attendance:

Claire Amor, Secretary to Council
John Barwick, Chief Executive and Registrar
Jacqueline Ladds, Executive Director of Policy and External Relations
Jo Moore, Executive Director of Corporate Services
Andrew Smith, Executive Director of Regulation

Public Agenda

Item 1. 21/53 Chair's welcome and introduction

- 1.1 The Chair welcomed Council members and the Executive to the 136th meeting of Council.
- 1.2 The Chair thanked members for making the time for the specially convened meeting to consider the interim budget. The Chair thanked the Chairs of the Audit and Risk Committee (ARAC) and People and Resources Committee (PRC) for their input in shaping the paper, as well as the Executive Director of Corporate Services and her team for their hard work in quickly bringing together the interim budget.

Item 1.i. 21/54 Apologies for absence

- 1.i.1 Apologies were received from Maureen Drake, Stephen Wordsworth and Nicola Hunt (Council Apprentice).

Item 1.ii. 21/55 Approval of Agenda

- 1.ii.1 The Council approved the agenda.

Item 1iii. 21/56 Declaration of Members' interests

- 1.iii.1 Members had no interests to declare.

Items for discussion / decision

Item 2. 21/57 Interim Budget 2021-22

- 2.1 The Council received a paper from the Executive Director of Corporate Services.
- 2.2 The Council noted the following points:-
 - the paper presented an interim budget for the period 1 April to 30 June 2021, for Council approval. An interim budget approach had been agreed by Council at its March meeting due to the need for the Executive to explore the assumptions and options to improve the underlying deficit, as well as the need for the outcome of the proposed fee increase to be more certain;
 - the interim budget was based on the quarter 4 underlying run rate as well as any investments or one-off expenditures previously approved

by the Council as necessary to be incurred in the first quarter of 2021-22;

- the underlying run rate for quarter 4 of 2020-21 was based on Covid restrictions being in place and therefore reduced expenditure on travel and subsistence. Depending on the lifting of restrictions and the HCPC's approach to returning to more routine office-based working, this cost could be higher in practice;
- the proposed interim budget showed a end year result of £2.1m net deficit. This was made up of an underlying operating deficit of £348.9k and one-off expenditure required for quarter 1 of £1.844m. c£1.4m of the one-off expenditure was due to FtP Improvement Programme investment previously agreed by Council, £303k was attributed to supernumerary (non-core establishment) staff;
- with regard to reserves, the Executive's aim was to return to positive realisable net assets within 5 years, and in the intervening period to maintain positive net assets and positive cash balances. To support this aim, the Executive was reviewing efficiency measures; and
- the forecast end of year deficit for 2020-21 had reduced by £200k, which indicated that some efficiency savings had been achieved. Work was underway seek assurance that savings included in the Council approved transformation plan (2019) had been achieved. An update on this work would be included as part of the presentation of the full-year budget in July 2021.

2.3 The Chair thanked the Executive Director of Corporate Services for her introduction. She noted that while the HCPC's financial outlook needed continued attention, the issues were not new or insurmountable and the HCPC's proposed fee rise was smoothly progressing through the parliamentary process; which would result in a modest improvement. She invited the Chief Executive and the Chairs of ARAC and PRC to share their reflections before the wider Council discussion was opened.

2.4 The Chief Executive reflected that:-

- the pandemic had impacted on the budget result for 2020-21, and would continue to impact in 2021-22 as there was uncertainty about the extent to which in-person activities could resume, and when;
- the HCPC had options to control cost drivers through its approach to the timing and extent of returning to office-based activity. Additionally, the question of the HCPC's future estates need remained open;
- establishing the 'new normal' way of working for the HCPC could require initial investment in additional technology capacity; however it could also result in cost efficiencies through permanently undertaking some activities, virtually;

- the forecast costs of face-to-face FtP hearings would change in response to changes in the status of restrictions. The HCPC would require a change in legislation to continue to use virtual hearings once the emergency powers provided through the Covid Act were turned off; and
- there was a need to ensure accountability for budget management across the organisation. The quarterly reforecasting approach, introduced in 2020, had unforeseen negative impacts on this sense of accountability, as overspends had been reforecast into the budget rather than being visible as overspends.

- 2.5 The Chair of ARAC welcomed the focus on going concern in the proposed budget approach, and noted her view that the HCPC needed to produce a budget that resulted in a zero net deficit. She encouraged the Executive to seek to achieve the Corporate Plan 2021-22 within the HCPC's current resource and emphasised the need to ensure that efficiency benefits set out in business cases were subject to benefits realisation monitoring. **Action**
- 2.6 The Chair of PRC noted that the Committee had discussed an initial draft of the budget and, as a result of its concerns on the projected financial outlook, had recommended the proposed approach. He advised that the PRC would be considering an update on the Estates Strategy at its June meeting which had the potential to be a significant influence on the HCPC's financial position. The Committee would also discuss a draft of the full year budget and how best to evaluate the return on investment in projects.
- 2.7 The Chair of PRC noted that the benefits of the fee increase would be used to cover core operating deficit. He therefore asked if the Remuneration Committee recommendation on a pay award for 2021 was affordable.
- 2.7 The Council asked if the HCPC's 'going concern' was predicated on achieving a balanced budget. The Chair of ARAC advised that not having a balanced budget would result in diminishing reserves. 'Going concern' was based on the HCPC having positive net realisable assets. The HCPC had positive net assets and needed to plan towards achieving positive net realisable assets.
- 2.8 The Council asked if the Executive had a firm understanding of any remaining one-off expenditure in 2021-22. The Executive Director of Corporate Services advised that the cost of supernumerary staff in FtP was the only definite figure known at that time. Additional resource could be required in the Finance Department due to the continued issues of income reconciliation and direct debit collection, alongside undertaking important year end activities on which external certification was based.
- 2.9 The Executive Director of Corporate Services advised that the financial planning and analysis function, new in the recent finance restructure, was not a finished product and that more development was needed to get the finance team to work as organisation business partners to support budget holders to take ownership of their budgets.

- 2.10 The Council discussed the view, shared by the Executive, that the change to a quarterly reforecasting model had impacted on budget grip and control. The Chief Executive advised that this was not considered to be due to irresponsibility, but that the system made identifying overspends more difficult and that on reflection the HCPC's budgeting system was not mature enough for such flexibility. He added that the SMT would work to ensure budget holders were aware of their responsibilities and felt empowered to manage their areas within their budget envelope with a greater link between performance and budget results. **Action**
- 2.11 The Council asked if the Executive was confident that they understood the underlying costs at Department level, and if a coordinated cost improvement programme had been considered. The Executive Director of Corporate Services advised that underlying costs were well understood, but that more work was needed to establish the core cost needed to maintain FtP performance once the Improvement Programme completed. She added that a cost improvement programme would be produced and would form part of the financial strategy to be presented to Council in July 2021. **Action.**
- 2.12 The Council asked if there were activities within the Corporate Plan that could be postponed. The Executive Director of Corporate Services advised that the SMT would review the activities to ensure the timing of expenditure was appropriately phased. **Action**
- 2.13 The Executive Director of Corporate Services provided some examples of potential areas of further cost savings the SMT would explore, she noted that recruitment spend would be reduced, the learning and development budget would be reviewed and that recruitment for vacant posts would take place on a business-critical basis only. The Council noted its concern that much of the focus of cost savings appeared to result in a potential negative impact on employees. The Council considered that process efficiency savings must be the greater focus.
- 2.14 The Council noted that a provision of £126k had been made for the all-employee annual pay award as recommended by the Remuneration Committee. However, the Committee had agreed that the final decision on affordability was needed. The Council stated its concern that were the award not made following a challenging year, its absence could further exacerbate a high turnover rate. The Council accepted counter views that employees had had lower costs of commuting on the whole over the previous year, and that other reward mechanisms were in place. In response to the Council's question on when the decision should be made on the pay award, the Chief Executive and Executive Director of Corporate Services agreed that the decision on pay award should be deferred until work had completed on the Financial Strategy to underpin the full-year budget.
- 2.15 The Council asked for examples of unforeseen additional expenses that might occur in 2021-22, as noted in the paper. The Executive Director of Corporate Services gave the example of the impact of a worker status case brought by an NMC Partner, the judgement of which would impact all regulators.

- 2.16 The Council asked for more detail on the headlines of the costs in table B of the paper. The Executive Director of Corporate Services agreed this would be provided in the full budget. **Action.**
- 2.17 The Council thanked the Executive Director or Corporate Services for the clarity of her paper. The Council agreed that overspends and savings should receive greater focus in the standing finance report to Council. **Action.**
- 2.18 The Council approved the Interim Budget for 1 April – 30 June 2021 and agreed to consider a full year budget for 2021-22 at its July 2021 meeting.

Item 3. 21/58 Any other business

- 3.1 There was no further business.

Item 4. 21/59 Date and time of next meeting:

- 4.1 Thursday 27 May, 10am

Chair:

Date:

Unconfirmed