

HEALTH PROFESSIONS COUNCIL
FINANCE AND RESOURCES COMMITTEE

MINUTES

**of the 3rd Meeting of the Finance and Resources Committee held at Park House, 184
Kennington Park Road, London, SE11 4BU on Thursday 27th June 2002**

PRESENT

Mr Colin Lea, Chairman
Mr Michael W Barham
Mr William A Munro
Mr Keith M Ross
Mrs Barbara A Stuart
Mr Neil Willis

Mr Marc Seale (Chief Executive and Registrar)
Mr Paul Baker FCA (Secretary)

1 APOLOGIES FOR ABSENCE

1.1 Apologies had been received from Mr Robert Clegg, Professor John Harper, Mrs Jackie Stark, Dr Sandy Yule, Professor Norma Brook and Mr Daniel Ross.

2 APPROVAL OF AGENDA

2.1 The Draft Agenda was adopted as the Agenda for the Meeting.

3 APPROVAL OF MINUTES OF THE MEETING HELD ON 30 MAY 2002

3.1 It was agreed that the minutes of the second meeting of the Health Professions Council Finance and Resources Committee be confirmed as a true record and signed by the Chairman.

4 APPROVAL OF MINUTES OF THE RECONVENED MEETING HELD ON 10 JUNE 2002

3.1 It was agreed that the minutes of the reconvened second meeting of the Health Professions Council Finance and Resources Committee be confirmed as a true record and signed by the Chairman.

5 MATTERS ARISING

5.1 A paper indicating progress on various matters was noted as follows.

- 5.2 **Standing Financial Instructions**
A first draft had been typed but was being subjected to appropriate editing and scrutiny by the auditors. This would probably be brought to the Committee at its meeting in September.

ACTION: PKHB/BDO Stoy Hayward

- 5.3 **BDO Stoy Hayward System Review**
A review is being undertaken with the auditors and a report prepared for the Committee Working Party. The matter would probably be brought to the Committee at its meeting in September.

ACTION: PKHB/BDO Stoy Hayward

- 5.4 **Training for Council Members and Finance & Resources Committee**
This would be conducted by BDO Stoy Hayward in London later in November and would last one day. Members of Council not on the Finance and Resources Committee and HPC Budget Managers would also be invited to attend.

ACTION: PKHB/BDO Stoy Hayward

- 5.5 **Cheque signatories**
The auditors had indicated that they would prefer all cheques to be signed by two authorised signatories and consequently the proposed item to have only one signatory on cheques up to £1,000 had been withdrawn.

- 5.6 **Expenses Policy**
A consultation exercise with each member of Council is being set up. It is proposed that a tax representative from BDO Stoy Hayward be in attendance at individual meetings, although it should be stressed that this person may only give general advice, so as to ensure that it cannot be said that he is advising Council Members on a personal basis.

ACTION: PKHB/BDO Stoy Hayward

- 5.7 **Office accommodation**
Monthly report: An internal working group is being set up to work with DEGW plc, who are continuing detailed work towards producing a formal proposal.

- 5.8 The following item was also discussed:

- 5.9 **Telephone system**
Hardware had arrived and training for staff had been planned. The system is likely to be fully operational in July.

6. BUDGET 2002/3

- 6.1 The Secretary appraised the Meeting of the detail of the Revenue Budget for 2002/3, indicating that it had been prepared on a conservative basis. The budgeted deficit was now (version 7) £471,964 following a late amendment to Income.

- 6.2 The Secretary reported that much of the deficit had been occasioned by the change of basis from CPSM whereby Council Members were to be paid Attendance Allowances. The deficit would be funded by reserves in the short term but these would be replenished by funds generated by an increase in fees next year.

- 6.3 The Chief Executive and Registrar indicated that at some point he would recruit an in-house solicitor to assist with assessing legal cases and perhaps reducing the reliance that is placed on external solicitors.
- 6.4 The Committee AGREED that the budget should be implemented and used as a measuring tool during this first year.

COUNCIL RATIFICATION REQUIRED

7 STANDING ORDERS

- 7.1 The Secretary tabled Standing Orders for the Finance and Resources Committee. These were AGREED subject to any notification from Committee Members of any proposed changes.

8 INVESTMENT TERMS OF REFERENCE

- 8.1 Discussion took place with regard to the Secretary's proposed Paper "Investment Policy". The paper suggested that the policy was to "seek a balanced return from income and from capital growth". The Secretary indicated that Daniel Ross, who could not attend the meeting, had reviewed the paper and suggested that an alternative would be to take a total return approach rather than distinguishing between income and capital gains. The Investment Manager had suggested that in the current market of volatile share values, this was a rather dangerous approach.
- 8.2 The Secretary had indicated to the Investment Manager that in the light of the budgeted deficit in the first year of operation of HPC, there might be a requirement for higher liquidity than was usual in case cash was required from the portfolio on a short- or medium-term basis. A slightly more cautious approach was being taken at present due to the volatility of the market. The current emphasis on cash and gilts within the portfolio strengthened the availability of cash.
- 8.3 A discussion took place concerning ethical investments. It was noted that tobacco shares had been excluded from the portfolio. The organisation could at any time ask for certain shares to be excluded. Any member of the Committee or other Council Member could suggest that any specific shares should be excluded and a list of those companies whose shares were currently represented in the portfolio is attached to these minutes. (Appendix 1)
- 8.4 The Chairman, Daniel Ross and Michael Barham were confirmed as a sub-group of the Committee who would monitor the portfolio.
- 8.5 It was confirmed that we should make use of the benchmarking company, the WM Company, recommended by Daniel Ross, at an approximate annual charge of £5,000, to monitor the performance of our investment managers.
- 8.6 The Committee APPROVED the Investment Policy.

COUNCIL RATIFICATION REQUIRED

9 INSURANCE

- 9.1 The Secretary confirmed that the recommended cover up to £500,000 had been ratified by Council and that arrangements were in hand to put this cover in place. The Underwriters had asked for details of four particular cases where expenditure had been high.
- 9.2 The Secretary confirmed that Association Professional Liability Insurance cover up to £1 million was in place to cover any loss arising from any wrongful act of any governor, officer or trustee of the Association. Council Members were Officers of HPC and were therefore covered by this insurance.

10 CHARITABLE DONATIONS

- 10.1 It had been suggested that up to £5,000 could be spent on charitable donations in any year. After discussion, it was AGREED that no charitable donations should be made.

11 ASSESSORS' FEES

- 11.1 A decision on a proposal that all assessors' fees should be paid at a rate of £60 each with effect from 1st July 2002 was deferred pending more information on the number of assessors involved, what the work was and whether it was common to all professions. A proper costing was required. Whilst it was agreed that the same universal fee across the professions was desirable, this would only be equitable if the work was the same.

12 MANAGEMENT ACCOUNTS FOR APRIL/MAY 2002

- 12.1 The Management Accounts for April, which showed a deficit for the month of £242,426 against a budgeted deficit of £321,520 (favourable variance £79,094), were noted.
- 12.2 The Management Accounts for the two months ended 31st May 2002, which showed a cumulative surplus of £201,405 against a budget of £80,650 (favourable variance £120,755), were noted.
- 12.3 The Secretary stated that in conjunction with the auditors he was developing a system to report professional income spread over the financial year (on a subscription basis). This would take the volatility out of the accounts which currently only showed retention income in the month it was due. Income would then be on a comparable basis to expenditure, which was incurred more evenly through the year.
- 12.4 After a request, it was agreed that the annual budget be shown on the face of the management accounts.

13 AUDIT COMMITTEE

- 13.1 It was reported that Ann Foster had been co-opted to sit on the Committee. The Secretary would draw up Standing Orders for the Committee, whose first task would be to draw up a programme of internal audit work, once a Procedures Manual had been devised.

14 ANY OTHER BUSINESS

14.1 Remuneration Committee

It was agreed that in February the Finance and Resources Committee should sit as a Remuneration Committee to assess the annual salary of the Chief Executive and Registrar and his immediate reports. This would link into the Budget of the following year.

15 DATE AND TIME OF NEXT MEETING

15.1 This was confirmed as Tuesday 30th July 2002 at 11 a.m.

Signed (Chairman)

Date

APPENDIX 1

INVESTMENTS

The following equities are included in the Investment Portfolio at 31st March. Any Finance and Resources Committee or Council Member who objects to any particular company on ethical grounds is invited to notify the Secretary of the Committee. The Committee will then consider the removal of the shares from the portfolio.

Mining Rio Tinto	Food and Drug Retailers J Sainsbury Tesco	Small Capital Gartmore Growth HSBC Investment Funds
Oil & Gas BP Shell Transport & Trading	Telecommunications Svcs BT Group Cable & Wireless MMO2 Vodafone	European Equities Gartmore European Growth Fund
Chemicals Imperial Chemical Industries		North American Equities Findlay Park US Smaller Cos
Construction and Building Mats RMC Group	Electricity Innogy Holdings International Power National Grid Scottish Power	Japanese Equities Fleming Japanese Fund
Aerospace and Defence Smiths Group		International Equities Herald Investment Trust Jupiter GB£ Green
Engineering and Machinery Morgan Crucible Tomkins	Water AWG United Utilities	
Beverages South African Brewers	Banks Abbey National HBOS HSBC Lloyds TSB Northern Rock Royal Bank of Scotland	
Food Producers and Processors Cadbury Schweppes Northern Foods Unilever PLC		
Pharmaceuticals & Biotechnology GlaxoSmithkline	Insurance Royal and Sun Alliance	
General Retailers Kingfisher Marks and Spencer Woolworths Group	Life Assurance Britannic Group CGNU Friends Provident Legal & General	
Media and Photography British Sky Broadcasting Carlton Communications Granada Pearson	Real Estate British Land Co Land Securities	
Support Services Compass Group Hays Rentokil Initial	Speciality and Other Finance Schroders	
Transport P & O Railtrack Group	Informational Technology Misys	
	Investment and Unit Trusts Fleming Govett	