

Unconfirmed
THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Mr Marc Seale

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MINUTES of the twenty-sixth meeting of the Finance and Resources Committee held on **Monday 21 November 2005** at Park House, 184 Kennington Park Road, London, SE11 4BU.

PRESENT: Mr R Clegg (Chairman)
 Mr P Acres
 Professor N Brook
 Mr J Camp
 Mrs M Clark-Glass
 Mr M C Davies
 Mr W Munro
 Mr K Ross
 Ms J Sheridan
 Mrs B Stuart

IN ATTENDANCE:

Mr C Bendall, Secretary to the Committee
 Mr S Corbishley, National Audit Office
 Mr R Dunn, Director of Corporate Services
 Ms L Foster, Human Resources Manager
 Mr S Leicester, Finance Manager
 Ms L McKell, Partner Manager
 Mr J Minett, Carr Sheppard Crosthwaite Ltd (part)
 Mr M Seale, Chief Executive and Registrar

Item 1.05/119 APOLOGIES FOR ABSENCE

- 1.1 Apologies for absence were received from Dr R Jones. The Committee noted that the appointment of Dr Jones to the Committee, to replace Ms Sabine, had been ratified by Council at its meeting on 5 October.

Item 2.05/120 APPROVAL OF AGENDA

- 2.1 The Committee approved the agenda.

Item 3.05/121 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 20 SEPTEMBER 2005

3.1 It was agreed that the minutes of the twenty-fifth meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman, subject to the following amendments:-

(i) Item 7.5 should read "The Committee noted that the Council meeting on 5 October would be asked to consider a five-year financial forecast."

(ii) Item 8.3 should read "The Committee noted that there would be an update on the Management Controls Review by Baker Tilly at the Council meeting on 5 October."

Item 4.05/122 MATTERS ARISING

4.1 There were no matters arising.

Item 5.05/123 PRESENTATION FROM HPC'S INVESTMENT MANAGER

5.1 The Committee received a verbal presentation on the performance of investments managed by Carr Sheppard Crosthwaite Ltd.

5.2 The Committee noted that the total return since 30 June 2004 was 25% and the amount invested now stood at £1.646 million. The Committee noted that the investment policy, as revised in August 2004, excluded companies trading in tobacco. The Committee noted that the current investment policy was relatively cautious and the Committee agreed that this approach should be maintained.

5.3 The Committee noted that, in the past, a commission of 0.53% had been charged on each transaction. The Committee noted that a flat fee of 0.5% of the value of the portfolio would be charged in future.

Item 6.05/124 FINANCE REPORT

6.1 The Committee received a report on the work of the Finance Department.

6.2 The Committee noted that the statutory accounts for 2004-5 were close to completion. The Committee noted that the outstanding issues were for Baker Tilly to confirm roles and responsibilities with the National Audit Office and for both organisations to provide their audit opinion about the accounts. The Committee noted that the NAO was satisfied with the audit by Baker Tilly.

- 6.3 The Committee noted that an updated risk assessment document had been prepared, which assigned risks to owners (i.e. managers who were deemed to have primary responsibility on a daily basis).
- 6.4 The Committee noted that the HPC had repaid the loan used to purchase the share capital of Purbrook and Eyres Ltd.
- 6.5 The Committee noted that work was on schedule on the new direct debit system.

Item 7.05/125 HUMAN RESOURCES DEPARTMENT REPORT

- 7.1 The Committee received a report on the work of the Human Resources Department.
- 7.2 The Committee noted that a permanent Education Manager had been appointed and would commence work on 23 January 2006. A team administrator for the Education Department and a Back Office Administrator/Developer for the IT Department had also been recruited. The Committee noted that the team administrator post had been sourced through an employment agency, as there had been a lack of response to advertisements. The Committee noted that the Events Manager post in the Communications Department had been sourced through advertising in a national newspaper.

Item 8.05/126 PARTNER MANAGER REPORT

- 8.1 The Committee received a report on the work of the Partner Manager.
- 8.2 The Committee noted that interviews for the accountant members of the Finance and Resources Committee and the Audit Committee would be held on 28 November. The Committee noted that all six applicants would be interviewed and that the interview panel would include the President, the Chairman and Mr Michael Schofield from the Office of the Commissioner for Public Appointments.
- 8.3 The Committee noted that the Visitor and Registration Assessor performance appraisal system had been piloted among a small group of Partners and was to be presented to the Registration Committee and the Education and Training Committee.

Item 9.05/127 CORPORATE SERVICES REPORT

- 9.1 The Committee received a report on the work of the Corporate Services Director, covering Information Technology, ISO, Office Services and Information Services.
- 9.2 The Committee noted the file delivery mechanism was in place for the new direct debit system which would operate in the UK.

Item 10.05/128 INVESTMENT POLICY

- 10.1 The Committee received a paper for discussion/approval from the Executive.
- 10.2 The Committee noted that, as part of the management response to the review of management controls, the Executive had confirmed that the Committee would review the existing investment strategy and be asked to revise it as appropriate. The revised policy was linked to the reserves policy and provided more background information to each point. The Committee noted that point 2.3 of the revised policy stated that the HPC would directly invest cash reserves in products offered by financial institutions with a Standard and Poor's Credit Rating of at least AA minus (Moody's Credit Rating of AA2) and where the interest rates were market-competitive.
- 10.3 The Committee agreed that the revised investment policy should replace the existing investment policy from 21 November 2005.

Action: SL

Item 11.05/129 RESERVES POLICY

- 11.1 The Committee received a paper for discussion/approval from the Executive.
- 11.2 The Committee noted that, as part of the management response to the review of management controls, the Executive had confirmed that the Committee would review the existing reserves strategy and be asked to revise it as appropriate. The Committee noted that the existing reserves policy was that the HPC should maintain a reserves level equal to three months' overheads. The Committee noted that the revised policy was that the reserves level was a minimum of three average months budgeted operating expenses and a maximum of £4.05m.
- 11.3 The Committee noted that point 2.3 of the revised policy mentioned that, if one of the professions regulated by HPC were to become regulated by another organisation, HPC would need to have sufficient reserves to refund fees collected in advance. The Committee noted that this would require legislative change and was unlikely to occur. The Committee noted that more likely external "shocks" would be events such as a steep rise in the cost of Fitness to Practise cases, or changes to taxation or legislation. The Committee agreed that the revised policy should make reference to those scenarios instead.
- 11.4 The Committee noted that the funds managed by Carr Sheppard Crosthwaite Ltd, held in the business reserve account and invested on the money market would meet the requirements of the revised policy.

The Committee noted that Mr Leicester had approached other healthcare regulators to obtain details of their reserves policies and that he would present his findings to the Committee once the information had been collated.

- 11.5 The Committee agreed that, subject to the amendments discussed, the revised reserves policy should replace the existing reserves policy from 21 November 2005

Action: SL

Item 12.05/130 AMENDMENT TO EMPLOYEE HANDBOOK

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee noted that, as part of the management response to the review of management controls, the Executive had confirmed that the Committee would approve the supplier and expenses policies and procedures. The Committee noted that these changes had been incorporated into the Employee Handbook so that the information was accessible to all HPC employees.
- 12.3 The Committee noted that point 2.4 of the revised policy stated that vouchers for items below £5 (inclusive of VAT) were not required. The Committee agreed that the first sentence of point 2.4 should be amended to read "Receipts are required to substantiate claims, which should be made on the form provided." The Committee agreed that the policy should be revised to state that claims for items below £5, where receipts were not available, would be acceptable. The Committee noted that expenses claims required signature by the claimant and authorisation by their manager. The Committee noted that the Human Resources Department had received legal advice that, if a proposed policy was circulated to employees for comments and subsequently introduced, the policy was binding on all employees.
- 12.4 The Committee noted that point 2.5 of the revised policy stated that staff credit cards would not be issued, unless approved by the Chief Executive. The Committee agreed that it should be amended to read "The current policy relating to staff credit cards is that no credit cards will be issued to staff."
- 12.5 The Committee noted that point 3.1 of the revised policy provided examples of expenses actually and necessarily incurred for business purposes. The Committee agreed that the paragraph should refer to the costs of meals, rather than the cost of meals and alcohol.

- 12.6 The Committee agreed that, subject to the amendments discussed, section 31 of the Employee Handbook should be approved with effect from 21 November 2005

Action: LF/SL

Item 13.05/131 MANAGEMENT ACCOUNTS FOR YEAR TO SEPTEMBER 2005

- 13.1 The Committee received a paper to note from the Executive.
- 13.2 The Committee noted that, after six months of the financial year, HPC had budgeted an operating deficit of approximately £396,300. The actual result for the year to date was a surplus of £466,600, a favourable variance of £862,900. After six months, actual income including investment income totalled £5.74 million with costs at £5.07 million, giving an overall surplus of £668,361. To date, there had been favourable variances in several departments, for reasons such as deferring work to the mezzanine floor and deferring some permanent staff appointments.
- 13.3 The Committee noted that, following the purchase of the share capital of Purbrook and Eyres Ltd, the building at 22-26 Stannary Street had been rented by a printing company until the end of September 2005, generating a rental income of £18,500.
- 13.4 The Committee noted that departments had been asked to complete a reforecasting exercise to identify variances in spending.

Item 14.05/132 SICKNESS ABSENCE POLICY

- 14.1 The Committee received a paper to note from the Executive.
- 14.2 The Committee noted that new employment contracts had been discussed at its meeting on 20 September and had since been approved electronically. As part of this process, the issue of the amount of sick leave offered to employees, and in particularly new employees, had been raised. The Committee had raised concerns about the difficulties of having different sick leave provisions for existing and new employees.
- 14.3 The Committee noted that the policy on sick leave levels would remain unchanged.

Item 15.05/133 HPC SUPPLIER TENDERING

- 15.1 The Committee received a paper to note from the Executive.
- 15.2 The Committee noted that a tendering process for significant supplier contracts had been in place for a number of years, for items such as

building, legal and professional services. The responsibility for managing the supplier relationship, including contract management and contract negotiation relating to fees and service quality, had rested with the HPC manager with the closest operational contact with the supplier. In many cases, the manager had also been the budget-holder incurring the cost for services.

- 15.3 The Committee noted that the tendering process was now formally documented and had been posted on the HPC intranet for all staff to refer to. The Committee noted that the Executive Management Team had approved a change in threshold level (£10,000 to £30,000) for triggering supplier tenders.

Item 16.05/134 DATES OF COMMITTEE MEETINGS 2006-7

- 16.1 The Committee received a paper to note from the Executive.
- 16.2 The Committee noted that meeting dates had been arranged until June 2006, but dates for 2006-7 had not yet been arranged. The Committee noted that the Chairman had been consulted about the proposed meeting dates in the paper and had approved them. The Committee noted the dates as set out in the paper.
- 16.3 The Committee noted that, in the light of the amount of business on the agenda, meetings would start at 10.30am with effect from the meeting to be held on 8 February 2006.

Item 17.05/135 TAX CLEARANCE LETTER TO HM REVENUE AND CUSTOMS

- 17.1 The Committee received a paper to note from the Executive.
- 17.2 The Committee noted that, during negotiations for acquisition of the shares in Purbrook and Eyres Ltd, certain applications for tax clearance had been made and clearances were subsequently granted by HM Revenue and Customs. In order to protect the HPC from tax consequences from might arise from future chargeable payments, Baker Tilly had drafted a clearance letter to send to HM Revenue and Customs.
- 17.3 The Committee noted the draft letter attached to the paper.

Item 18.05/136 ANY OTHER BUSINESS

- 18.1 There was no other business.

Item 19.05/137 DATE AND TIME OF NEXT MEETING

19.1 The next meeting of the Committee would be held at 10.30am on Wednesday 8 February 2006.

19.2 Subsequent meetings would be held at 10.30am on:-
Wednesday 22 March 2006 - preceded by the Remuneration Committee.

Thursday 27 April 2006

Thursday 22 June 2006

Friday 28 July 2006.

CHAIRMAN