
Finance and Resources Committee

Public minutes of the 67th meeting of the Finance and Resources Committee held as follows:-

Date: Thursday 26 January 2012

Time: 10:30 am

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

Present: Richard Kennett (Chair)
Jennifer Beaumont
Julia Drown
John Harper
Arun Midha
Keith Ross
Eileen Thornton

In attendance:

Georgia Akuffo-Kumih, Human Resources Manager
Colin Bendall, Secretary to the Committee
Lara Brennan, Mazars LLP (items 1-6)
Gary Butler, Director of Finance
Ruth Cooper, Personal Assistant to Director of Operations
Roy Dunn, Head of Business Process Improvement
Sarah Edwards, National Audit Office (items 1-6)
Guy Gaskins, Director of Information Technology
Abigail Gorringe, Director of Education
Hayley Graham, Partner Manager
Richard Houghton, Head of Registration
Jeff Lucas, Chair, Audit Committee (observer)
Charlotte Milner, Financial Controller
Greg Ross-Sampson, Director of Operations
Marc Seale, Chief Executive and Registrar
Anna van der Gaag, Council Chair

Item 1.12/1 Apologies for absence

- 1.1 Apologies for absence were received from Mary Clark-Glass, Malcolm Cross and Sheila Drayton.
- 1.2 The Chair of the Committee congratulated Eileen Thornton on receiving a CBE for services to healthcare education and training in the New Year's Honours list.
- 1.3 The Chair of the Committee noted that the Director of Finance would shortly be leaving HPC and wished him the best for the future.
- 1.4 The Chair of the Committee welcomed Lara Brennan of Mazars LLP and Sarah Edwards of the National Audit Office to the meeting.

Item 2.12/2 Approval of agenda

- 2.1 The Committee approved the agenda.

Item 3.12/3 Declarations of members' interests

- 3.1 Members had no interests to declare in connection with the items on the agenda. Keith Ross declared that his wife is a member of the Council for Healthcare Regulatory Excellence.

Item 4.12/4 Minutes of the Finance and Resources Committee meeting of 24 November 2011 (report ref: FRC 1/12)

- 4.1 It was agreed that the minutes of the 66th meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chair.

Item 5.12/5 Matters arising (report ref: FRC 2/12)

- 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 6.12/6 Reconciliation of deferred income: Presentation on findings

- 6.1 The Committee received a presentation from Lara Brennan on Mazars' work to date and their findings in reconciling deferred income. Ms Brennan explained that Mazars had reported on their work and findings to the Executive prior to Christmas, as required by the work brief. This report showed progress and findings to that point and reported further work post-Christmas was required.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2012-01-27	a	F&R	MIN	Minutes Finance and Resources Committee 26 January 2012 public meeting	Final DD: None	Public RD: None

- 6.2 The Committee noted that two main causes of the differences between the NetRegulate registration system and the Sage accounting system had been identified:
- timing differences at the month end. On the last working day of each month, transactions were posted by the Registration department on NetRegulate which were not processed by the Finance department until the next working day. The two departments would work together to ensure that transactions were processed on the same day; and
 - correction adjustments. Where a registrant's record was updated using a correction adjustment, the accounting treatment differed depending on the reason for the correction. Reverse charges for readmissions, which were not shown on the transfer report, were one of the main reasons for the differences. As a temporary solution, the Finance Department would obtain a report from NetRegulate at month end and manually adjust any mis-postings in Sage. As a permanent solution, the NetRegulate system would be amended to automatically take account of these transactions.

6.3 The Committee noted that Mazars had suggested that the April-June 2011 month-end figures should also be investigated. The Committee agreed that it was unnecessary to investigate these figures, as the work to date had significantly reduced the differences between the systems to amounts which no longer reached the limit of materiality.

- 6.4 The Committee agreed that Mazars and the Executive should carry out the further work identified in the presentation, as follows:
- once the monthly difference movements were reduced to an acceptable level, investigate and identify the reason for the historic differences;
 - process all banking before the month end, to ensure issues relating to cut-off dates did not arise;
 - continue to perform monthly reconciliations to monitor the movement in the differences between NetRegulate and Sage; and
 - instruct Digital Steps to fix transfer errors in the software.

Action: GB/CM/Mazars (ongoing)

6.5 The Committee noted that, as part of the planned external audit work for 2011-12, the National Audit Office (NAO) had started its interim audit to

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2012-01-27	a	F&R	MIN	Minutes Finance and Resources Committee 26 January 2012 public meeting	Final DD: None	Public RD: None

review transactions to 31 December 2011. The final audit was due to take place in May 2012. The Committee noted that the work undertaken by Mazars and the Executive would help to assure the NAO that the differences between the systems had been investigated as far as possible, although the NAO would be conducting its own investigation on this matter during the interim audit and report back to the Audit Committee at the meeting of 13 March.

Item 7.12/7 Registrant creditor policy (report ref: FRC 3/12)

- 7.1 The Committee received a paper for discussion/approval from the Executive.
- 7.2 The Committee noted that the policy determined the approach which HPC should take when a registrant’s record had a positive balance but the registrant had lapsed from the register. The paper proposed that, where appropriate, HPC would in future make a refund as soon as practical after the registrant had lapsed. The revised policy had also been reviewed by HPC’s solicitor.
- 7.3 The Committee agreed to recommend the policy to Council for approval.

Item 8.12/8 Finance report (report ref: FRC 4/12)

- 8.1 The Committee received a report on the work of the Finance department.
- 8.2 The Committee noted that the pension scheme for the Council for Professions Supplementary to Medicine was in the final stages of being wound up. It was expected that this would be completed by the end of the 2011-12 financial year. The Executive believed that any surplus from the scheme would be subject to tax, but the net surplus would be put toward the costs of winding up.
- 8.3 The Committee noted that the Flexiplan pension scheme (the previous employee pension scheme) remained in deficit. The initial court hearing to determine each employer’s liability for funding the deficit was now expected to take place in late January or February 2012. The final hearing was expected to take place in September 2012. The deficit was being monitored and if it reduced in the future, it was possible that there would be an opportunity for HPC to stop payments towards the deficit.
- 8.4 The Committee noted that the report included a comparison between actual figures and the six month reforecast. The Committee noted that a nine month reforecast was due to be prepared in February 2012. The Committee agreed that the nine month reforecast should be presented to its next meeting.

Action: GB/CM (by 15 March 2012)

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2012-01-27	a	F&R	MIN	Minutes Finance and Resources Committee 26 January 2012 public meeting	Final DD: None	Public RD: None

8.5 The Committee noted that there may be some corporate accounts which offer higher interest rates than the rates which currently applied to HPC's funds under management. The Committee agreed that the Executive should review this as and when invested funds are approaching maturity.

Action: GB/CM (by 15 March 2012)

Item 9.12/9 Draft budget 2012-13 (report ref: FRC 5/12)

9.1 The Committee received a paper for discussion/approval from the Executive.

9.2 The Committee noted that the current draft budget forecast a deficit for 2012-13. However, it was expected that income would significantly increase in 2013-14, due to the regulation of social workers in England. The Committee noted that, on 11 January 2012, the Chair of the Committee and the Chair of Council had attended the Executive Management Team's awayday to discuss the draft budget. The Committee noted that the draft budget was indicative and would be subject to the following revisions:

- in preparation for the transfer of regulatory functions, the Fitness to Practise Department had agreed to advise its counterpart at the General Social Care Council (GSCC) on cases. This would enable HPC to understand the risks involved in cases and action which would be required once the transfer took place. The Department of Health had indicated that it would be prepared to make a grant towards these costs and other costs associated with the transfer of regulatory functions. The Executive would shortly make an application for a grant and this would be included in the revised draft budget;
- inclusion of comparator figures in the narrative, for ease of reference;
- inclusion of explanatory notes on each page of the budget; and
- inclusion of information on the proposed restructuring of the Fitness to Practise Department.

9.3 The Committee noted that the command paper 'Enabling Excellence' had stated that the costs of healthcare regulation should be reduced. The Committee noted that the government had asked the Council for Healthcare Regulatory Excellence to review differences in fitness to practise costs at each regulator and to compare each regulator's costs. HPC had provided information to the researchers conducting the review.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2012-01-27	a	F&R	MIN	Minutes Finance and Resources Committee 26 January 2012 public meeting	Final DD: None	Public RD: None

9.5 The Committee agreed that the Executive should revise the draft budget to include the information set out in paragraph 9.2, for consideration at the Committee's meeting on 15 March 2012.

Action: GB/CM (by 15 March 2012)

9.6 The Chair reported to the Committee that at a recent meeting with the Executive he had requested that the formats used for the management accounts, the budget and the five year plan, which currently are all presented slightly differently, are unified to simplify preparation, comparability and understanding.

Action: GB/CM/RD (by 15 March 2012)

Item 10.12/10 Human Resources report (report ref: FRC 6/12)

10.1 The Committee received a report on the work of the Human Resources department.

10.2 The Committee noted that GSCC had begun formal consultations with its employees in mid-January 2012 about the Cabinet Office Statement of Practice on Staff Transfers in the Public Sector and about collective redundancies which were likely as a result of GSCC's abolition. The Human Resources department was providing any necessary information required by GSCC, in order to assist in the consultations.

10.3 The Committee noted that work had begun on preparation of salary information in advance of the annual pay review. Annual performance and development reviews had started for all employees.

Item 11.12/11 Partner Manager report (report ref: FRC 7/12)

11.1 The Committee received a report on the work of the Partners team.

11.2 The Committee noted that, following interviews in November and December 2011, HPC had recruited social worker partners: 33 registrant panel members, 18 visitors and 21 registration assessors. The Committee noted that the independent assessor on the interview panels had praised the process as exemplary. The Committee thanked the Partner Manager for her work on the recruitment process.

11.3 The Committee noted that, in order to ensure that all panel members were appraised within acceptable timescales, appraisals would be conducted at all types of public hearings instead of only at final hearings.

11.4 The Committee noted that the previous Partner Manager, who had been on maternity leave, had resigned for personal reasons. The Committee

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2012-01-27	a	F&R	MIN	Minutes Finance and Resources Committee 26 January 2012 public meeting	Final DD: None	Public RD: None

congratulated Hayley Graham on her appointment to the role on a permanent basis.

Item 12.12/12 Information Technology report (report ref: FRC 8/12)

- 12.1 The Committee received a report on the work of the Information Technology Department.
- 12.2 The Committee noted the following points:
- the website is being developed in a series of phases. The other phases are due to be released in mid-January and February 2012;
 - the project to process credit card details in accordance with Payment Card Industry Data Security Standards is due to be implemented by 25 February 2012;
 - the NetRegulate registration system had been unavailable for several hours on 8 December 2012 and 17 January 2012. The Committee noted that action had been taken to address the causes of both incidents; and
 - there had been two unsuccessful rounds of recruitment for the new post of Infrastructure Support Engineer. The Executive had revised its approach and a further round of recruitment would take place.

Item 13.12/13 Operations report (report ref: FRC 9/12)

- 13.1 The Committee received a report on Operations, covering the Registration Department, project management, facilities management and business improvement.
- 13.2 The Committee noted that in the financial year to December 2012 there had been approximately 70,000 online renewals compared to approximately 41,000 paper-based renewals.
- 13.3 The Committee noted that the status of major projects had recently improved.

Item 14.12/14 Transfer of regulatory functions from General Social Care Council to HPC (report ref: FRC 10/12)

- 14.1 The Committee received a paper for discussion/approval from the Executive.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2012-01-27	a	F&R	MIN	Minutes Finance and Resources Committee 26 January 2012 public meeting	Final DD: None	Public RD: None

- 14.2 The Committee noted that the Executive continued work in preparation for the transfer of the register and fitness to practise cases.

Item 15.12/15 Yearly summary of customer service feedback (report ref: FRC 11/12)

- 15.1 The Committee received a paper for discussion/approval from the Executive.
- 15.2 The Committee noted that, since 2004, HPC had logged all customer service feedback. This included complaints and positive feedback, which were used to assist in development of training programmes, performance appraisals and workplans. The paper summarised feedback received between 1 October 2010 and 30 September 2011, trends in feedback and corrective action taken to ensure continuous improvement.
- 15.3 The Committee agreed that the paper was excellent. It was suggested that any future paper should include details of corrective action taken and that the Executive could publicise HPC's use of feedback.

Item 16.12/16 Any other business

- 16.1 There was no other business.

Item 17.12/17 Date and time of next meeting

- 17.1 The next meeting of the Committee would be held at 10.30 am on Thursday 1 March 2012 (Remuneration Committee only)
- 17.2 Subsequent meetings would be held at 10.30 am on
- Thursday 15 March 2012
Thursday 26 April 2012
Tuesday 19 June 2012
Thursday 19 July 2012
Tuesday 11 September 2012
Tuesday 20 November 2012

Resolution

The Committee agreed to adopt the following resolution:

'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;

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2012-01-27	a	F&R	MIN	Minutes Finance and Resources Committee 26 January 2012 public meeting	Final DD: None	Public RD: None

- (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 Chair, 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 18.12/18 Private minutes of the Finance and Resources Committee of 24 November 2011 (report ref: FRC 12/12)

It was agreed that the private minutes of the 67th meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chair.

Item 19.12/19 Matters arising

There were no matters arising from the minutes.

Item 20.12/20 Office accommodation – proposed purchase (report ref: FRC 13/12)

The Committee agreed to recommend to the Council that it should purchase additional office accommodation.

Item 21.12/21 Office accommodation – proposed lease (report ref: FRC 14/12)

The Committee agreed that the Executive should negotiate a proposed lease of additional office accommodation and agreed that Council should be notified of the proposal.

Item 22.12/22 Transfer of regulatory functions from General Social Care Council to HPC (report ref: FRC 15/12)

The Committee discussed issues related to the transfer of regulatory functions from the General Social Care Council to HPC.

Item 23.12/23 Any other business

There was no other business.

**Chair
Date**

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2012-01-27	a	F&R	MIN	Minutes Finance and Resources Committee 26 January 2012 public meeting	Final DD: None	Public RD: None