

Professional Standards Authority for Health and Social Care

# Annual Report and Accounts 2019/2020



HC 443  
SG/2020/82



# Professional Standards Authority for Health and Social Care

## Annual Report and Accounts 2019/2020

Presented to Parliament pursuant to Schedule 7, Paragraph 16 (2) of the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012.

Laid before the Scottish Parliament by the Scottish ministers under the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012.

Laid before the Northern Ireland Assembly in accordance with the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012.

Laid before the Welsh Parliament in accordance with the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012.

Ordered by the House of Commons to be printed 16 July 2020.

HC 443  
SG/2020/82





© Professional Standards Authority copyright 2020

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/official-documents](http://www.gov.uk/official-documents).

Any enquiries regarding this publication should be sent to us at [info@professionalstandards.org.uk](mailto:info@professionalstandards.org.uk)

ISBN 978-1-5286-2022-2

CCS0420429148 07/2020

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

# Contents

Foreword from the Chair .....	6
1. Performance report .....	9
2. Chief Executive's statement.....	16
3. Key performance indicators .....	17
4. Regulatory and standards setting work .....	19
5. Accountability report .....	37
6. Remuneration and staff report .....	51
7. Parliamentary accountability and audit report.....	58
8. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, the Scottish Parliament and the Northern Ireland Assembly and the Welsh Parliament .....	61
9. Financial statements – statement of financial position as at 31 March 2020	65
10. Financial statements – statement of comprehensive net expenditure for the year ended 31 March 2020 .....	66
11. Financial statements – statement of cash flows for the period ended 31 March 2020 .....	67
12. Financial statements – statement of changes in taxpayer's equity for the year ended 31 March 2020 .....	68
13. Notes to the accounts .....	68

## Foreword



It is my pleasure to introduce this annual report, our first since I took up position earlier this year as Chair. The report naturally focuses on 2019/20, and therefore reflects a period when

the organisation was chaired by my predecessor, George Jenkins. I would like to take this opportunity to thank George for all he has done for our organisation and in turn, the sector and the wider public.

We oversee the work of nine statutory bodies that regulate health and social care professionals in the UK, and now in addition a new regulator, Social Work England (SWE), responsible for the regulation of social workers in England. It has greater flexibility than many in the ways it can regulate its profession, and it is off to a sound start. There is a large cadre of social workers and the establishment of a stand-alone regulator for this profession will provide many opportunities to maintain and improve professional practice.

There have been other developments in the scope of regulation: the Nursing and Midwifery Council now regulates Nursing Associates, and the General Medical Council is preparing to regulate Physician Associates and Anaesthesia Associates, subject to legislation. We believe regulation should reach each of these groups, but of course all regulation should be proportionate in outline, and in its actual delivery. We will report on these developments in the year ahead.

In undertaking our oversight role, we strive to strike a proper balance between scrutiny on the one hand, and advice and support on the other.

In our scrutiny reviews of regulators' performance over the year, we have found that they have generally performed well against the standards we set, and some have gone further, taking steps to improve training, to fine-tune professional standards and to evaluate carefully the complex issues of continuing competence and those relating to diversity. In addition, in the last month of 2019/20, all the regulators have had to take steps to deal with the Covid-19 pandemic. This has had a significant impact on the staff at the regulators and on their registrants. The Authority has provided support and guidance to the regulators in relation to their responses to the pandemic.

In reviewing regulators' decisions about whether individuals on their registers are fit to practise, we find that the bulk of cases are managed to a high standard, with findings and sanctions that protect the public appropriately. However, there is room for improvement. For example, we find that some regulators are not consistently good at preparing cases properly for hearings and that serious concerns are not put before the Fitness to Practise panels that determine these cases. And we find that some panels do not always take full account of the public interest elements of fitness to practise and so reach decisions which the public – and sometimes the individual patients – do not understand.

To support regulators in these areas, we have assisted in the training of members of their Fitness to Practise panels – working particularly with the Health and Care Professions Council (HCPC) and SWE. In addition, and building on our evidence base, we have published research on maintaining public confidence in fitness to practise decisions and on the consistency of outcomes of cases. We hope to see evidence of our published advice making a positive difference, in our scrutiny of regulators in the year ahead.

As our evidence base grows, we are able increasingly to collate and analyse our data and information, to add value and to support the professions and their regulators. This year we have published research reports on sexual misconduct in health and social care, and the role of patients in ensuring the safety of care they receive.

As we have made plain in the past, we wish to see more proportionate, effective and efficient regulatory arrangements. We welcomed (in July 2019) the government's response to its consultation on regulatory reform for healthcare professionals. We will continue to work with the government and others to develop proposals for legislation and other ways to improve regulation. We will reflect on the Covid-19 pandemic and what lessons might be learned that may be relevant for the reform proposals.

The Accredited Registers' programme is able to provide valuable assurance to members of the public who wish to use services provided by those covered by the programme (89,000 practitioners across 26 registers). During 2020/2021 the Authority intends to address three important matters; first the need to find a sustainable financial model for the programme; second the challenge of ensuring that it becomes well known and understood by those who can benefit from it; and third, the need to ensure that the risks of accreditation remain well controlled. We will undertake a strategic review of the programme to identify the way forward.

We recognise that more than ever, collaborative approaches to regulation are needed, to promote coherence across the sector, and as cross-disciplinary teamwork is increasingly the

norm in clinical settings and as new disciplines emerge. In November 2019 we held a successful symposium on collaborative regulation. We also provided advice to government and others during the year about the level of assurance needed to support new and changing roles in the workforce, for example sonographers.

What is more, regulation needs to be able to flex and to do so speedily, to enable health and social care professionals to rise to unexpected challenges, most notably the Covid-19 pandemic. We are pleased that regulation is playing its proper part. The regulators and accredited registers have acted swiftly, in some cases to allow for the return of those who have recently left professions and to provide greater flexibility and support for all registrants, whilst still maintaining the primacy of professional standards and protecting patients and the public.

As the overseeing body, we have supported the regulators and those responsible for Accredited Registers and provided assurance to government about their management of the situation. There will be an ongoing need for regulation to flex in the right way, in response to Covid-19, and we will continue to do all that we can to support and promote proportionate approaches while maintaining public protection to the appropriate standard.

To conclude, it has been a successful and productive year for the Authority. As we look forward to 2020/21 and beyond, the Professional Standards Authority remains as committed as ever to improving regulation to protect the public.

---

# **Annual Report and Accounts 2019/2020**



# 1. Performance report

## Overview

- 1.1 This report sets out the work of the Professional Standards Authority over the last year

## About the Professional Standards Authority

- 1.2 The Professional Standards Authority for Health and Social Care (the Authority) was established on 1 December 2012. Its role and duties are set out in the Health and Social Care Act 2012.<sup>1</sup> In brief, the Authority protects the public by raising standards of regulation and registration of people working in health and care. The Authority is an independent UK body.
- 1.3 The Authority has a board comprising seven non-executive members and one executive member who is appointed by the Board.
- 1.4 The non-executive members are appointed by the Privy Council, Scottish and Welsh ministers, and the Department of Health in Northern Ireland.
- 1.5 The Authority is primarily funded by the fees paid by the regulators we oversee. Under the Acts of Parliament that govern what we do, we have the powers to carry out a range of activities to promote the health and wellbeing of patients, and the wider public in relation to the regulation of health and social care professionals.
- 1.6 We have duties and powers in relation to:
- The oversight of 10 statutory bodies that regulate health and social care professionals in the UK
  - The accreditation of the registers held by non-statutory registering bodies of health and care professionals
  - The provision of commissions to, and undertaking investigations for, government
  - The provision of advice to other similar organisations in the UK and overseas.
- 1.7 The Authority reports to the UK Parliament and works closely with the devolved administrations in Northern Ireland, Scotland and Wales, and with the Department of Health and Social Care and the Department of Education in England, to deliver our statutory obligations and the key objectives of our business plan. This includes identifying and responding appropriately to both internal and external risks.
- 1.8 The Authority is an unclassified public body.<sup>2</sup>

## What we do

### *Regulatory and standards setting work*

- 1.9 The Authority has powers to:

---

<sup>1</sup> Available at [www.legislation.gov.uk/ukpga/2012/7/contents/enacted](http://www.legislation.gov.uk/ukpga/2012/7/contents/enacted)

<sup>2</sup> Context at

[www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/datasets/publicsectorclassificationguide](http://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/datasets/publicsectorclassificationguide)

- Investigate, compare and report on the performance of each regulator. We are specifically required to report to Parliament on how far each regulator has complied with any duty imposed on it to promote the health, safety and wellbeing of patients, and the wider public
  - Audit the initial stages of fitness to practise cases and report on our findings in relation to each regulator
  - Review the outcome of final fitness to practise cases and refer them to Court if we consider that the outcome is insufficient to protect the public<sup>3</sup>
  - Give directions requiring a regulator to make rules under any power the body has to do so.
- 1.10 We promote the health and wellbeing of patients, and the wider public in the regulation of health and social care professionals. To do this, we listen to people's views and concerns and consider them when developing our work.
- 1.11 We assist the Privy Council in the exercise of their appointment powers in respect of the regulators and support the quality of appointments to regulators' councils. In consultation with the regulators, we have produced standards for the Privy Council relating to recruitment and appointments to the regulators' councils. We will be reviewing our guidance during 2020/21 to ensure that it is proportionate and not unnecessarily burdensome.
- 1.12 We scrutinise and oversee the work of the 10 regulators that set standards for the training and conduct of health and social care professionals.
- 1.13 We promote good practice and right-touch regulation. We work with the regulators to improve quality and share good practice. For example, we share learning points arising from the scrutiny of fitness to practise cases and organise seminars to explore regulation issues.
- 1.14 We share good practice and knowledge with the regulators, conduct research and introduce new ideas about regulation to the sector. We work closely with, and advise, the four UK government health departments on issues relating to the regulation of health and care professionals. In addition, we monitor policy in the UK and Europe.
- 1.15 The regulators are the:
- General Chiropractic Council (GCC) which regulates chiropractors in the UK
  - General Dental Council (GDC) which regulates dentists, dental nurses, dental technicians, dental hygienists, dental therapists, clinical dental technicians and orthodontic therapists in the UK
  - General Medical Council (GMC) which regulates doctors in the UK
  - General Optical Council (GOC) which regulates optometrists, dispensing opticians, student opticians and optical businesses in the UK
  - General Osteopathic Council (GOsC) which regulates osteopaths in the UK

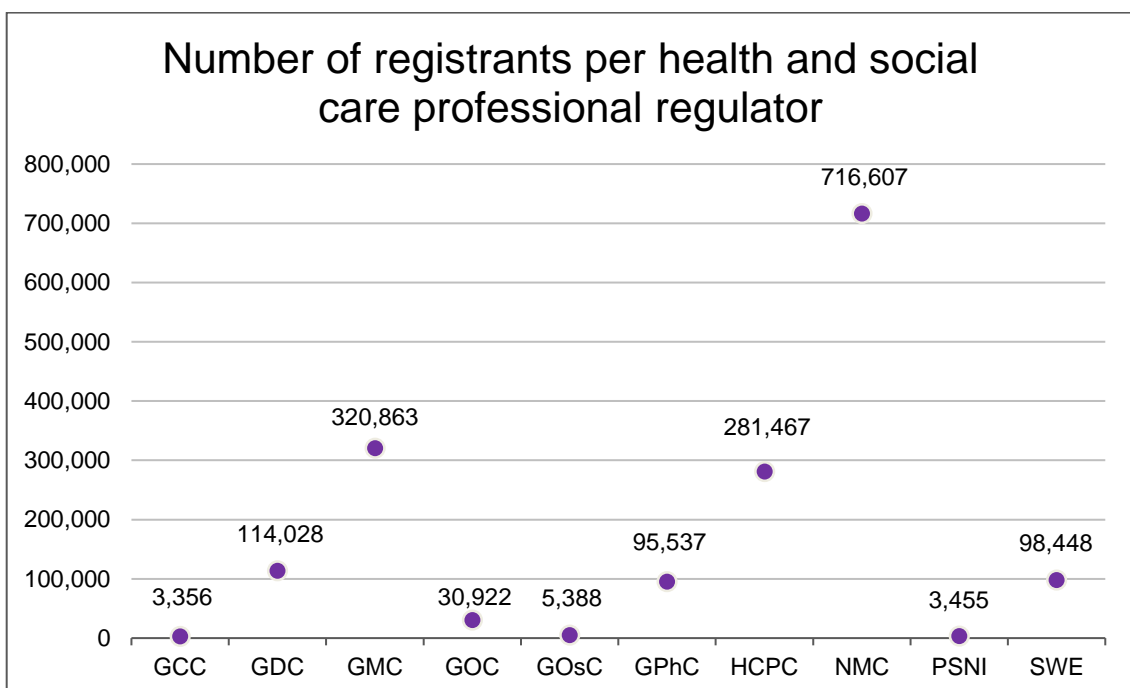
---

<sup>3</sup> As of 31 December 2015 the phrase 'insufficient to protect the public' replaced the phrase 'unduly lenient'.

- General Pharmaceutical Council (GPhC) which regulates pharmacists, pharmacy technicians and pharmacy premises in England, Wales and Scotland
- Health and Care Professions Council (HCPC) which regulates arts therapists, biomedical scientists, chiropodists/podiatrists, clinical scientists, dieticians, hearing aid dispensers, occupational therapists, operating department practitioners, orthoptists, paramedics, physiotherapists, practitioner psychologists, prosthetists and orthotists, radiographers and speech and language therapists in the UK
- Nursing and Midwifery Council (NMC) which regulates nurses and midwives in the UK and nursing associates in England
- Pharmaceutical Society of Northern Ireland (PSNI) which regulates pharmacists and pharmacy premises in Northern Ireland
- Social Work England (SWE) which regulates social workers in England.

1.16 Details of the number of registrants in each health and social care professional regulator we oversee (as at 31 March 2020) are shown below.

**Table 1 Number of registrants per health and social care professional regulator**



### **Accredited Registers**

1.17 The Authority has a statutory role in strengthening quality and patient safety by setting standards and accrediting registers of people working in occupations not regulated by law. As at 31 March 2020, there were 26 accredited registers.

1.18 The purpose of accreditation is to improve the quality of registration carried out by the organisations holding these registers and to promote good standards of behaviour, technical competence and, where relevant, business practice by their registrants. It is intended to enhance public protection and support choice by

members of the public when seeking services from practitioners in occupations not regulated by law. It is a proportionate means of managing risks.

### ***Commissions from Government(s)***

- 1.19 We support the work of the Secretary of State for Health and Social Care, the Secretary of State for Education, the Welsh Parliament, Scottish ministers and the Department of Health Northern Ireland by providing advice about the regulation and standards of health and care professionals. We also provide advice on other matters when asked to do so.
- 1.20 The Secretaries of State and Health Ministers in Scotland, Wales and Northern Ireland may also ask us to investigate matters of concern. As set out in the Health and Social Care Act 2012, the Department of Health and Social Care and devolved administrations pay a fee, determined by the Authority, for this work.
- 1.21 We consult with the UK government and the governments in Wales, Scotland and Northern Ireland on the development of guidelines for the sector and respond to their consultations. In addition, we keep abreast of international developments, particularly in Europe, that may affect health and social care regulation in the UK. We work with colleagues in the UK and internationally, ensuring that we are aware of these developments and that we strengthen our relationships with these partners.

### ***Advice to other organisations***

- 1.22 Our legislation permits us to provide advice or auditing services to regulators and to others that have similar functions to those of a regulator, whether or not these functions relate to health or social care. This work is paid for by the organisation requesting the advice.

### ***Our values***

- 1.23 Our values describe how we work with colleagues and external stakeholders. We strive to promote, develop and demonstrate these values in everything we do. A positive culture leads to better performance and better outcomes for patients and the public.
- 1.24 Our values are:
  - Integrity – we will be open, honest and trust each other
  - Transparency – we will be clear about our performance and the reasons for our decisions with all stakeholders
  - Respect – we will treat each other, and those we work with outside the organisation, with respect at all times
  - Fairness – we will strive to be fair in all our decision-making
  - Teamwork – we will work in partnership to deliver better outcomes for patients and the public.
- 1.25 Our values are explicit in the way we work; how we approach our oversight of the registration and regulation of those who work in health and social care, how we develop policy advice and how we engage with all our partners. We strive to be consistent in the way we apply our values.

- 1.26 We are independent but hold ourselves accountable to the public and to the parliaments and assembly of the UK for what we do and how we do it.
- 1.27 We listen to the views of people who receive care. We seek to ensure that their views are considered in the registration and regulation of people who work in health and social care.
- 1.28 We develop and promote right-touch regulation.<sup>4</sup> This is regulation that is proportionate to the risk of harm to the public and provides a framework in which professionalism can flourish and organisational excellence can be achieved.<sup>5</sup> We apply the principles of right-touch regulation to our own work.

### **Our aim**

- 1.29 We work to protect the public, set standards and encourage improvement in the registration and regulation of people who work in health and social care. The safety of the public is at the heart of everything we do.

### **Strategic objectives for 2019-22**

- 1.30 The Authority's corporate strategic objectives for 2019-22 which were agreed by the Board in May 2019 are set out below.

#### **Strategic aim 1**

- 1.31 To protect the public by delivering highly effective oversight of regulation and registration.
- To deliver our statutory duties, targeting our resources where there is greatest risk to the public
  - To be transparent in our decision-making and reporting, recognising those who are committed to achieving high standards and being rigorous, clear and fair when reporting non-compliance with our standards
  - To support high standards in health and social care regulation and registration through the effective use of information, data and intelligence
  - To lead the development of more effective regulation through research, commissioned work, policy advice and the use of our right-touch assurance model; and by shaping regulatory reform.
- 1.32 In 2019/20 we:
- Delivered robust and fair performance reviews of the statutory regulators; used our Section 29 powers to review the outcomes of Fitness to Practise panels; managed the Accredited Registers programme; and reported our findings to Parliament
  - Undertook commissions; conducted investigations and audits; and provided policy advice to governments

---

<sup>4</sup> Professional Standards Authority (2010). *Right-touch regulation*. Available at [www.professionalstandards.org.uk/policy-and-research/right-touch-regulation](http://www.professionalstandards.org.uk/policy-and-research/right-touch-regulation)

<sup>5</sup> Organisational excellence is defined as the consistent performance of good practice combined with continuous improvement.

- Contributed to improvements in regulation through research, use of data, shaping regulatory reform, implementing our new standards, and encouraging collaboration
- Further developed our right-touch assurance model, inform others about the model and make use of it in the health and social care sector.

### ***Strategic aim 2***

- 1.33 To maintain strong relationships with statutory regulators, organisations with accredited registers and other stakeholders to improve the impact of our work.
- To work collaboratively with all regulators in health and social care to improve the effectiveness of regulation
  - To be a leading voice in regulation, enhancing effectiveness through sharing research and learning
  - To work with statutory regulators and organisations with accredited registers to facilitate the sharing of good practice and to support them in raising standards in professional practice
  - To take account of the views of all stakeholders in developing our regulatory approach.
- 1.34 In 2019/20 we:
- Organised and contributed to events facilitating the sharing of knowledge, learning and good practice
  - Revised our stakeholder engagement strategy and used this to shape regulatory reform and improve the way we work
  - Sought feedback about our work from the regulators and organisations with accredited registers
  - Engaged with system regulators in health and social care to seek synergies with professional regulation, and with others to share good practice in regulation and right-touch assurance.

### ***Strategic aim 3***

- 1.35 To have a skilled, diverse and motivated team who are proud to work at the Authority and are committed to achieving our objectives.
- To further improve the Authority's working environment and culture, and uphold the values of the organisation
  - To lead, motivate and support colleagues to deliver excellent work
  - To attract and retain the right people with the right skills
  - To improve expertise and support delivery through high quality learning and development.
- 1.36 In 2019/20 we:
- Implemented a more effective appraisal process
  - Used feedback from staff to identify and implement improvements in our working environment

- Provided a range of relevant and useful professional development opportunities for all staff
- Reviewed our organisational values and promoted and monitored these values throughout the Authority.

#### **Strategic aim 4**

- 1.37 To seek continuous improvement in the way we run the Authority and our value for money for registrants, patients and the public.
- To maintain and review regularly the governance arrangements which give appropriate oversight to matters within the Authority's legislative remit
  - To develop and maintain high quality leadership and management practises
  - To maintain and improve cost-effectiveness and quality by systematically reviewing systems, processes and procedures, and by working with others
  - To ensure the continued financial viability of the Authority.
- 1.38 In 2019/20 we:
- Reviewed our governance arrangements and further improved our assurance processes
  - Invested in leadership and management development across the organisation
  - Improved our effectiveness and increased our value for money, for example by improving the efficiency of processes and making better use of technology
  - Demonstrated robust financial management and reporting.

#### **Business principles**

- 1.39 The Authority started operating with four work streams in 2012 and has, in the intervening period, increased the rigour of separation between them. We nevertheless recognise that our stakeholders will be looking for transparency with regards to how we operate.
- 1.40 We set out below the principles that we work to:
- **Regulatory and standards setting work:** All fees from the regulators are applied solely to our statutory functions of regulatory oversight and improvement as set out in our legislation. Any surplus or deficit generated against our budget as approved by the Privy Council will be used in the calculation of the following year's fee
  - **Accredited Registers:** All fees for accreditation or renewal from registers are applied solely to provide and develop the accredited registers programme. Any surplus generated will be retained for the benefit of the programme
  - **Commissions from Government(s):** The pricing of commissions and consultancy contracts will cover all costs associated with the work. Any surplus arising will be deployed at the Board's discretion to support our organisational objectives in the public interest
  - **Advice to other organisations:** The pricing of commissions and consultancy contracts will cover all costs associated with the work. Any surplus arising will

be deployed at the Board's discretion to support our organisational objectives in the public interest.

- 1.41 Surpluses will be applied according to these principles after the requirements of our reserves policy have been met.
- 1.42 To ensure transparency we will:
  - Publish our annual accounts and fully disclose our audited financial statements
  - Show clearly our income and expenditure in relation to each of the Authority's four functions
  - Publish an internal auditor's statement setting out our compliance with these business principles.
- 1.43 In conjunction with these principles our Board has established a reserves policy.
- 1.44 The Authority has agreed to hold reserves of three months' total operating costs of circa £1 million, within which it draws a distinction between:
  - A restricted element associated with regulatory and standards work
  - An unrestricted element associated with all the Authority's work.
- 1.45 The level and make-up of our reserves will be reported through our Annual Report.
- 1.46 Any money taken from reserves during the year will need to be replaced in the following year(s).

## 2. Chief Executive's statement

- 2.1 The Authority has fulfilled its statutory duties during the year under review. We have published reviews of the performance of all nine statutory regulators (10 regulators from December 2019) during the year. We have also worked closely with the HCPC and SWE to oversee the set-up of the new regulator for social workers in England, which became operational in December 2019. In January 2020 we published an overview of our work and its contribution to protecting the public.
- 2.2 A total of 2,783 final determinations were notified to us by the regulators this year. We implemented successfully our new Section 29 database in October 2019. The Authority made 21 referrals to Court under our Section 29 powers. We accredit 26 occupational registers and we have continued to work with the Department of Health and Social Care to put the programme on a secure financial footing.
- 2.3 The Government consulted on regulatory reform towards the end of 2017 and we made a significant contribution to the background of those proposals with our publication *Right-touch reform*. The Government published its response to the consultation in July 2019. We will continue to work with the Government, and with the regulators, to develop proposals for legislation to improve the effectiveness and efficiency of regulation.
- 2.4 This year we published, and subsequently piloted, our new Standards of Good Regulation. Assessments against these Standards were implemented from January 2020.
- 2.5 Our commitment to research and learning has continued with our annual academic and research conference. This was our seventh conference and our largest ever,



with presentations from countries around the world. There is good collaboration between regulators and academic institutions who together are developing a robust evidence base for regulation. The academic conference was accompanied by a futurology seminar, considering challenges for regulation in the future from developments such as artificial intelligence. We also held a symposium on collaborative regulation, a Welsh stakeholder conference, a fitness to practise seminar in Scotland and an Accredited Registers conference; all being well supported by high quality speakers and participants.

- 2.6 We have continued to develop our international relationships and have contributed to the CLEAR conferences in Vancouver and Minneapolis, and the IAMRA conference in Chicago. Our international reputation, as demonstrated by the large number of requests for advice and meetings we receive, is significant and growing. In November 2019, I joined the CLEAR Executive Leadership in Regulation Committee to share the experience and expertise of the Authority with international partners.
- 2.7 The quality of our work derives from the quality of our staff. In November 2019 we carried out our second annual staff survey to identify what the Authority does well and where we can improve. We were pleased to note a high level of staff satisfaction in the survey results. Nonetheless, a number of changes have already been made in response to the survey and we have further improvements planned for 2020/21.
- 2.8 As Chief Executive I am confident that the Authority is performing well; it is maintaining the high quality of its outputs and working within its business principles and budget. The directors take personal responsibility for their budgets and for the risks including opportunities associated with their areas of work which are reviewed regularly by the Directors Group and overseen by the Audit and Risk Committee, the Scrutiny Committee and the Board.

### 3. Key performance indicators

- 3.1 This section explains how we measure performance. In our annual business plan, we set out various key performance indicators (KPIs) for our work. We review them as part of the work programme of the Directors Group. We discuss them with officials in the Department of Health and Social Care and the administrations in Scotland, Wales and Northern Ireland at our periodic information-sharing meetings.
- 3.2 Our performance against those KPIs that are most likely to be of public interest during 2019/20 is set out below:

Area of work	Key performance indicators	Performance
Section 29 decisions	100% of relevant decisions considered within statutory deadline	99.96% [2782/2783 <sup>6</sup> ]

<sup>6</sup> One case was missed because of an administrative oversight. The case would not have met our threshold for action and measures have been put in place to ensure there is no repetition.

Public concerns about Regulators	100% of concerns acknowledged within five working days	98% <sup>7</sup> [409/416]
Finance	To pay undisputed invoices: 60% in five days 100% in 10 days Budgeted income / expenditure variance less than 5% (excluding Section 29 that is outside our control) Payment error rate less than 3% Late purchase order rate less than 10%	66% 526/799 100% 799/799 3.21% 134/4,183 0.00% 0/799 8.43% 35/415
HR	Staff sickness no more than 2% Staff turnover to be less than 10% Average recruitment process less than 16 weeks	4.1% [413/9959 <sup>8</sup> ] 7.3% [3/41] 10.4 weeks
ICT	85% of helpdesk calls to be closed within 1 day System unavailability below 10 hours	88% [546/623] 0 hours
Information security	No. of incidents reported to the Information Commissioner's Office	0
Information requests (FOI / SAR / EIR)	All (100%) Subject Access Requests dealt with within statutory deadlines All (100%) Freedom of Information Act requests dealt with within statutory deadlines	100% [9/9] 100% [15/15]
Audit – external	Unqualified opinion received for accounts	Received
Audit – internal	100% of planned reviews completed within that financial year	100% [7/7]
Complaints	100% of complaints acknowledged in five days Response to all complaints to be completed within 28 days	100% [7/7] 100% [7/7]
Health and safety	No reported incidents causing harm	0
Accredited Registers	90% of accredited registers will apply for continued accreditation. Timescales are met:	96% [24/25]

<sup>7</sup> Of the seven occasions an acknowledgment was late, three were by a single day and another after two days. One concern was missed for six days in another (Share Your Experience) mailbox following annual leave. One email was transferred late from the Authority's generic info mailbox leading to a 14-day delay and another to the info mailbox was missed completely but responded to on the same day a further enquiry was sent by the sender. None of these delays related to significant concerns.

<sup>8</sup> Three members of staff have been on long-term sick leave (defined as more than six weeks in total) totalling a number 250 days. Excluding this absence, the annual sickness absence total is 1.4%

	Applications are put before the Panel within 21 days of receipt of all information/documentation required	100% [24/24]
	Outcomes of renewal applications are published by the accreditation date	33% [8/24 <sup>9</sup> ]
	Notifications advising of need to apply for renewal are issued 12 weeks before accreditation ceases	100% [24/24]

### Performance analysis

- 3.3 As this report shows, we have continued to focus on public protection, the improvement of professional regulation and registration and the effective delivery of all our statutory functions. We have worked hard to ensure that we have maintained the quality of our performance.
- 3.4 The volume of work carried out by staff has remained high. We are appreciative of the support and collaboration that we have received from the regulators, particularly their cooperation with the business planning cycle and fee consultation.
- 3.5 Our policy work and our research programme continue to have influence.
- 3.6 The accredited registers programme is fully integrated into our work plans, governance and financial management. With 26 registers accredited covering some 89,000 practitioners, it is making a valuable contribution to quality and choice in health and care.
- 3.7 We are committed to best practice in governance and operations and financial management. We have continued to focus this function to provide even greater customer service and collaborative support to the front offices.

## 4. Regulatory and standards setting work

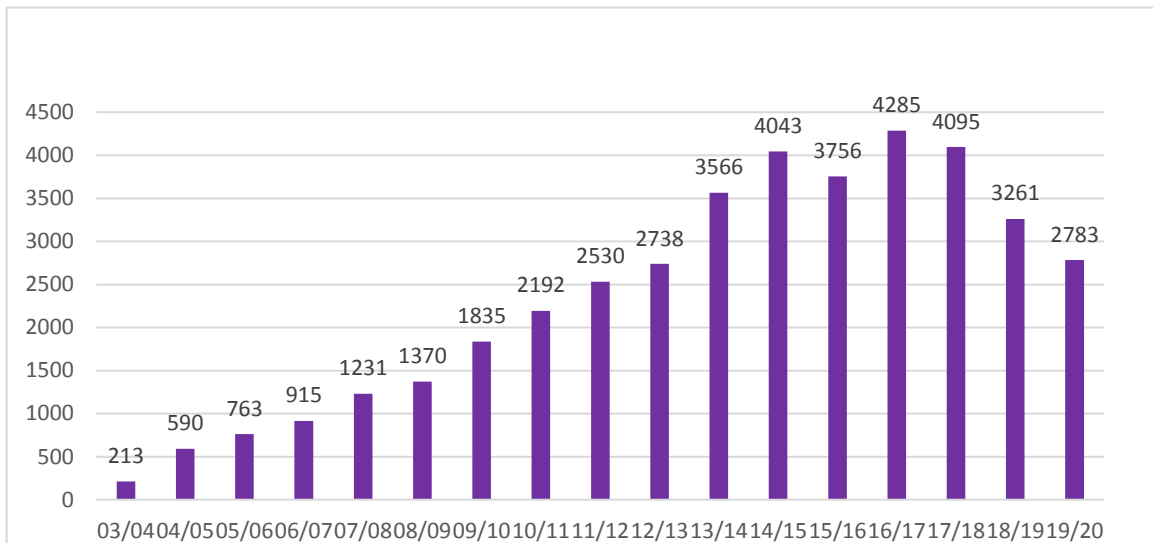
### Section 29

- 4.1 Under Section 29 of the National Health Service Reform and Health Care Professions Act 2002, we can refer final fitness to practise decisions made by the ten regulators to Court (a referral by us is treated as an appeal by the Court) if we consider that the decision is not sufficient to protect the public.
- 4.2 This year we have seen a 15% decrease in the number of fitness to practise determinations notified to us by the regulators, from 3,261 in 2018/19 to 2,783 in

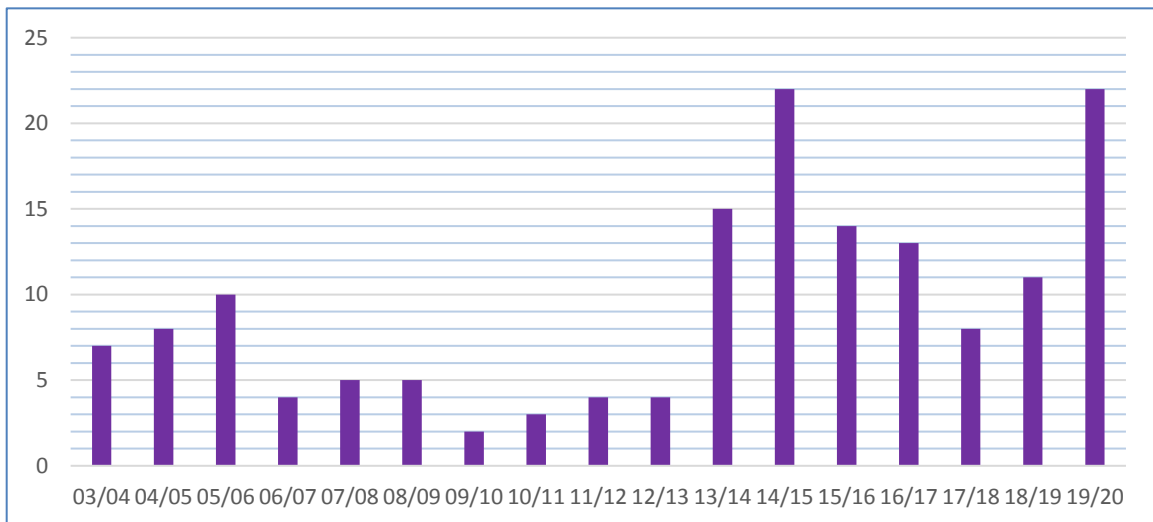
<sup>9</sup> In some instances where the KPI has not been met, this has been due to internal factors such as workload pressures. In other cases, there have been external mitigating factors, for example where a targeted review or site visit was required, and this extended the time needed to complete the review, or there were delays in obtaining the required information from the registers. Where the KPI was not met, five were published within one month, and a further six within two months (so 11 of the 14 published within two months). Those that were later than this were due to targeted reviews/extension requests from the register.

- 2019/20 (see table 2). We have considered the reasons for the continuing decrease. We understand that the reduction is largely a result of the fact that the NMC has, in previous years, been considering a high number of cases in order to address a backlog of hearings. That backlog has now been reduced. We will, however, continue to monitor trends in this area.
- 4.3 The majority of the determinations that we reviewed (49%) were NMC panel decisions.
  - 4.4 Of the 2,783 cases we received in 2019/20, 92% (2,562) were closed with no requirement for more information, (although in 61 cases a final decision is yet to be reached). However, 617 of these cases had resulted in the regulator removing the registrant's name from its register, not restoring them to the register, or suspending them indefinitely, therefore raising no concerns about public protection and requiring no Authority intervention. We also do not look at cases where a review panel has imposed a further suspension. Under this approach, a further 357 cases were closed.
  - 4.5 During 2019/20, we requested further information and undertook detailed case reviews in 147 cases, compared to 141 in 2018/19.
  - 4.6 During 2019/20, we considered 32 panel determinations at formal case meetings. Thirty-one of these were 'Section 29' case meetings, and one meeting was held to consider whether or not to join a GMC appeal ('Section 40B meeting'). By way of comparison, in 2018/19, we held 21 meetings, all of which were 'Section 29' meetings.
  - 4.7 We referred 21 cases to Court under our Section 29 jurisdiction (11 in 2018/19) and joined as a party to one GMC appeal. Our appeals in seven cases referred within this financial year were upheld or settled by consent, one was dismissed, and judgment is awaited in one case. Thirteen remaining cases are listed for hearing in the 2020/21 financial year and the outcome will be reported in next year's annual report.
  - 4.8 In all of the remaining cases that we considered at formal case meetings but which we decided not to refer to Court, we identified learning points to feed back to the regulators.
  - 4.9 Although we have seen a decrease in the number of cases reviewed in 2019/20, we have seen an increase in the percentage of cases referred to Court (up from to 0.34% to 0.79%) when compared to the previous year (see table 3).
  - 4.10 Of the 21 referrals to Court that we made in 2019/20, 10 related to decisions made by a Fitness to Practise panel of the NMC, nine related to decisions made by the Conduct and Competence Committee of the HCPC, one related to a decision made by the GMC's panel, and one related to a decision of the GDC's panel.
  - 4.11 Almost all of the Authority's appeals that were heard in 2019/20 were upheld either by agreed settlements or by the court's decisions. The Authority was unsuccessful in only one case in 2019/20.

**Table 2 Number of fitness to practise cases received annually**



**Table 3 – Number of cases referred to Court annually**



**Table 4 – Progress of cases referred to Court**

Regulator	No of determinations referred to Court under Section 29 of the 2002 act	Outcome
NMC	Ten	<p>Two cases were settled by Consent Order. The decision of the panel was quashed in each case.</p> <p>In one case, the matter was remitted for a further hearing to consider impairment following a previous successful appeal by the Authority. The panel had not been given information at the rehearing as required by the Court Order. It was</p>

		<p>therefore agreed that this would be rectified at the second rehearing</p> <p>In another case, the decision to impose conditions was quashed and it was agreed that the matter remitted for a rehearing with additional charges to be brought.</p> <p>In two cases heard together by the High Court, the Authority's appeal was upheld and the cases were remitted for a rehearing with the panel's original decision to refuse to admit evidence overturned.</p> <p>The remaining six cases are still ongoing and will be concluded in 2020/21.</p>
GMC	Two (One s.40B) where we are joined the GMC's appeal	The GMC's appeal was allowed, and the order of suspension was replaced by a strike off order. The other case is ongoing and will be concluded during 2020/21.
HCPC	Nine	<p>One case was settled by Consent Order. The decision of the panel was quashed, and the case remitted for hearing with additional charges.</p> <p>One case was dismissed by the court which did not support the Authority's view that the decision was insufficient to protect the public.</p> <p>The remaining cases are still ongoing and will be concluded during 2020/21.</p>

### **Outreach**

- 4.12 The Authority is keen to provide support and expertise for those involved in fitness to practise hearings. Our team has provided presentations to the HCPC and SWE on its work and has contributed to presentations on the duty of candour and conferences in the US and the UK.
- 4.13 The Authority has also been working with SWE to understand its fitness to practise process and to ensure that our systems enabled us to deal with those decisions appropriately under our section 29 process. The Authority has begun to receive decisions from SWE and no concerns have arisen about the administrative arrangements.
- 4.14 SWE's powers enable Case Examiners to reach 'agreed outcomes' with registrants. While these are not formally within the Authority's section 29 jurisdiction, it is recognised that this is a new process and the cases may involve serious misconduct. The Authority is reviewing these as if they are section 29 cases with a view to establishing learning from the process and sharing this learning with SWE and other stakeholders.

## Performance review

- 4.15 We have a statutory duty to report annually on the performance of each of the regulators in fulfilling their duty to protect the public. We do this by assessing their performance against a set of agreed standards (the Standards of Good Regulation). We review each regulator separately during the year, commencing in January, with our reports published when the review has been completed. During the financial year, we published 11 performance review reports, covering nine regulators. Five of these reports were from the performance review cycle that commenced in January 2018 and six were from the January 2019 cycle. The remaining three reports for the 2019 cycle will be published later in the year. We audited various aspects of the fitness to practise processes of four regulators during the year. Two of these audits took place in the fourth quarter of 2019/20, one of which was for the 2020 cycle of reviews.
- 4.16 Of those reports published during the financial year from the 2019 cycle of reviews, the GMC and GOsC met all 24 of the Standards. The GCC and the GDC met 22 of the 24 Standards. The GPhC met 20 of the 24 Standards and the HCPC met 18 of the 24 Standards. Of the five reports for the 2018 cycle published this year, the GMC and the PSNI met all 24 Standards, and the GDC, GOC and NMC met 22 of the Standards. We began our next cycle of performance review assessments in January 2020.
- 4.17 We have developed a process for our Board to escalate ongoing and serious concerns about regulators' performance to their Chairs and the relevant governmental departments and secretaries of state. While we do not expect to use this process frequently, as in general we do not have serious concerns about a regulator's performance that would require escalation, it will facilitate more efficient sharing of information with relevant key stakeholders. We introduced this process in March 2020.
- 4.18 As part of our evidence gathering for the performance review process, we collect data quarterly, which allows us to identify trends over time and has helped us to drill down into areas of the regulators' performance. The dataset has allowed us to gain a better understanding of strengths and weaknesses and enables us to identify concerns. We reviewed our dataset in October 2019 to ensure it remains valid and will be relevant for the introduction of the new Standards of Good Regulation. We removed one item from the dataset relating to the number of data breaches reported to the Information Commissioner's Office.
- 4.19 We also collect an annual dataset from the regulators. Below is a table laying out some of the key statistics for the period 1 April 2019-31 March 2020. This information has not been audited by us.

Data for 1 April 2019 to 31 March 2020	GCC	GDC	GMC	GOC	GOsC	GPhC	HCPC	NMC	PSNI	SWE
Number of registrants	3,356	114,028	320,863	30,922 Including 2,708 bodies corporate and 5,229 students and trainees	5,388	95,537 includes 14,181 premises	281,467	716,607	3,455 Includes 552 premises and 139 students/trainees	98,448
Number of new initial registration	168	8,602	21,213	1,127	265	4,384	23,921	38,336	175	1581

Data for 1 April 2019 to 31 March 2020	GCC	GDC	GMC	GOC	GOsC	GPhC	HCPC	NMC	PSNI	SWE
applications received										
Number of registration appeals concluded where no new information was presented, and that were upheld.	0	0	0	0	0	0	0	0	0	0
Median time (in days) taken to process initial registration applications for:										
• UK graduates	1	11	1	5	2	Pharmacist = 0 Pharmacy Technician = 0.1	7	0	2	0
• International non-EU graduates	1	30	18	4	2	Pharmacist = 0 Pharmacy Technician = 0	46	0	N/A	0
• EU graduates	1	27	28	4	2	Pharmacist = 0 Pharmacy Technician = N/A	46	1	2	0
Annual retention fee	£750 (year 1) £800 (year 2 onwards)	£680 dentists £116 dental care professionals	£399	£350	£320 (year 1) £430 (year 2) £570 (year 3 onwards)	£257 (Pharmacist) £121 (Pharmacy Technicians) £262 (Premises) From 1 July 2019 <sup>1</sup>	£90	£120	£398 (pharmacists) £155 (premises)	£90
The time taken (in weeks) from receipt of initial complaint to the final investigating committee decision:										
• Median time taken to conclude	38.5	50	33.9	60	20	60.4	61.6	58	159	11
• Longest case to conclude	135	262	343.6	340	241	192.9	234	235	182	14
• Shortest case to conclude	6	12	2.1	7	7	21.0	12	9	33	10
The time taken (in weeks) from receipt of initial complaint to final fitness to practise hearing determination:										
• Median time taken to conclude	91	107	88.7	120	59	98.3	103.2	90	92.5	n/a
• Longest case to conclude	106	332	296.7	340	149	284.4	327	361	184	n/a
• Shortest case to conclude	61	42	5.9	48	22	43.0	33	24	45	n/a
The median time taken (in weeks) from initial receipt of complaint to										



Data for 1 April 2019 to 31 March 2020	GCC	GDC	GMC	GOC	GOsC	GPhC	HCPC	NMC	PSNI	SWE
interim order decision, and from receipt of information indicating the need for an interim order to an interim order decision:										
• Receipt of complaint	16.5	29	7.8	13	5	10.4	19.1	4	4	6
• Receipt of information	4	3	2.7	3	3	3.1	2.7	N/A	4	4
Number of registrant/Authority appeals against final fitness to practise decisions:										
• Registrant appeals	0	3	21	0	2	3	3	13	0	0
• Authority appeals	0	1	0	0	0	0	10	10	0	0
Number of data breaches reported to the Information Commissioner	0	1	0	0	1	3	0	2	0	1
Number of judicial review applications where leave has been given	0	0	1	0	0	0	0	0	0	0

- 4.20 Variations in the statistical performance data for the different regulators reflect the size of their registers, their legislative constraints and the different environments in which they work. For example, regulators have different statutory rules governing their processes and this may affect how long they take to deal with individual cases. We recognise that regulators with smaller caseloads may well find their overall performance skewed by a couple of unavoidably lengthy cases or even very short ones. This is a reason why we do not use the statistical data in isolation to help our understanding of performance.
- 4.21 In November 2018, our Board approved revised Standards of Good Regulation. The revised Standards retained the structure of focusing on the four key regulatory functions (setting standards, education and training, registration, and fitness to practise), introduced a set of new General Standards, and reduced the overall number of Standards from 24 to 18.
- 4.22 In the lead up to the introduction of the revised Standards, in 2019 we piloted the new General Standards with the regulators. The pilot enabled us to test the evidence framework that sits beneath the Standards, set benchmarks for meeting the new General Standards, and develop our processes for assessing the revised Standards.
- 4.23 The revised Standards came into effect for the 2020 cycle of reviews, with our first assessment against these in January 2020. To date, we have carried out initial assessments against the new Standards for three regulators, as scheduled. We will monitor the implementation of the revised Standards through the first cycle of reviews and evaluate their impact following this.

### **Social Work England**

- 4.24 SWE came into operation on 2 December 2019. The Authority had been closely involved in overseeing the transfer of responsibilities from the HCPC to SWE. In addition, we have been having discussions with SWE to familiarise ourselves with their processes and ensure that they are familiar with and prepared for the performance review process.
- 4.25 Given that SWE is a new organisation, we will be monitoring its performance closely over its first year and expect to conduct its first performance review towards the end of 2020.

### **Concerns about regulators**

- 4.26 We encourage both the public and health and care professionals to 'share their experience' of the regulators with us. The concerns we receive provide us with insight into how well the regulators deal with the public's concerns about health and care professionals and how they communicate about their work. The feedback we receive helps us identify areas of the regulators' work we should target in our performance reviews.
- 4.27 During 2019/20 we received 416 'concerns' or contacts. This represents an increase of 10-15% when compared to the number received in 2018/19 (360) and 2017/18 (377). We will monitor this number carefully during 2020/21 to see if this increase is part of a trend and to see if there are any particular categories of concern that are increasing. The largest category of concerns (80) were about the fitness to practise decisions made by regulators in the early stages of their process. The next largest category (62) were general fitness to practise concerns, often about delays and the regulators' communication with parties.
- 4.28 We are also regularly contacted by individuals who believe the outcome of a case was insufficient directly after it concludes. Their feedback about the case is considered by the Section 29 team during its reviews of the decision.
- 4.29 More than two thirds of the concerns we have received in this period are from members of the public, with a further 21% coming from registrants.
- 4.30 While we cannot consider complaints about any other body, we do sometimes raise concerns on behalf of an individual to a regulator. We will only do so if all other avenues have been exhausted. We contacted regulators on seven occasions this period, about diverse issues such as unanswered complaints, for reassurance that the regulator's own process was being followed and with concerns about registrant welfare. We will be looking closely at the concerns we receive in the following year to consider whether there are more opportunities to raise issues with regulators on behalf of the public.
- 4.31 We also received a large number of enquiries (111) concerning general health and social care provision. While we cannot act as a complaints-handling body for other organisations, we try our best to provide helpful information to everyone who contacts us. These contacts provide us with information about the public's wider concerns and about systemic issues in health and social care. During the year we also held two conferences for organisations holding accredited registers.

## Scrutiny of regulators' council appointments processes

- 4.32 We assist the Privy Council with appointments to the regulators' councils (except the PSNI and SWE). We provide advice to the Privy Council in relation to all open competitions for appointments and reappointments processes and, if the Privy Council requests it, in relation to any other aspect of the Privy Council's appointments function.
- 4.33 In 2019/20, we provided advice to the Privy Council in relation to 12 processes with at least one run by each of the eight regulators. Six of these processes related to appointments via open competition, covering 11 vacancies including two recommendations for roles as council chairs. The other six processes related to reappointments, covering 13 vacancies also including one chair role. We advised the Privy Council that it could have confidence in all of these processes.
- 4.34 We continue to have close contact with regulators and aim to provide swift advice to address any areas of concern that arise in respect of individual competitions.

## Policy and research projects

- 4.35 We carry out a variety of work to help ensure that regulation protects the public effectively. This includes conducting research and publishing policy advice and looking forward, to anticipate change and ensure regulation remains agile. We encourage collaboration between the regulators we oversee and academics to stimulate research, learning and improvement. Our objective is to ensure that regulation and registration is based on evidence of what works so that regulators are effective.
- 4.36 In January 2020 we published *an overview of our work and its contribution to public protection*, a short report explaining our work using case studies to highlight how we contribute to public protection.
- 4.37 We have continued to work to build our relationships with academics and researchers. On 5-6 March 2020 we held our seventh academic and research conference on the theme of 'Regulation in the future – will it matter?'. Our academic collaborator for the event this year was Mr Robert Jago, Senior Lecturer in Law, Royal Holloway University of London. This was the first time that the event had been held at a Central London venue, the Royal Society of Arts (RSA). The change of venue still enabled a larger attendance than had been possible in previous years, with 150 attending in total. In addition to UK colleagues, attendees came from Australia, Belgium, Canada, Columbia, Ireland and the USA.
- 4.38 Our first Futurology seminar took place on 5 March, also at the RSA. This was the first of a planned series of events to consider emerging developments including technology, service design, delivery models and societal change, which have the potential to raise significant ethical and/or regulatory issues.
- 4.39 We have held two meetings of a Research and Policy Forum, allowing key research and policy staff from the regulators to discuss issues of shared interest and concern. This format for meeting has been well received and further such meetings are planned in 2020/21. In November 2019 we hosted a symposium on collaborative regulation. The morning provided space for senior leaders from the health and care regulators relating to regulatory reform and responding to wider workforce and economic issues. The afternoon included a session for cross-sector regulators to exchange ideas, experiences and improvements.

- 4.40 In February 2020 we held jointly with the Welsh Government a seminar on regulatory developments and the Welsh context, which was attended by over 70 stakeholders. Issues discussed included priorities for reform of professional regulation, the developing role of Health Education and Improvement Wales in health education and workforce planning, introducing the statutory duties of candour and quality in Wales, and taking a risk-based approach to the regulation of health and care roles.
- 4.41 In May 2019 we held a legal seminar in Scotland on *What constitutes protection of the public in appeal hearings in health regulation?* This was well attended by colleagues from regulators and the legal profession.
- 4.42 We responded to 30 public consultations or requests for an opinion in 2019/20. We also reviewed 16 consultations where we decided not to submit a response.
- 4.43 We published 15 blogs on our website, of which eight were by external guest writers.
- 4.44 We contributed to several conferences including international regulatory conferences.
- 4.45 We published the report *Sexual Misconduct in Health and Social Care: Understanding Types of Abuse and Perpetrators' Moral Mindsets on sexual misconduct by health and care professionals*, by Professor Rosalind Searle, University of Glasgow. This was further to earlier work by Professor Searle and involved analysing in greater depth a smaller sample of cases involving sexual misconduct.
- 4.46 We commissioned a report from Cardiff University on regulatory research. The objectives of the commission were to source research in the area of health and care professional regulation in English since 2011; to evaluate the research and draw out what it has taught us; and to identify any gaps in the research and areas that would benefit from deeper exploration, in order to inform the focus of further research and continue to build the evidence base in relation to health and care professional regulation. At the time of writing the final report has been submitted and is being reviewed internally prior to publication at an appropriate time.
- 4.47 We commissioned research from Community Research on the views of the public on reform of fitness to practise. The focus of the research was future fitness to practise processes where hearings are not held. The study comprised qualitative research (focus groups, interviews and online 'bulletin boards') with complainants, carers and a broad sample of patients and the public. At the time of writing we have received the final report and will look at how the findings can be used and shared in the new financial year.
- 4.48 In May 2019, we published consumer research that had been commissioned from Research Works, *The role of patients and service users in ensuring the safety of the care they receive*.
- 4.49 In June 2019 we published a literature review commissioned from Dr Paul Sanderson, *From public hearings to consensual disposal – insights from the decision-making literature*. The purpose of the review was to contribute to ongoing work on the reform of fitness to practise processes. It looked at what the academic literature tells us about the effect on decision-making in a more private context, identifying from the wider literature potential risks or benefits to the public, from a

shift to greater use of consensual disposal of fitness to practise cases and other agreed outcomes.

## Legislative reform

- 4.50 The Government response to the four-country consultation *Promoting professionalism, reforming regulation* was published by the Department of Health and Social Care in July 2019. The Authority has long called for changes to the outdated and piecemeal legal framework for professional regulation and it remains our view that reform of the sector is needed to support the delivery of health and care services in the future in a flexible and innovative way. This has been brought into sharper focus by the recent emergency action that a number of the regulators have been required to take in the light of the workforce challenges brought about by Covid-19 which has highlighted the need to ensure a balance between regulatory agility and protecting the public.
- 4.51 Government proposals are a significant milestone for reform and broadly echo many of the changes proposed by the Authority, although there are other areas where we would like to see change. Initial areas identified for change by Government include modernisation of fitness to practise to allow regulators to dispose of cases consensually, changes to regulator governance and increased flexibility for regulators to amend rules. However, the Authority has cautioned that the proposed additional flexibility for regulators must be balanced by enhanced oversight to ensure that patients and the wider public are protected, and the public can continue to have confidence in regulation.
- 4.52 The Authority has been working with colleagues in the Department for Health and Social Care and the regulators on these proposals over the past year and is keen to ensure that under proposals for reform of fitness to practise that the model of oversight for final fitness to practise decisions agreed for those decisions made outside of panel hearings provides the same level of public protection as is currently achieved through our section 29 scrutiny. We would also like to see independent oversight of rule changes by regulators to avoid unjustifiable inconsistencies in approach and to make the system clearer for patients, the public, registrants and employers and ensure overall regulatory coherence. This is a role previously proposed for the Authority by the Law Commissions and we have suggested that Government may wish to review the role and powers of the Authority more widely to ensure that we are able to continue to provide effective and robust oversight of the regulators in the light of the reforms and be an integral part of the overall structures intended to ensure patient safety.
- 4.53 As well as engaging with stakeholders on the reforms, we continue to carry out policy and research work to support the evidence base to ensure that public protection remains at the heart of a reformed system for professional regulation. In the last year we have published work looking at the impact on decision-makers of moving more decisions into private settings and a report by University College London looking at developing a methodology to identify the factors influencing the consistency of fitness to practise outcomes across the regulators. Regulatory reform is likely to continue to be a significant part of our work for the year ahead.

## Accredited Registers

- 4.54 The Authority's accredited registers programme covers over 89,000 practitioners from a range of different professions in health and social care.
- 4.55 Being accredited means that an organisation has satisfied us that it meets all of our Standards. Once accredited, the register and its registrants are entitled to use the Authority's accreditation mark (shown below) so that they can be distinguished easily.



- 4.56 We introduced an updated fee model for 2018/19 and our Board decided that these fees would increase annually in line with the Consumer Prices Index. For 2019/20, the fees for the programme were £13,580 for initial application and £10,250 plus £0.10 per registrant for renewal. We receive an annual subvention from the Department of Health and Social Care to address the deficit caused by expenditure on the programme exceeding income from fees.
- 4.57 We have 26 accredited registers within the programme, covering 55 occupations. Accreditation is reviewed annually. By the end of the financial year, we had accredited one new register and renewed accreditation of 21. One register chose not to renew its accreditation. Four annual assessments have carried over into the new financial year. The impact on registers who become accredited is clear. Every register we have accredited has been required to improve its practice in one or more areas to meet the Standards for Accredited Registers before gaining accreditation. Conditions (changes that must be made within a specified timeframe to maintain accreditation) and recommendations (actions that would be beneficial but do not have to be completed in order to maintain accreditation) may be issued by our accreditation panels at initial accreditation and annual review to improve practice against the Standards. Conditions must be met to maintain accreditation.
- 4.58 The table below shows the full list of accredited registers, and all conditions and recommendations, that were in place at 31 March 2020.

Register	Last accredited	Conditions	Recommendations
Academy for Healthcare Science	18 December 2018	0	1
Alliance of Private Sector Practitioners	29 July 2019	0	4
Association of Child Psychotherapists	19 June 2019	0	1
Association of Christian Counsellors	08 May 2019	0	3
British Acupuncture Council	14 July 2019	0	3

British Association for Counselling & Psychotherapy	06 March 2019	0	1
British Association of Play Therapists	01 December 2019	0	4
British Association of Sports Rehabilitators and Trainers	12 December 2019	0	0
British Psychoanalytical Council	14 January 2020	0	1
Complementary and Natural Healthcare Council	07 November 2019	0	1
Counselling & Psychotherapy in Scotland	10 June 2019	0	3
Federation of Holistic Therapists	09 January 2019	0	2
Human Givens Institute	08 April 2019	0	1
International Federation of Aromatherapists	31 March 2020	0	7
Joint Council for Cosmetic Practitioners	17 June 2019	0	2
National Counselling Society/National Hypnotherapy Society	20 May 2019	0	8
Play Therapy UK	16 December 2019	0	3
Registration Council for Clinical Physiologists	29 March 2019	0	1
Register of Clinical Technologists	03 September 2019	0	1
Save Face	16 March 2020	0	7
Society of Homeopaths	13 February 2020	1	8
UK Association for Humanistic Psychology Practitioners	14 August 2019	0	4
UK Board of Healthcare Chaplaincy	16 August 2019	0	5
UK Public Health Register	08 March 2019	0	1
UK Council for Psychotherapy	16 December 2019	0	4

- 4.59 During the year, we received and considered 18 queries about accredited registers. We included a number of these in our assessments of organisations as part of our complaints-handling review.
- 4.60 In line with government policy, we promoted the message that where practitioners do not have to be registered by law, the public should choose practitioners on

accredited registers wherever possible due to the additional confidence this provides.

- 4.61 We have continued to work to raise awareness of the accredited registers programme and the importance of using registrants on them. The [www.checkapractitioner.com](http://www.checkapractitioner.com) facility on our website allows people to search for practitioners on accredited registers. We have also conducted social media campaigns including to raise awareness of the importance of choosing complementary healthcare providers on an accredited register. However, given the modest resources available to the programme it is not possible for the Authority alone to raise awareness. It requires concerted effort by us, accredited registers, and other stakeholders with an interest in ensuring public protection, delivering services and promoting public health. We are grateful to NHS Employers for their continued promotion of the programme and will be contacting other stakeholders in the forthcoming year to ask for their support.
- 4.62 We have again asked the Department of Health and Social Care to assist with securing changes to the Rehabilitation of Offenders Act and the Safeguarding Vulnerable Groups Act (SVGA) to strengthen the protection accredited registers can offer. At present, their exclusion from those Acts constrains their ability to protect the public as fully as they might. Their exclusion means that they cannot check spent convictions; or receive information from the Disclosure and Barring Service. Their omission from the SVGA means that they are not covered by the exemptions offered to data protection legislation which either prevents or makes it difficult for them to act on safeguarding matters involving either children or adults. This year, we have engaged with a range of stakeholders, including Members of Parliament, and the devolved administrations, to raise awareness of this gap.
- 4.63 We delivered presentations about the programme at different events and met with several stakeholders during the year. We also responded to consultations relevant to the programme and to accredited registers.
- 4.64 The Good Thinking Society sought judicial review of the Authority's decision of April 2019, to re-accredit the Society of Homeopath's voluntary register. The Authority defended its decision. The Authority re-accredited the Society of Homeopath's register in February 2020, with Conditions. Subsequently, the Good Thinking Society withdrew its application, with neither party conceding on the substance and both sides settling their own costs.

### Commissions from Government(s)

- 4.65 We published two reports resulting from the Williams Review into gross negligence manslaughter in healthcare. The Review was set up in the wake of the case of Dr Bawa-Garba and recommended that we looked at the extent and reasons for different fitness to practise outcomes in similar cases; and how the impact on public confidence is assessed in reaching fitness to practise decisions about individual healthcare professionals. The Department for Health and Social Care subsequently commissioned our advice. *Developing a methodology to assess the consistency of fitness to practise outcomes* set out a structured approach to understanding the factors influencing consistency and proposes a methodology that could take this work forward. We contracted UCL Research Department of Medical Education to undertake this study. *How is public confidence maintained when fitness to practise decisions are made?* was undertaken in-house and highlighted the fact that there is



no agreed definition amongst the regulators of what public confidence is; of what types of behaviour or regulatory action may impact upon it in the context of health professional regulation; and that the public have different views in relation to different professions.

### Advice to other organisations

- 4.66 In May 2019 we published *A Review conducted for the Saskatchewan Registered Nurses Association*. The SRNA had asked us to review their complaints, investigation and discipline work against our Standards of Good Regulation.
- 4.67 In July 2019 we published *Right-touch assurance for sonographers based on risk of harm arising from practice*, having been commissioned by Health Education England (HEE) to analyse the evidence available under the criteria we outlined in *Right-touch assurance: a methodology for assessing and assuring occupational risk of harm* and provide advice on the most appropriate form of assurance for the role.

### Financial summary

- 4.68 Our funding for 2019/20 comprised £4.3 million fees paid by the regulators and £0.2 million subvention funding paid by DHSC. In 2018/19 our funding was £4.03 million fees raised from the regulators.
- 4.69 At 31 March 2020 we carried forward total reserves of £2.1 million, £0.6 million of which were unrestricted and £1.5 million restricted (2018/19: £2.18 million in total, 0.7 million unrestricted and £1.5 million restricted) after net operating expenditure of £0.246 million (2018/19: net operating income £0.119 million). We returned £0.228 million to the regulators in the 2020/21 business planning exercise (£0.13 million in 2019/20). Net operating expenditure for 2019/20 is calculated net of fees received from the regulators, which is recorded as income in accordance with IFRS 15.
- 4.70 During the year ending 31 March 2020, we generated a deficit that decreased our reserve position by £0.049 million.
- 4.71 During the year the Board has developed and updated the Authority reserves policy.
- 4.72 An analysis of accounting policies is shown in note 1 to the accounts.

### Transparency

- 4.73 The Authority is committed to the provision of information to the public.
- 4.74 Our creditor payment policy is maintained in accordance with the government's Better Payment Policy, which currently provides for payment of suppliers within five working days of receipt of invoice, except where there may be a query or dispute regarding an invoice.
- 4.75 This target is challenging, especially for a small organisation like ours, and could only be achieved if we employed more staff. Accordingly, we aim to pay 60% of undisputed invoices within five days and 100% within 10 days.
- 4.76 During the 2019/20 financial year, 100% of invoices were paid in 10 days and 66% (by number of invoices) and 69% (by total invoice value) within five days. Details of our payment record can be found on our website.<sup>10</sup>

---

<sup>10</sup> [www.professionalstandards.org.uk/about-us/ask-us-for-information/government-disclosure/payment-statistics](http://www.professionalstandards.org.uk/about-us/ask-us-for-information/government-disclosure/payment-statistics)

- 4.77 No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.
- 4.78 The balance owed to trade payables as at 31 March 2020 was £24,000 (2018/19: £41,000). As a proportion of the total amount invoiced by suppliers in the year, this is equivalent to 4.5 days (2018/19: 9.5 days).
- 4.79 Other information that can be found in the government disclosure and transparency sections of our website include:
- Expenditure over £25,000
  - Board member expenses
  - Executive team expenses
  - Hospitality.

## Sustainability

- 4.80 Due to our size, we are not required to provide a sustainability report. We nevertheless do seek to minimise the impact of our activities on the environment.
- 4.81 Our office was refurbished, before we became tenants, in accordance with the BREEAM environmental assessment standard, which looks at heating, lighting, recycling and other matters, and has an 'excellent' rating.
- 4.82 We occupy 2.58% of the building, part of which is occupied by our own tenants.
- 4.83 Rainwater is collected and used to supply the sanitary facilities, reducing our clean water consumption.
- 4.84 Our offices have facilities to separate waste for recycling, and to encourage staff to do this, no waste is collected from bins at desks. Waste is separated into recyclable, non-recyclable and food waste. A contractor separates the mixed recyclables. No waste goes to landfill. Waste that cannot be recycled is incinerated. The cost of all waste disposal is included in our building service charges.
- 4.85 Our gas and water consumption are calculated as 2.58% of the building total. Our electricity is separately monitored and the consumption for the space rented from the landlord is known. This does not, however, include the consumption by our tenant. Our consumption for 2019/20 and the previous year is set out below.

	2019/20	2018/19
<b>Gas</b>	4,885kWh	4,638kWh
<b>Electricity</b>	62,733kWh	67,509kWh
<b>Water</b>	127.03m <sup>3</sup>	110.73m <sup>3</sup>
<b>Waste removed</b>	2.41 tonnes	2.75 tonnes

- 4.86 The installation of waste compactors has reduced the frequency of collections from daily to fortnightly, reducing vehicle emissions.
- 4.87 We seek to minimise the impact of our own activities on the environment. When equipment is purchased, consideration is given to energy consumption. We use recycled materials where such alternatives are available and provide value for money.

- 4.88 We continue to seek to reduce the use of paper by maximising the use of our intranet and website for the dissemination of information. We are also using electronic versions of meeting papers where technically practical. Where paper is used, we look to reduce its consumption through the active management of printers requiring double-sided printing.
- 4.89 We use 'off-white' and 'bright-white' recycled paper for our day-to-day needs. We used 39 cases of paper in 2019/20 (38 cases in 2018/2019).
- 4.90 When travel is necessary, we use public transport as much as possible and have increased our use of telephone and video-conferencing to avoid the need to travel. When appropriate journeys within the UK are made by train.
- 4.91 We have continued to collect environmental information regarding journeys made by Board and staff members.

Mode of travel	2019/20		2018/19	
	CO <sup>2</sup> /kg Total	CO <sup>2</sup> /kg Average per full-time equivalent*	CO <sup>2</sup> /kg Total	CO <sup>2</sup> /kg Average per full-time equivalent*
Air*	2165	53	2112	56
Rail	492	12	168	4

\* This information only relates to flights booked through our central supplier. Some international flights booked separately, often by commissioning organisations, are not included

**Human rights**

- 4.92 We are committed to respecting human rights as embodied in the Universal Declaration of Human Rights and its two corresponding covenants, The International Covenant on Civil and Political Rights and The International Covenant on Economic, Social, and Cultural Rights.
- 4.93 We endeavour to ensure that we do not infringe on human rights, avoid complicity in the human rights abuses of others, and comply with the laws of the countries in which we work.


**Anti-corruption and anti-bribery**

- 4.94 We are committed to conducting our work in an honest and ethical manner. In accordance with the Bribery Act 2010 we operate governance by implementing and enforcing robust policies and procedures to guard against any illegal behaviour.
- 4.95 Our whistleblowing and fraud policies are reviewed annually by our Audit and Risk Committee and are messaged to our staff. We have a zero-tolerance approach to any breach of the Bribery Act 2010 and any issues raised will be treated with the utmost importance.

## Risk

4.96 Details of this can be found in paragraphs 5.73-5.77.

Approved by the Board

A handwritten signature in black ink that reads "A. Clamp". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

Alan Clamp,  
Accounting Officer  
1 July 2020

## 5. Accountability report

### Corporate governance report

5.1 Our governance arrangements are set out in a formal Governance Framework that details the various roles and responsibilities within the Authority.

### Directors' report

5.2 We have an executive team as shown below, covering our three areas of work: Governance and Operations; Scrutiny and Quality; and Standards and Policy.

5.3 A register of senior managers' interests is available on our website.<sup>11</sup>

5.4 Directors are members of staff and are paid in accordance with staff policies.

Alan Clamp	Chief Executive
John McDermott	Director of Governance and Operations
Mark Stobbs	Director of Scrutiny and Quality
Christine Braithwaite	Director of Standards and Policy

### Director of Governance and Operations

5.5 The Director of Governance and Operations' principal responsibilities are:

- Finance
- Human resources
- Information and communications technology
- Information security and SAR and FOI requests
- Governance
- Risk management
- Internal and external audit
- Corporate complaints
- Accommodation and facilities
- Health and safety
- Business continuity
- Procurement
- Office administration.

<sup>11</sup> [www.professionalstandards.org.uk/docs/default-source/board/management-team-register-of-interests-2016.pdf?sfvrsn=0](http://www.professionalstandards.org.uk/docs/default-source/board/management-team-register-of-interests-2016.pdf?sfvrsn=0)

### **Director of Scrutiny and Quality**

- 5.6 The Director of Scrutiny and Quality's principal responsibilities are:
- The Authority's functions under Section 29 of the NHS Reform and Health Care Professions Act 2002 (as amended)
  - Audit of regulators
  - Performance review of regulators
  - Advice to the Privy Council on appointments
  - Special reviews and investigations
  - Complaints and concerns about the regulators.

### **Director of Standards and Policy**

- 5.7 The Director of Standards and Policy's principal responsibilities are:
- Provision of Section 26A advice to the Secretary of State and Ministers
  - Development of regulatory policy and practice
  - Research into regulatory matters
  - Accredited Registers programme
  - Complaints about accredited registers
  - External relations and communications.

### **Public appointments**

- 5.8 Appointments to the Board are made for an initial term of four years, which can be extended for a second term. The total time served should not exceed eight years.
- 5.9 Schedule 7 of the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and by the Health and Social Care Act 2012, provides directions for the appointment of members to the Authority.
- 5.10 On 31 March 2020 the Chair of the Board, George Jenkins, stepped down at the end of his term. We successfully undertook a recruitment exercise and the Privy Council appointed Dame Glenys Stacey as the new Chair of the Authority from 1 April 2020.
- 5.11 No Board members were appointed or extended for a second term during 2019/20.
- 5.12 Details of all Board appointments and who makes them are shown in the table below.
- 5.13 Details of the directorships and significant interests held by the Board are contained within the register of interests held on our website.<sup>12</sup>

---

<sup>12</sup> [www.professionalstandards.org.uk/docs/default-source/board/board-register-of-interests.pdf](http://www.professionalstandards.org.uk/docs/default-source/board/board-register-of-interests.pdf)

## Board members

Board member	Appointed by
George Jenkins OBE (Chair)	Privy Council (2015)
Antony Townsend	Privy Council (2019)
Frances Done CBE	Privy Council (2016)
Renata Drinkwater	Privy Council (2019)
Thomas Frawley CBE	Department of Health Northern Ireland (2016)
Moiram Ali	Scottish Ministers (2016)
Marcus Longley	Welsh Ministers (2016)
Alan Clamp	Authority's Board (2018)

- 5.14 Details of the attendance of Board members can be found in the governance statement.

### The Board and Accounting Officer's Statement of responsibilities

- 5.15 The Authority's Board comprises seven non-executive members and one executive member. No non-executive members of our Board may be or ever have been a member of a profession regulated by any of the 10 regulators we oversee so that we are independent of the health and social care professions and regulators.
- 5.16 The Board is the Authority's highest decision-making forum, where significant strategic and operational matters are discussed and consequential decisions taken.
- 5.17 The Authority's Board has corporate responsibility for ensuring that it fulfils its statutory duties and for promoting the efficient and effective use of its resources.
- 5.18 To this end, and in pursuit of its wider corporate responsibilities, the Board:
- Sets the overall strategic direction of the Authority within statute and the policy and resources framework;
  - Ensures that any statutory or administrative requirements for the use of public funds are complied with; that the Authority operates within the limits of its statutory authority, and in accordance with any other conditions relating to the use of public funds;
  - Ensures that the Authority receives and reviews regular financial information concerning the management of the Authority; is informed in a timely manner about any concerns about the activities of the Authority; and provides positive assurance that appropriate action has been taken on such concerns;
  - Demonstrates high standards of corporate governance at all times, including establishing an audit committee to help the Authority to address the key financial and other risks facing it;
  - Appoints the Chief Executive to the Authority and, sets performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

## Accounting Officer

- 5.19 The Privy Council has appointed the Chief Executive as Accounting Officer. His relevant responsibilities as the Accounting Officer, include his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records. Although we are not a Non-Departmental Public Body he observes the requirements set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by HM Treasury and published in 'Managing Public Money'.
- 5.20 The Chief Executive is an employee of the Authority. The Chief Executive's principal functions, duties and powers are:
- To ensure the Authority fulfils its statutory duties
  - To prepare and issue standards of good regulation
  - To arrange for the publication of policy advice and guidance
  - To send to Parliament an annual report on the performance of the regulators we oversee
  - To keep proper accounts and proper records in relation to the accounts, to prepare a statement of accounts in respect of each financial year, and to send a copy of the annual accounts to the Comptroller and Auditor General and for these to be prepared in accordance with UK generally accepted accounting principles and government accounting
  - To operate and manage the Authority in accordance with the strategy set by the Board.
- 5.21 The Chief Executive has responsibility for providing effective leadership on all matters relating to statutory and administrative duties. This includes the implementation of the strategy, leading on all operational matters, promoting the efficient and effective use of staff and other resources, encouraging high standards of propriety and representing the Authority in public.

## Data handling

- 5.22 Details of this can be found in paragraphs 5.78-5.84.

## Governance statement

### Chair of the Board

- 5.23 The Chair has a leadership responsibility on the following matters:
- Leading the Board in formulating our strategy
  - Ensuring that the Board, in reaching decisions, takes proper account of any relevant guidance
  - Promoting the efficient, economic, and effective use of resources, including staff
  - Encouraging high standards of propriety
  - Ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions made and, where appropriate, the discussions of the Board



- Ensuring that the work of the Authority is reported annually to Parliament as required by Statute.

### Attendance at Board meetings held in public

5.24 There were six Board meetings held in public between 1 April 2019 and 31 March 2020.

5.25 Members' attendance at Board meetings during 2019/20 was as follows:

Board member	Number of meetings attended	Possible
George Jenkins OBE (Chair)	6	6
Antony Townsend	6	6
Frances Done CBE	6	6
Renata Drinkwater	6	6
Thomas Frawley CBE	6	6
Moiram Ali	6	6
Marcus Longley	6	6
Alan Clamp	6	6

5.26 During the year under review, the Board was active in ensuring that our statutory functions were maintained and that the risks we were encountering were being addressed and that the opportunities were recognised. It achieved this by effective use and monitoring of the risk register and assurance framework and by remaining vigilant about the quality of our outputs.

5.27 The Board is confident that it continues to receive appropriate, complete and relevant reports from the executive to ensure that it can fulfil its strategic role and can hold the executive to account. Quality assurance is provided by both the Scrutiny Committee and the Audit and Risk Committee, which report to the Board. The Board also reviews all key policy papers and reports before publication to ensure they meet the high standards it expects. The Board receives finance reports at every meeting and reviews the risk register twice a year.

5.28 The Board pays particular attention to the conduct of the Authority's investigations and special reviews and carefully assures itself of the quality of the final reports.

5.29 The Board plays an important role in establishing the strategic direction for the Authority and considers this and related issues at its annual planning event.

5.30 The Board also reviews its own performance as part of its strategic planning. The Board considers that it is functioning effectively.

5.31 Maintaining the quality of our work is an important consideration for the Board. It contributes to publications and reports prior to publication and takes a close interest in research and policy development. Board members attend the Authority's annual research conference and Symposium.

- 5.32 The Board also reviews information it receives about the Authority’s performance from external parties including the statutory regulators, the accredited registers, the Departments of Health in England, Scotland, Wales and Northern Ireland and the Department for Education in England.
- 5.33 All members of the Board are appraised annually by the Chair and are able to comment on the performance of both the Chair and the Chief Executive.
- 5.34 The detail of quality assurance is delegated to the Scrutiny Committee and to the Audit and Risk Committee. We report on their activities separately. The Terms of Reference for the two committees are reviewed annually.

**Committees and working groups of the Board**

**Audit and Risk Committee**

- 5.35 The Board has an Audit and Risk Committee to support it in its responsibilities for risk control and governance. The committee reviews the comprehensiveness of assurances in meeting the Board’s and Accounting Officer’s assurance needs and reviewing the reliability and integrity of these assurances.
- 5.36 Four Audit and Risk Committee meetings were held between 1 April 2019 and 31 March 2020.
- 5.37 Members’ attendance at committee meetings during 2019/20 was as follows:

Committee member	Number of meetings attended	Possible
Frances Done CBE	4	4
Moiram Ali	4	4
Marcus Longley	3	4

- 5.38 The minutes of the Committee’s meetings are formally reported to the Board, as is the Committee’s opinion on the risk register and the changes made to it.
- 5.39 The committee reviews its Terms of Reference and work programme annually and reports any changes that it proposes to the Board. Each year, it formally reports to the Board on:
  - Its work during the previous financial year
  - The assessment of information governance arrangements
  - The internal audit reports submitted to it
  - The views and opinions of the auditors.
- 5.40 The committee sets its own work programme for the coming year and this influences the work programme set by the internal auditors.
- 5.41 Typically the Board delegates final approval of the Annual Report and Accounts to this committee.

### **Regulators internal audit hub**

5.42 We have chosen to be within the Government Regulators Internal Audit Hub. The Hub's internal auditors, Mazars, were our internal auditors for 2019/20.

5.43 The internal audit work this year focused on:

- HR
- ICT Strategy (2 audits)
- Commissioning process
- Stakeholder engagement
- Follow up actions
- Adherence to our business principles and reserves policy.

### **HR**

5.44 The review focused on the adequacy and effectiveness of HR policies and procedures pertaining to recruitment, performance management, grievance and disciplinary process, exit meetings for leavers and completeness of personnel files for staff and Board Members.

5.45 The review, which identified seven actions that merited attention for the Authority to consider, concluded:

'...Based on the work undertaken, we have provided adequate assurance on the controls reviewed in relation to HR ...'.

### **ICT Strategy 1 & 2**

5.46 Mazars have undertaken an advisory review of the ICT strategy and provided peer comparisons to aid the PSA in development of its ICT strategy. The review also included consideration of guidance against the National Audit Office's (NAO) good practice Digital Transformation Cloud Services paper and observations regarding the Domain Expiry issue.

5.47 The review, which focused on the following areas: Where we are now, A vision for the future, Objectives and Roadmap has made three recommendations.

### **Commissioning process**

5.48 The review focused on the governance arrangements relating to commissions and the extent to which these arrangements are embedded.

5.49 The review, which identified seven actions that merited attention for the Authority to consider, concluded:

'... while improvements have been made following the PSA's internal review of processes, a number of control weaknesses remain which expose the PSA to reputational and financial risk. In general, commissioned work has been carried out on time, to budget and to a good quality. Nonetheless, improved controls are required to ensure consistency, transparency and good practice...'

### **Stakeholder engagement**

5.50 The advisory review focused on the guidance for the future development of the Stakeholder Engagement strategy

- 5.51 The review, which identified two actions that merited attention for the Authority to consider, concluded:

‘...While we noted that PSA undertakes regular stakeholder engagement through its business-as-usual activity, in the absence of a Stakeholder Engagement Strategy, engagement is not undertaken in a systematic manner...’.

#### **Follow-up actions**

- 5.52 The review considered the 17 recommendations arising from internal audit reports undertaken in previous years.

- 5.53 The review, which identified no actions that merited attention for the Authority to consider, concluded:

‘...16 of the 17 recommendations are implemented, one of the 17 recommendations is in progress...’.

#### **Adherence to our business principles and reserves policy**

- 5.54 This review considered whether the Authority was acting in accordance with our business principles and reserves policy which are set out above.

- 5.55 The review, which identified no actions that merited attention for the Authority to consider, concluded:

‘Based on the work we have carried out, we have concluded that the Professional Standards Authority has complied with the ... Business Principles and Reserves Policy for 2019/20.’.

#### **Risk register**

- 5.56 The Directors Group reviews the risk register quarterly. The updated register is considered by the Audit and Risk Committee at each meeting (apart from June) and by the Board every six months. Risks are added, updated or deleted outside of this process when the need arises.

- 5.57 During the year, the committee reviewed the risk register maintained by the executive. The main issues discussed, some of which are covered in detail in the strategic report, related to opportunities afforded by regulatory reform, thought leadership and stakeholder engagement and threats associated with regulatory reform, the establishment of SWE or poor performance at one or more of the regulators or accredited registers.

#### **Assurance framework**

- 5.58 The Assurance Framework is the means of assuring the Board members about the operation of the Authority.

- 5.59 During 2019/20 the Board requested further developments to the framework. The framework is structured around those areas of good governance that will always require assurance, as opposed to the Board’s annual objectives which will continually evolve.

- 5.60 The means of assurance listed are inputs from which the Board makes a judgement about their level of assurance. The framework does not aim to be an exhaustive list or tool for the executive to undertake operations.

### Scrutiny Committee

- 5.61 The Scrutiny Committee receives reports on the operation of our scrutiny and oversight of the 10 health and care professional regulators and provides quality assurance of Section 29 decisions and the accredited registers programme and the performance reviews of the regulators.
- 5.62 Three Scrutiny Committee meetings were held between 1 April 2019 and 31 March 2020.
- 5.63 Members' attendance at committee meetings during 2019/20 was as follows:

Committee member	Number of meetings attended	Possible
Antony Townsend	3	3
Renata Drinkwater	3	3
Thomas Frawley CBE	3	3

### *Appointments to regulators' councils*

- 5.64 At all three meetings, the Scrutiny Committee considered reports on recent activity, as well as information provided about the Authority's internal processes and its relationship with external stakeholders including the Privy Council in relation to this area of its work.

### *Review of final fitness to practise decisions (the Authority's Section 29 jurisdiction)*

- 5.65 At each meeting, the Scrutiny Committee reviewed decisions taken about individual regulators' final fitness to practise panel decisions at different stages of the process. In all but one case, the Committee agreed that the decision was within the range of reasonable decisions available to the Authority and was satisfied with the quality of the reasoning. It also reviewed an audit of initial decisions taken by external counsel. It was content that this audit did not demonstrate significant flaws with the decision-making process. Members of the Committee chaired some case meetings under this process in the course of the year.

### *Annual performance review of regulators*

- 5.66 The Scrutiny Committee has received regular reports on the progress of the Performance Review process. The Committee has been content with that process. It considered the information required from the regulators to inform the review and approved a slight reduction. It will be monitoring the effect of the new Standards of Good Regulation in 2020/21. The Chair observed an initial meeting under the new Standards to discuss the scope of the review of one of the regulators.

### *Concerns*

- 5.67 The Scrutiny Committee considered a report on how the third-party concerns received by the Authority are taken into account in the performance review and Section 29 process. This is described elsewhere in this report. The Committee was content with the approach taken by the Authority.

### ***Accredited Registers***

- 5.68 The Scrutiny Committee carried out its scrutiny of the accredited registers programme. It received progress updates on applications going through initial assessment, annual reviews of accreditation and notifications of change.
- 5.69 The committee was also kept informed about the communications activities and engagement with stakeholders to raise awareness of the programme.

### **Pension scheme regulations**

- 5.70 As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments to the scheme are in accordance with the rules and that member pension scheme records are accurately updated in accordance with the timescales detailed in the regulations.
- 5.71 The protection of data held by us and requests for its disclosure continue to be important considerations for us.
- 5.72 During the year we have completed the necessary technical work and training and have achieved online access to the NHS Pensions system so that the records, especially staff records, can be updated in real time.

### **Risk and uncertainty**

#### ***Approach***

- 5.73 Every year we subject our risk management practices to a gap analysis against the industry best practice Management of Risk (MoR) methodology.
- 5.74 Both the approach (process and matrix scoring system) and risk register are scrutinised, and where appropriate incremental improvements are made.
- 5.75 Because the MoR syllabus had not changed since the last review, we did not update our practices during 2019/20.

#### ***Specific items during 2019/20***

- 5.76 Notable risks that we considered threats during 2019/20 included the criticism in the face of poor performance by one or more statutory regulators/accredited registers that we mitigate through robust processes and communications, and disruption associated with the commencement of SWE and the associated impact on HCPC that we have managed through stakeholder engagement and planning. In the last month of 2019/20 the most significant risk became the impact of the Covid-19 pandemic. The Authority quickly moved to remote working for all staff and was able to conduct business as usual. This risk is likely to continue to dominate the first half of 2020/21.
- 5.77 Notable risks that we considered opportunities during 2019/20 included regulatory reform, stakeholder engagement and thought leadership maintaining the Authority's expert status, which we endeavour to build upon each year through our research, outreach and commissioned activities.

## Data handling

- 5.78 Our system of internal control is based on the HMG Security Policy Framework and we continue to monitor and review our compliance with them.
- 5.79 We hold little personal information. The main type of personal data we hold relates to our own staff. Where we require access to personal data held by others, this is generally undertaken at the premises of the data holder. Staff undertaking audits as part of performance reviews are required to work through remote access to our server whenever possible. Since this is not always possible, the laptops used by the auditors have been encrypted to provide another layer of security.
- 5.80 Staff continue to undertake the government's 'Protecting Information' online training. The training is assessment-based.
- 5.81 All staff are required to complete the level appropriate to their level of responsibility for data-handling – 95% (39/41) of members of staff successfully passed the assessment in 2019/20. The remaining two members of staff passed the assessment in the first month of 2020/21.
- 5.82 The Audit and Risk Committee Chair has provided a statement that she was satisfied that we have appropriate policies for staff to adhere to, as far as they apply to the Authority, and that suitable processes are in place to mitigate risks to our information.
- 5.83 This statement has been prepared following consideration of the Authority's Annual Assessment of Information Risk Management for 2019/20 and the assurance provided by it.
- 5.84 We have no personal data incidents to report.

## Accounting Officer's Governance statement

### Scope of responsibility

- 5.85 As Accounting Officer to the Authority, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Authority's policies, aims and objectives, while safeguarding the funds and organisational assets for which I am personally responsible. I pay close attention to the guidance set out in Managing Public Money.
- 5.86 The Authority reports to the UK Parliament and works closely with the devolved administrations in Northern Ireland, Scotland and Wales, and with the Department of Health and Social Care in England, to deliver our statutory obligations and the key objectives of our business plan. This includes identifying and responding appropriately to both internal and external risks.

### The purpose of the system of internal control

- 5.87 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide reasonable but not absolute assurance of effectiveness.
- 5.88 The system of internal control is designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 5.89 Our system of internal control has been in place for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance. The key elements of the system of internal control include:
- Financial procedures detailing financial controls for responsibilities of, and authorities delegated to, the management team
  - Business planning processes setting out the objectives of the Authority supported by details of annual income, expenditure, capital and cash flow budgets
  - Regular reviews of performance along with variance reporting, scenario planning and reforecasting.

### Review of effectiveness

- 5.90 As Accounting Officer, I am responsible for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, the Directors Group, which has responsibility for the maintenance of the internal controls, and comments made by the external auditors in their management letter and other reports. The Audit and Risk Committee and Board have advised me on the implications of the result of my review on the system of internal control. The Scrutiny Committee has this year considered in detail our performance against our own standards for our statutory functions and for the accredited registers programme.
- 5.91 The effectiveness of the system of internal control was maintained and reviewed through:
- The Board of the Authority, which met six times
  - The Audit and Risk Committee, which consists of three members of the Board. I also attend the Audit and Risk Committee meetings together with the Director of Corporate Services and the Head of Finance. Representatives of the National Audit Office and our internal auditors are also present
  - Risk management arrangements identify which key risks could affect the achievement of our objectives and those risks have been managed actively, with progress being reported to the Audit and Risk Committee and, through it, to the Board of the Authority
  - Our annual assessment of information risk management undertaken in accordance with the Cabinet Office's guidance
  - Regular reports from the internal auditors, Mazars, complying with the government's Internal Audit Standards
  - Comments made by external auditors, the NAO, in their management letter and other reports.
- 5.92 Mazars, internal auditors to the Regulators Hub, have been our internal auditors for the year under review. The Head of Internal Audit in his report for 2019/20 stated that: 'On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. While certain weaknesses were identified, particularly, with regards to the Limited assurance given to the Commissioning Process (03.19/20), none of the recommendations were considered fundamental to achievement of objectives.'



Through our advisory work on the ICT Strategy and subsequent Follow Up of progress made in this area, as well as, Follow Up on previous years' recommendations, the PSA is able to demonstrate a system of continuous improvement through the implementation of previously agreed actions. These matters have been discussed with management, to whom we have made a number of recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports'. I do not consider that we have significant weaknesses in our system of internal controls. A programme of continuous monitoring exists, in consultation with the Audit and Risk Committee, internal auditors and external auditors, to ensure that we meet best practice standards in all areas of our operations.

- 5.93 Our Assurance Framework is monitored along with the risk register by the Directors Group, the Audit and Risk Committee and the Board. External and internal influences are considered and any potentially significant risks are discussed with key stakeholders as soon as they become apparent. The Audit and Risk Committee has reviewed our assurance framework during the year to ensure it provides an appropriate level of assurance to the Committee and the Board.

I am satisfied that the annual assessment of information risk management adequately reflects the information risks we have managed and that we have considered future risks. I consider that we have taken the actions necessary to manage information risks effectively. I am confident that staff are aware of their responsibility to store, share and destroy information securely. I am satisfied that the small number of minor information risk incidents which occurred this year were managed appropriately, that corrective action was taken and that no sensitive information was disclosed or lost.

### **Accounting Officer's Statement of Responsibilities**

- 5.94 Our accounts have been prepared following the requirements of the Government Financial Reporting Manual and in particular with Accounts Direction issued by Privy council in accordance with Schedule 7, Paragraph 15 of the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012. This report has been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM) issued by HM Treasury.
- 5.95 In preparing the accounts, the I have complied with the requirements of the Government Financial Reporting Manual and in particular to:
- The assessment of information risk management has been completed satisfactorily and that the information can be used for our Annual Governance Statement
  - This report and accounts as a whole are fair, balanced and understandable and prepared on accruals basis
  - Judgements and estimates have been made on a reasonable basis
  - The Authority is a going concern
  - We have complied with the Code of Corporate Governance as detailed in DAO(GEN)02/12 – Governance Statements in so far as it applicable to us

- 5.96 Details about the NHS Pension Scheme and the treatment of pension liabilities in the accounts are set out in accounting policies within the notes to the accounts (note 1).
- 5.97 So far as I am aware, there is no relevant audit information of which the auditors are unaware, and that I have taken all the steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information I take personal responsibility for the report and the judgements required for determining that it is fair, balanced and understandable.

Approved by the Board



Alan Clamp  
Accounting Officer  
1 July 2020

## 6. Remuneration and staff report

### Remuneration policy

#### Remuneration Committee

- 6.1 The Remuneration Committee meets to deal with remuneration issues if they arise.
- 6.2 Three Remuneration Committee meetings were held between 1 April 2019 and 31 March 2020. Members' attendance is shown below.

Board member	Number of meetings attended	Possible
George Jenkins OBE (Chair)	3	3
Frances Done CBE	3	3
Thomas Frawley CBE	2	3

- 6.3 Contracts are generally offered on a permanent basis. If they are offered on a fixed-term basis, this is to reflect the nature and context of the work involved. The notice period required is determined by the position of the post holder. We treat termination payments and provisions for compensation for termination on a case-by-case basis in consultation with our advisers.

#### Nominations Committee

- 6.4 The Nominations Committee ensures that the Authority has an appropriate Board membership by overseeing areas such as Board performance and recruitment.
- 6.5 Nine Nominations Committee meetings were held between 1 April 2019 and 31 March 2020. Members' attendance is shown below. When matters relating to the appointment of the new Chair were being discussed, George Jenkins was replaced on the Committee by Marcus Longley.

Board member	Number of meetings attended	Possible
George Jenkins OBE (Chair) *	5	5
Frances Done CBE	8	9
Antony Townsend	9	9
Marcus Longley*	4	4

#### Senior managers' contracts

Name	Title	Date of contract	Unexpired term	Notice period
Alan Clamp	Chief Executive	1 November 2018	Permanent contract	6 months

John McDermott	Director of Governance and Operations	5 September 2016	Permanent contract	3 months
Mark Stobbs	Director of Scrutiny and Quality	3 May 2016	Permanent contract	3 months
Christine Braithwaite	Director of Standards and Policy	17 May 2010	Permanent contract	3 months

### Senior managers' salaries

Name	Salary 2019/20 £'000	Expenses payments (taxable) Total £000	Performance pay and bonuses £000	Long-term performance pay & bonuses £' 000	All pension-related benefits £' 000	TOTAL 2019/20 £'000
Alan Clamp	175-180	0	0	0	40	210-215
John McDermott	115-120	0	0	0	28	140-145
Mark Stobbs	115-120	0	0	0	28	140-145
Christine Braithwaite	115-120	0	0	0	33	145-150

Name	Salary 2018/19 £'000	Expenses payments (taxable) Total £000	Performance pay and bonuses £000	Long-term performance pay & bonuses £' 000	All pension-related benefits £' 000	TOTAL 2018/19 £'000
Alan Clamp*	70-75	0	0	0	16	85-90
John McDermott	105-110	0	0	0	28	135-140
Mark Stobbs	105-110	0	0	0	28	135-140
Christine Braithwaite	105-110	0	0	0	55	165-170

Harry Cayton**	105-110	0	0	0	0	105-110
----------------	---------	---	---	---	---	---------

\* From 1 of November. WTE salary is 170-175.

\* \*\*To 31 October. From 1 November to 31 March appointed as international consultant. Remuneration during the period 1 November-31 of March was £44k. There were no pension related benefits during this period. WTE salary is 170-175.

The tables above have been audited by the Comptroller and Auditor General.

- 6.6 All senior managers in the year were members of the NHS Pension Scheme.
- 6.7 Total remuneration includes salary and all pension-related benefits calculated in accordance with the NHS Pensions guidance,<sup>13</sup> which seeks to quantify the increase in pension benefits in the year by comparing the overall pension benefits at the beginning of the year with those at the end of the year. There were no non-consolidated performance-related pay, benefits-in-kind or severance payments in 2019/20 or 2018/19.

### Pensions

Name	Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 as at 31 March 2020 (bands of £5,000)	Lump sum at age 60 related to accrued pension as at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value as at 1 April 2019 (to the nearest £1,000)	Cash Equivalent Transfer Value as at 31 March 2020 (to the nearest £1,000)	Real increase in the Cash Equivalent Transfer Value during the reporting year (to the nearest £1,000)
Alan Clamp	Chief Executive	2.5-5	N/A*	0-5	N/A*	18	62	19
John McDermott	Director of Governance and Operations	2-2.5	N/A*	5-10	N/A*	63	84	4
Mark Stobbs	Director of Scrutiny and Quality	2-2.5	N/A*	5-10	N/A*	82	116	17
Christine Braithwaite	Director of Standards and Policy	2-2.5	5-7.5	25-30	75-100	N/A**	N/A**	N/A**

<sup>13</sup> Disclosure of Senior Managers' Remuneration (Greenbury) 2015.

\* Not applicable in the 2008 and 2015 scheme.

\*\* Not applicable as individual over 60.

6.8 This table has been audited by the Comptroller and Auditor General.

### **Cash Equivalent Transfer Value**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefit accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figure – and from 2005-2006, the other pension details – include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. A CETV is calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase/(decrease) in CETV**

This reflects the increase/(decrease) in CETV. It takes account of the increase in accrued pension due to inflation, contributions paid by the employer and employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

6.9 No compensation has been paid to former senior managers or payments made to third parties for the services of a senior manager.

6.10 This information has been audited by the Comptroller and Auditor General.

6.11 No senior manager had expenses subject to UK tax.

### **Authority Board members' remuneration**

6.12 The payments made to the Board are subject to Cabinet Office guidance and have not increased since 2009/10. The Chair receives remuneration of £33,688 pa (2018/19: £33,688 pa); members receive annual remuneration of £7,881 (2018/19: £7,881) and the Audit and Risk Committee Chair receives annual remuneration of £13,137 (2018/19: £13,135). Members' remuneration during the year amounted to £90,367 (2018/19: £90,894) including social security costs.

6.13 Members' remuneration is subject to tax and national insurance through PAYE.

6.14 In addition, expenses amounting to £13,710.25 (2018/19: £10,813) were reimbursed to Board members. Travel expenses related to travel to the Authority's offices are subject to tax which is paid by the Authority on their behalf, by agreement with HMRC.

6.15 Members' remuneration has been audited by the Comptroller and Auditor General.

- 6.16 Payments to individual members are disclosed below.
- 6.17 No Board members were members of the NHS pension scheme in 2019/20.

#### Payments made to the Authority's Board members during 2019/20

	2019/20 Salary (bands of £5,000)	2019/20 Travel expenses (bands of £5,000)	2018/19 Salary (bands of £5,000)	2018/19 Travel expenses (bands of £5,000)
<b>Chair</b>				
George Jenkins OBE	30-35	0-5	30-35	0-5
<b>Members</b>				
Antony Townsend	5-10	0-5	5-10	0-5
Frances Done CBE (Audit and Risk Chair)	10-15	0-5	10-15	0-5
Renata Drinkwater	5-10	0-5	5-10	0-5
Thomas Frawley CBE	5-10	0-5	5-10	0-5
Moiram Ali	5-10	0-5	5-10	0-5
Marcus Longley	5-10	0-5	5-10	0-5

### Staff report

- 6.18 We are committed to enabling all employees to achieve their full potential in an environment characterised by dignity and mutual respect. Our employment policies seek to create a workplace in which all employees can give their best and can contribute to our and their own success. These are reviewed and updated with external specialists in order to ensure compliance with legislation.
- 6.19 We retain the services of Right Corecare, we have been recognised externally as a mindful employer and all our staff have access to assistance and counselling if required and a quiet room for reflective space.
- 6.20 We have achieved a London Healthy Workforce Award reflecting our commitment to the wellbeing of our staff.
- 6.21 We recognise the business benefits of having a diverse workforce and are committed to maintaining a culture in which diversity and equality are actively promoted and where discrimination is not tolerated. We operate a fair and open selection policy relating to applications for employment and internal promotion.
- 6.22 Further information about the senior management team can be found in the Remuneration section of this report.
- 6.23 Our staff turnover this year was within our key performance indicator.

- 6.24 As part of our corporate social responsibility we encourage our staff to support charities and other community organisations. Staff are active in fundraising for a number of good causes.

### **Fair pay disclosures**

- 6.25 The Authority is required to disclose the relationship between the remuneration of the highest paid director (in our case, the Chief Executive) and the median remuneration of the Authority workforce.
- 6.26 The remuneration of the Chief Executive in the financial year 2019/20 was £177,500 (calculated as middle of the band). This was 3.57 times the median remuneration of the workforce, which was £49,733.
- 6.27 The remuneration of the Chief Executive in the financial year 2018/19 was £172,500 (calculated as middle of the band). This was 3.45 times the median remuneration of the workforce, which was £50,000.
- 6.28 No employee received remuneration in excess of the Chief Executive in 2019/20 or 2018/19. Remuneration ranged from £30,900 to £175,100 (2018/19: £30,000 to £170,000).
- 6.29 Information on fair play disclosures has been audited by the Comptroller and Auditor General.
- 6.30 In 2019/20, one member of the senior management team was female (17%) (2018/19 one person, 14%) while overall, 27 employees were female (64%) (2018/19 63%, 25 employees).

### **Sick absence**

- 6.31 A total of 413 days (2018/19, 390 days) were lost due to sick absence in the year. This equates to 10 days (2018/19, 10 days) per person – 375 days of this absence related to four members of staff who had long-term absences during the year.

### **Policies relating to disability**

- 6.32 We are committed to applying our equal opportunities policy at all stages of recruitment and selection.
- 6.33 We work to ensure that:
- The most suitable applicant is appointed to each post, having regard to the real needs of the job
  - That the process is open, fair and honest
  - We make reasonable adjustments to overcome barriers during the course of interviews and employment
  - Equal opportunities are provided for all applicants
  - Both internal and external candidates are assessed based on the same selection criteria
  - Discrimination and bias are eliminated from the process, in as far as it is possible to do so
  - Legal objectives are met, and good employment practices followed



- Our application form provides a section for potential candidates to confirm whether or not they consider themselves to have a disability and if so whether they require reasonable adjustments to be made.

6.34 If identified on the application form all candidates who meet the minimum selection criteria of a vacancy will be interviewed under the Guaranteed Interview Scheme.

6.35 Whilst we are committed to the Guaranteed Interview Scheme, this requirement does not extend to the appointment decision, whereby the best person for the job will be appointed in line with equality legislation.

### Staff numbers and related costs

#### *Average number of persons employed*

6.36 The average number of full-time and part-time staff employed (including temporary staff) during the year is as follows:

	Permanently employed	Other	Total 2019/20	Permanently employed	Other	Total 2018/19
Total	41.01	0.63	41.64	40.21	0.55	40.76

6.37 There were no staff engaged on capital projects in the period to 31 March 2020.

#### *Costs of persons employed*

	Permanently employed	Other	Total 2019/20	Permanently employed	Other	Total 2018/19
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	2,453	-	2,453	2,389	-	2,389
Social security costs	278	-	278	250	-	250
Superannuation costs	417	-	417	261	-	261
Agency/ temporary staff	-	80	80	-	42	42
	3,148	80	3,228	2,900	42	2,942

6.38 The two tables above have been audited by the Comptroller and Auditor General.

### Reporting of Civil Service and other compensation schemes: exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10	0	1	1
£10-£25	0	0	0
>£25	0	0	0
<b>Total number of exit packages</b>	0	1	1
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total resource cost /£</b>	0	£9k	£9k

- 6.39 Exit costs have been accounted for in full in the year of departure (none in 2018/19).
- 6.40 No redundancy costs were incurred in the financial year 2019/20.
- 6.41 No persons were employed off payroll or on a consultancy basis during the year.
- 6.42 This information has been audited by the Comptroller and Auditor General.

## 7. Parliamentary accountability and audit report

### Clarifications

#### Losses and special payments

- 7.1 Losses and special payments were individually and in total below the reporting threshold of £300k. This information has been audited by the Comptroller and Auditor General.

#### Regularity of expenditure

- 7.2 The Authority operates with four distinct work streams which are reflected in the segmentation of our accounts:
- Regulatory and standards setting work – paid for through fees raised from the Regulators
  - Accredited Registers – self-funding with support of DHSC subvention
  - Commissions from Government(s) – paid for by the commissioning body
  - Advice to other organisations – earned through fees.
- 7.3 The income and expenditure for each segment are accounted for separately and we work to ensure that there is no cross-subsidy.
- 7.4 As reported elsewhere our internal auditors undertake an annual review of the management of our finances in relation to our published business principles and reserves policy which are in paragraphs 1.39-1.46.
- 7.5 This information has been audited by the Comptroller and Auditor General.

## Fees and charges

- 7.6 The Health and Social Care Act 2012 provided for the Authority to be funded by the regulators that it oversees.
- 7.7 The functions within the scope of the Fees Regulations are those within our first work stream; that is the regulatory oversight and improvement work undertaken in relation to the statutory regulated health professional bodies.
- 7.8 The financial year 2019/20 was the fourth full year that the Authority has been funded primarily through fees. The fee period for 2020/21 will be from April to March covering the same period as the Authority's financial year.
- 7.9 Details of the related operating costs for our regulatory and standards setting function are shown below.

31 March 2020	Regulatory and standards setting work
	£'000
Operating costs	4,612
Operating income	(4,547)
<b>Net operating income</b>	<b>65</b>

- 7.10 This information has been audited by the Comptroller and Auditor General.

## Long-term expenditure trends

- 7.11 The main drivers that will influence our future budgetary needs are:
- Changes to the volume of work that we have to undertake in particular the number of fitness to practise cases reviewed
  - Changes to legislation that either place new duties upon us or require us to utilise more resources in undertaking our existing work as a consequence of changes to processes and procedures
  - Changes to legislation that we as a business or employer are required to comply with
  - Changes that we introduce
  - Changes to our costs arising from inflation etc
  - Changes to the income and expenditure of the accredited registers programme.

## Section 29 cases

- 7.12 This is the area of our work that can significantly fluctuate and is accordingly difficult to predict. Many cases take a long time from the date a complaint is made to when they come to the Authority, hence it is not just the volume received by a regulator but the time they take to process them that influences the Authority's workload.
- 7.13 This year we have seen a 15% decrease in the number of fitness to practise determinations notified to us by the regulators (2,783 in 2019/20, compared with

3,261 in 2018/19). During 2019/20, we requested further information and undertook detailed case reviews in 147 cases. By way of comparison, we undertook 141 detailed case reviews in 2018/19.

- 7.14 While it appears that the caseload has reduced, thus reducing the pressure on staff, caseloads can fluctuate. We keep staffing levels under review and, at particularly busy times, we have in place on-call arrangements with our external legal providers to ensure that our statutory deadlines continue to be met. We also seek external assurance of our decisions to close cases, where this appears to be appropriate.

### Changes to our legislation

- 7.15 There is the prospect that changes to legislation directly or indirectly may impact on our work. The introduction of proposed changes to legislation either for us or for the regulators would require analysis and consideration. There are proposals for changes to the regulation of health and social care professionals, but these are not yet developed to a state that would enable the Authority to consider the impact on our work or expenditure.
- 7.16 Assuming that our workload remains consistent with the current year we would not anticipate significant changes to our expenditure.
- 7.17 At the time of writing I am very confident about the ability of the Authority to continue as a going concern for the foreseeable future. All fees from the 10 statutory regulators for 2020/21 have been paid, representing around 95% of the expected income for the year. The regulators themselves continue to function during the Covid-19 pandemic. Income from accredited registers may be more affected by the pandemic. At present, however, I have no information to suggest that there will be a major impact on the wide range of occupations covered by the accredited registers programme. This area of work accounts for only 5% of Authority income. There is, however, a budget deficit for the programme for 2020/21 as expenditure significantly exceeds income. An application has been made to the Department of Health and Social Care for the subvention for 2020/21. The Authority currently holds unrestricted reserves of approximately £600,000.
- 7.18 The Authority continues to carry out its statutory functions during the Covid-19 emergency. The most significant change during 2020/21 will be fluctuations in the volume of fitness to practise cases coming from the regulators. There will be changes to the timing and scope of performance reviews for some regulators during the year, due to workloads at the regulators. At this point in time, however, I anticipate we will complete all the planned reviews within the business year.
- 7.19 The Authority has moved successfully to remote working during the Covid-19 pandemic. Remote working has been challenging but has not materially affected productivity.
- 7.20 Finally, I am not expecting any significant policy changes or legislation that will affect the ability of the Authority to continue as a going concern over the next 12 months.



Alan Clamp, Accounting Officer

1 July 2020

## **8. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, the Scottish Parliament and the Northern Ireland Assembly and the Welsh Parliament**

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Professional Standards Authority for Health and Social Care for the year ended 31 March 2020 under the National Health Service Reform and Health Care Professions Act 2002. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report, the Accountability Report, and the Parliamentary Accountability and Audit Report that is described in those reports as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Professional Standards Authority for Health and Social Care's affairs as at 31 March 2020 and of Professional Standards Authority for Health and Social Care's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service Reform and Health Care Professions Act 2002 and the determination of the Privy Council issued thereunder.

### **Opinion on regularity**

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard. In applying the Ethical Standard, I identified a business relationship between the National Audit Office and the Professional Standards Authority for Health and Social Care. Further details are disclosed within Note 4 to the Accounts. The revenue received is immaterial to the National Audit Office, and I consider that appropriate

safeguards have been implemented to protect my, and the NAO team's, objectivity throughout the audit. I am independent of the Professional Standards Authority for Health and Social Care in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Professional Standards Authority for Health and Social Care's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Professional Standards Authority for Health and Social Care have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Accounting Officer's Statement of Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service Reform and Health Care Professions Act 2002.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Professional Standards Authority for Health and Social Care's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Professional Standards Authority for Health and Social Care's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Professional Standards Authority for Health and Social Care's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Professional Standards Authority for Health and Social Care to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Other Information**

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report, Remuneration and Staff Report and the Parliamentary Accountability and Audit report described in those reports as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report, Remuneration and Staff Report and the Parliamentary Accountability and Audit Report to be audited have been properly prepared in accordance with Privy Council directions made under the National Health Service Reform and Health Care Professions Act 2002;
- in the light of the knowledge and understanding of the Professional Standards Authority for Health and Social Care and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report, Accountability Report, Remuneration and Staff report and Parliamentary Accountability and Audit Report; and
- the information given in Performance Report, Accountability Report, Remuneration and Staff report and Parliamentary Accountability and Audit Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability report, Remuneration and Staff Report and the Parliamentary Accountability and Audit Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 3 July 2020**

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London, SW1W 9SP



9. **Financial statements – statement of financial position as at 31 March 2020**

		31 March 2020		31 March 2019	
	Note	£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Intangible assets	7	177		140	
Property, plant and equipment	8	73		84	
<b>Total non-current assets</b>			<b>250</b>		<b>224</b>
<b>Current assets</b>					
Trade and other receivables	9	524		176	
Investments	10	750		750	
Cash and cash equivalents	11	5,343		5,714	
<b>Total current assets</b>			<b>6,617</b>		<b>6,640</b>
<b>Total Assets</b>			<b>6,867</b>		<b>6,864</b>
<b>Current liabilities</b>					
Trade and other payables	12	(4,724)		(4,669)	
Provisions	13	(10)		(13)	
<b>Total current liabilities</b>			<b>(4,734)</b>		<b>(4,682)</b>
<b>Assets less liabilities</b>			<b>2,133</b>		<b>2,182</b>
<b>Reserves</b>					
General reserves			<b>2,133</b>		<b>2,182</b>

The notes on pages 68 to 83 form part of these accounts.



Alan Clamp,  
Accounting Officer  
1 July 2020

10. **Financial statements – statement of comprehensive net expenditure for the year ended 31 March 2020**

			2019/20 £'000		2018/19 £'000
<b><i>Expenditure</i></b>					
Staff costs	3		3,228		2,942
Other administrative costs	4		1,928		1,636
<b><i>Income</i></b>					
Fees Income	5		(4,313)		(4,032)
Operating income	6		(597)		(665)
<b>Net operating cost / (income)</b>			<b>246</b>		<b>(119)</b>

The notes on pages 68 to 83 form part of these accounts.

**Other comprehensive net expenditure**

- 10.1 There was no other comprehensive net expenditure in the year ended 31 March 2020 (none in the year ended 31 March 2019).

11. **Financial statements – statement of cash flows for the period ended 31 March 2020**

	Note	2019/20	2018/19
		£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating (costs)/income for the year		(246)	119
Adjustment for non-cash transactions	4	220*	157
(Increase) in trade and other receivables	9	(348)	113
Increase in trade and other payables	12	55	388
(Decrease) in provisions	13	(3)	2
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(322)</b>	<b>779</b>
<b>Cash flows from investment activities</b>			
Purchase of property, plant, equipment and intangibles	7,8	(119)	(147)
Net acquisition of investments	10	-	-
<b>Net cash outflow from investment activities</b>		<b>(119)</b>	<b>(147)</b>
<b>Cash flows from financing activities</b>			
<b>DHSC funding</b>		<b>70</b>	-
<b>Net cash flow from financing activities</b>		<b>70</b>	-
<b>Net financing</b>			
<b>Net (decrease) in cash and cash equivalents</b>	11	<b>(371)</b>	<b>632</b>
Cash and cash equivalents at the beginning of the financial year	11	5,714	5,082
<b>Cash and cash equivalents at the end of the financial period</b>	11	<b>5,343</b>	<b>5,714</b>

The notes on pages 68 to 83 form part of these accounts.

\* Including £127k NHS pensions employer contribution increases notionally funded by DHSC.

**12. Financial statements – statement of changes in taxpayer’s equity for the year ended 31 March 2020**

	Note	General reserve
		<b>£'000</b>
<b>Balance as at 1 April 2018</b>		<b>2,063</b>
<b>Changes in reserves in the year ended 31 March 2019</b>		
<b>Net operating (costs)/income</b>		119
<b>Balance as at 31 March 2019</b>		
		<b>2,182</b>
<b>Changes in reserves in the year to 31 March 2020</b>		
<b>Net operating (costs)/income</b>		(246)
<b>DHSC funding</b>		197*
<b>Balance as at 31 March 2020</b>	14	<b>2,133</b>

\*DHSC funding consists of DHSC subvention of AR funding and notional funding of £127k in respect of unexpected increase in NHS pensions employer contributions.

The notes on pages 68 to 83 form part of these accounts.

**13. Notes to the accounts**

**1. Accounting policies**

**Basis of preparation**

- 13.1 These financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FRoM) issued by HM Treasury.
- 13.2 The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the UK public sector context.
- 13.3 Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Authority for the purpose of giving a true and fair view has been selected.
- 13.4 The particular policies adopted by the Authority for the reportable period are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### **Critical accounting judgements and key sources of estimation uncertainty**

- 13.5 In the application of the Authority's accounting policies, management is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources.
- 13.6 The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.
- 13.7 Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed.
- 13.8 Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
- 13.9 During the year no significant accounting judgements or estimates were made.

### **Intangible assets**

#### ***Internally generated and other intangible assets***

- 13.10 An internally generated and other intangible assets arising from the Authority's activities and expenditure are recognised where all of the following conditions are met:
- An asset is created that can be identified (such as bespoke software)
  - It is probable that the asset created will generate future economic benefits, i.e. Authority has control over the asset
  - The cost (including development cost) of the asset can be measured reliably.
- 13.11 Intangible fixed assets are initially measured at cost and subsequently valued using depreciated replacement cost that is deemed a suitable proxy for fair value. For intangible assets with finite useful lives, amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life.
- The amortisation period and amortisation method of an intangible asset is reviewed at each financial year end. If the expected useful life of the asset is different from previous estimates, amortisation period and method will be changed to reflect the charged pattern.

### **Non-current assets**

#### ***Property, plant and equipment***

- 13.12 Non-current assets other than computer software are capitalised as property, plant and equipment as follows:
- Equipment with an individual value of £1,000 or more
  - Grouped assets of a similar nature with a combined value of £1,000 or more
  - Refurbishment costs valued at £1,000 or more.
- 13.13 The Authority has adopted IFRS 13 and in accordance with the FReM has deemed that depreciated historical cost is a suitable proxy to current value in existing use or fair value where the asset has a short useful economic life or is of low value. Indexation has not been applied since 31 March 2008 as this would not be material.

Asset valuations are reviewed on an annual basis, at each statement of financial position date, to ensure that the carrying value fairly reflects current cost.

- 13.14 Depreciation is provided on a straight-line basis, calculated on the revalued amount to write off assets, less any estimated residual balance, over their remaining estimated useful life.
- 13.15 The useful lives of non-current assets have been estimated as follows:
- Furniture and fittings over the remaining accommodation lease term
  - Computer equipment - three years.
- 13.16 These provide a realistic reflection of the lives of the assets.
- 13.17 Depreciation is charged from the month in which the asset is acquired.

### **Investments**

- 13.18 These are short term deposits held with financial institutions with maturity date of over three months and no longer than nine months.

### **Cash at bank and cash equivalents**

- 13.19 Cash is cash in hand and deposits with any financial institution with maturity date of less than three months.

### **Grant in aid and general reserve**

- 13.20 From 31 July 2015 the Authority was no longer primarily financed by grant-in-aid from the Department of Health and Social Care.
- 13.21 Revenue grant in aid received from the Department of Health and Social Care, was used to finance activities and expenditure which supported the statutory and other objectives of the Authority, was treated as contributions from a controlling party giving rise to a financial interest in the residual interest in the Authority, and therefore accounted for as financing by crediting them directly to the general reserve on a cash received basis.
- 13.22 In the year to 31 March 2020 the Authority has received £70k subvention from the Department of Health and Social Care in respect of Authority's Accredited Registers programme and £127k notional funding in respect of unexpected increase in NHS Pensions employers' contributions

### **Reserves policy**

- 13.23 The timing of the determination of the fees is not fully within the control of the Authority and should there be a delay in the receipt of the fee income the Authority will face cash-flow problems and could have difficulty in meeting its expenditure requirements and statutory duties.
- 13.24 The cash-flow issues are linked to the receipt of the fee income. If the consultation process is not concluded by the Privy Council in time for the determination to be made by the beginning of March, then the Authority will face the prospect of having no income at the start of the financial year.
- 13.25 The Authority may also have to address financial shortfalls arising during the fiscal year. The budget for any given year has to be estimated prior to the commencement of the consultation exercise, which being lengthy has to commence

early in the preceding year, thus there could be occasions when the Authority has to address unexpected expenditure during the year after the fee has been determined – for example costs arising from an increase in its workload, the need to undertake an investigation or changes to legislation.

- 13.26 While the Authority has the power to consult on an additional fee during the year, the time that this would take makes it an impractical means of addressing such issues. Seeking additional fees also means that the regulators would be asked to provide funding that they had not budgeted for, resulting in pressure on their own budgets.
- 13.27 To accommodate unexpected expenditure peaks and cash-flow deficiencies, and to reduce the prospect of needing to seek additional fees, the Board agreed that the Authority should keep an agreed level of financial reserves, sufficient to ensure that its statutory functions can continue to operate.
- 13.28 Having reserves that can be called upon will also eliminate the need to pay arrangement fees and interest on any monies borrowed.
- 13.29 The Authority has agreed to hold reserves of three months' total operating costs of circa £1 million, within which it draws a distinction between:
- A restricted element associated with regulatory and standards work
  - An unrestricted element associated with all the Authority's work.
- 13.30 The intention is that over time the restricted element will amount to two months' total operating costs.
- 13.31 The level and make-up of our reserves will be reported through our Annual Report.
- 13.32 Any money taken from reserves during the year will need to be replaced in the following year(s).
- 13.33 Should there be a need to draw upon the restricted element of the reserves we will report this to the regulators at an appropriate point.

### **Fees income**

- 13.34 The FReM extends the definition of a contract within IFRS 15 Revenue from contracts with customers to include legislation (Fees Regulations 2015) that enables the Authority to receive cash or other financial assets. Fees received from the 10 statutory bodies are recognised over time i.e. over the financial year specified in the annual fee determination. These fees, typically received prior to the commencement of the financial period they relate to, are recognised as deferred income (contract liability) until the over time performance obligation is achieved. Any surplus arising will be taken into account when calculating future fee rates to the extent that this is not required to maintain an appropriate level of reserves in accordance with the Authority's reserves policy.

### **Operating income**

- 13.35 Operating income includes: Section 29 case cost recoveries; interest received from investments; premises income received from subtenants; fees received from the provision of services to other members of the health regulation community; and accreditation fees received from register applicants wishing to be accredited.

- 13.36 Premises income received from subtenants is income received from subletting Authority's premises. These are payable in full at the beginning of sublet period. Income is recognised monthly over the lease term in accordance with IAS 17. There has been no change in subtenant income recognition from 2017/18.
- 13.37 Income from fees received from the contracts for commissions to government and advice to other organisations is recognised in accordance with five step process within IFRS 15 when performance obligations of each separate contract have been met. Income from these contracts is either recognised in full at the point of time e.g. presentation of the final report or over time as the costs are incurred where the contract specifies that the customer will be liable for all costs until termination date. Income recognition over time is based on agreed staff costs and direct expenditure incurred and recognised in accounts. These are the costs of performing the work. Payments are typically received before performance obligations are met in which case these are recognised as deferred income and as income once performance obligations have been met.
- 13.38 Accredited registers' revenue consists of non-refundable fixed accreditation fees, payable when application documents have been submitted to the Authority, and renewal fees, payable on the anniversary of the accreditation date. Income from initial application fees is recognised in the operating cost statement at the point of time of Authority's accreditation decision in accordance with IFRS 15. Income from renewal fees is recognised in the operating cost statement at the point of time of Authority's renewal decision.
- 13.39 The Authority is not applying the practical expedient in IFRS 15. No significant judgement is involved in determining either the timing of the satisfaction of the performance obligation or the transactions price.

### ***Section 29 costs and recoveries***

- 13.40 Under its Section 29 powers, the Authority can appeal to the High Court against a regulator's disciplinary decisions. Costs incurred by the Authority in bringing Section 29 appeals are charged to the comprehensive net expenditure statement on an accruals basis.
- 13.41 As a result of judgments made by the Courts, costs may be awarded to the Authority if the case is successful or costs may be awarded against the Authority if the case is lost. Where costs are awarded to, or against, the Authority, these may be subsequently revoked or reduced as a result of a successful appeal either by the defendant or by the Authority. Therefore, in bringing either income or expenditure to account, the Authority considers the likely outcome of each case on a case-by-case basis.
- 13.42 In the case of costs awarded to the Authority, the income is not brought to account unless there is a final uncontested judgment in the Authority's favour or an agreement between parties of the proportion of costs that will be paid and submitted to the Courts and settlement amount had been agreed by both parties. When a case has been won but the final outcome is still subject to appeal, and it is virtually certain that the case will be won on appeal and costs will be awarded to the Authority, a contingent asset is disclosed.
- 13.43 In the case of costs awarded against the Authority, expenditure is recognised in the income and expenditure where there is a final uncontested judgment against the Authority. In addition, where a case has been lost, but the final outcome is still



subject to appeal, and it is probable that costs will be awarded against the Authority, a provision is recognised in the accounts. Where it is possible but not probable that the case will be lost on appeal and that costs may be incurred by the Authority, a contingent liability is disclosed.

#### **Value added tax**

- 13.44 Value added tax (VAT) on purchases is not recoverable, hence is charged to the statement of comprehensive net expenditure and included under the heading relevant to the type of expenditure, or capitalised if it relates to an asset.

#### **Retirement benefit costs**

- 13.45 Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities.
- 13.46 Therefore, the scheme is accounted for as if it were a defined contribution scheme; the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.
- 13.47 For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the statement of comprehensive net expenditure at the time the Authority commits itself to the retirement, regardless of the method of payment.

#### **Operating leases**

- 13.48 Rentals payable under operating leases are charged to the comprehensive net expenditure statement on an accruals basis.

#### **International Financial Reporting Standards (IFRSs), amendments and interpretations in issue but not yet effective or adopted**

- 13.49 International Accounting Standard (IAS8), accounting policies, changes in accounting estimates and errors require disclosures in respect of new IFRSs, amendments and interpretations that are, or will be, applicable after the accounting period. There are a number of IFRSs, amendments and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this accounting period. The following have not been adopted early by the Authority:
- IFRS 16 – Leases
  - IFRS 17 – Insurance contracts.
- 13.50 IFRS 16 is effective from 2021/22 (for entities following FReM) and will be implemented by Authority in the financial year 2021/22. According to preliminary assessment it is not expected to have a material impact on net assets.

#### **Accounting standards issued that have been adopted early**

- 13.51 The Authority has not adopted any IFRSs, amendments or interpretations early.

## 2. Analysis of net operating costs/(income) by segment

### Segmental analysis

13.52 Net operating costs/(income) were incurred by the Authority's four main expenditure streams as follows. The Authority does not maintain separate statements of financial position for these streams. There were no inter-segment transactions in the year.

2019/20	Regulatory and Standards setting work	Accredited registers	Commissions from Government(s)	Advice to other organisations	Total
	£'000	£'000	£'000	£'000	£'000
Operating costs	4,612	527	3	14	5,156
Operating income	(4,547)	(257)	(42)	(64)	(4,910)
Net operating costs/(income)	65	270	(39)	(50)	246
2018/19	Regulatory and Standards setting work	Accredited registers	Commissions from Government(s)	Advice to other organisations	Total
	£'000	£'000	£'000	£'000	£'000
Operating costs	4,029	365	22	162	4,578
Operating income	(4,213)	(271)	1	(214)	(4,697)
Net operating costs/(income)	(184)	94	23	(52)	(119)

13.53 The work of these operating segments is described in the performance report.

### 3. Staff numbers and related costs

#### Costs of persons employed

	Permanently employed	Other	Total 2019/20	Permanently employed	Other	Total 2018/19
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	2,453	-	2,453	2,389	-	2,389
Social security costs	278	-	278	250	-	250
Superannuation costs	417	-	417	261	-	261

Agency/ temporary costs	-	80	80	-	42	42
	3,148	80	3,228	2,900	42	2,942

13.54 Full details regarding these matters are on pages 55 to 58 in the Staff Report.

#### 4. Other administrative costs

	Notes	2019/20	2018/19
		£'000	£'000
Members' remuneration		93	90
Legal and professional fees		663	400
Premises and fixed plant		624	573
Training and recruitment		124	88
PR, communications and conferences		148	119
Establishment expenses		83	114
External audit fee		25	22
Other costs		75	73
<b>Total</b>		<b>1,835</b>	<b>1,479</b>
<b>Non cash expenditure:</b>			
Amortisation	7	40	94
Depreciation	8	53	63
<b>Total non cash expenditure</b>		<b>93</b>	<b>157</b>
<b>Total administrative costs</b>		<b>1,928</b>	<b>1,636</b>

\*The Authority made payments of £331,053.32 (£301,799.43 in 2018/19) to the National Audit Office for non-audit work in respect of accommodation costs of the Authority for use of office space at 157-197 Buckingham Palace Road, London.

#### 5. Fee Income

	2019/20	2018/19
	£'000	£'000
Fee Income from Regulators	4,313*	4,032
<b>Total</b>	<b>4,313</b>	<b>4,032</b>

\*Fee income relating to statutory 2019/20 fees: £4,313k was recognised in 2019/20. For fee income relating to 2020/21 it is expected that £4,394k will be recognised within 2020/21.

13.55 Fee income received from GMC (£807k), NMC(1,884k) and HCPC (£990k) amounted to more than 10% of the total Authority's revenue individually. The fees are paid in accordance with the Health and Social Care Act 2012 and The Professional Standards Authority for Health and Social Care (Fees) Regulations 2015.

#### 6. Operating Income

	2019/20	2018/19
	£'000	£'000

Section 29 cost recoveries	152	22
Accredited registers' income	257	271
Advice to other organisations	64	214
Subtenancy income	61	134
Other operating income	21	25
Commissions from Government	42	(1)
<b>Total operating Income</b>	<b>597</b>	<b>665</b>

## 7. Intangible assets

	<b>Section 29 database &amp; Other intangible assets</b>
	<b>£'000</b>
<b>Valuation</b>	
At 1 April 2019	509
Additions	77
At 31 March 2020	586
<b>Amortisation</b>	
At 1 April 2019	369
Charge for the period	40
At 31 March 2020	409
<b>Net book value</b>	
<b>At 31 March 2020</b>	177
At 31 March 2019	140
<b>31 March 2019</b>	<b>Section 29 database</b>
	<b>£'000</b>
<b>Valuation</b>	
At 1 April 2018	393
Additions	116
At 31 March 2019	509
<b>Amortisation</b>	
At 1 April 2018	275
Charge for the period	94
At 31 March 2019	369

<b>Net book value</b>	
<b>At 31 March 2019</b>	140
At 31 March 2018	118

13.56 Further detail provided in note 13.10 page 69.

## 8. Non-current assets

### Property, plant and equipment

	<b>Furniture, fixtures and fittings</b>	<b>IT equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Valuation</b>			
At 1 April 2019	154	513	667
Additions	0	42	42
Disposals	(9)	(128)	(137)
At 31 March 2020	145	427	572
<b>Depreciation</b>			
At 1 April 2019	133	450	583
Charge in period	7	46	53
Disposals	(9)	(128)	(137)
At 31 March 2020	131	368	499
<b>Net book value</b>			
<b>At 31 March 2020</b>	<b>14</b>	<b>59</b>	<b>73</b>
<b>At 31 March 2019</b>	<b>21</b>	<b>63</b>	<b>84</b>

13.57 All assets above are wholly owned by the Authority without any related financial liabilities.

	Furniture, fixtures and fittings	IT equipment	Total
	£'000	£'000	£'000
<b>Valuation</b>			
At 1 April 2018	150	499	649
Additions	17	14	31
Disposals	(13)		(13)
At 31 March 2019	154	513	667
<b>Depreciation</b>			
At 1 April 2018	140	393	533
Charge in period	6	57	63
Disposals	(13)		(13)
At 31 March 2019	133	450	583
<b>Net book value</b>			
<b>At 31 March 2019</b>	21	63	84
<b>At 31 March 2018</b>	10	106	116

## 9. Trade and other receivables

13.58 Amounts falling due within one year:

	31 March 2020	31 March 2019
	£'000	£'000
Trade and other receivables	305	96
Prepayments	219	80
<b>Total trade and other receivables</b>	<b>524</b>	<b>176</b>

13.59 There are no trade receivables and other current assets falling due after more than one year.

## 10. Investments

	31 March 2020	31 March 2019
	£'000	£'000
Balance at 1 April 2019	750	750
Net change in deposits	0	0
Balance at 31 March 2020	750	750

13.60 Investments are short-term deposits that are entered with financial institutions with maturity date of over three months and no longer than nine months. The deposits

comply with the Authority's reserves policy. As at 31 March 2020 and as at 31 March 2019, no short-term deposits were maturing after more than one year.

## 11. Cash and cash equivalents

	2019/20	2018/19
	£'000	£'000
Balance at 1 April	5,714	5,082
Net changes in cash and cash equivalent balances	(371)	632
<b>Balance at 31 March</b>	<b>5,343</b>	<b>5,714</b>
<i>The following balances were held at:</i>		
Government Banking Service	1	24
Commercial banks and cash in hand	5,342	5,690
<b>Balance at 31 March</b>	<b>5,343</b>	<b>5,714</b>

## 12. Trade and other payables

13.61 Amounts falling due within one year:

	31 March 2020	31 March 2019
	£'000	£'000
Trade and other payables	24	41
Taxation and social security	84	71
Accruals and deferred income	4,616**	4,557*
<b>Total trade and other payables</b>	<b>4,724</b>	<b>4,669</b>

\* Opening value of contract liabilities with customers. This was all recognised as income in the current year.

\*\* Closing values of contract liabilities. The increase is due to an increase in Fee income and advice to other organisations.

13.62 There were no trade payables and other current liabilities falling due after more than one year.

## 13. Provisions

	Provisions
	£'000
Balance at 31 March 2019	13
Arising during the period	5
Provision used	(8)
<b>Balance at 31 March 2020</b>	<b>10</b>

The HMRC provision as at 31 March 2020 represents the Authority's tax liability on interest received from bank investments

#### 14. Additional general reserves note

	<b>Unrestricted Element</b> All work (Regulatory and standards setting / Accredited Registers / Commissions from Government(s) / Advice to other organisations)	<b>Restricted Element</b> (Regulatory and standards setting work)	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 31 March 2019</b>	718	1,464*	2,182
<b>Changes in reserves in the year ended 31 March 2020</b>			
Regulatory and Standards setting work		52***	52
Accredited registers	(190)**		(190)
Commissions from Government(s)	39		39
Advice to other organisations	50		50
<b>Other accounting adjustments</b>			
<b>Balance as at 31 March 2020</b>	<b>617</b>	<b>1,516</b>	<b>2,133</b>

\*This includes both cash and non-cash elements.

\*\*Including DHSC subvention of £70k and DHSC notional funding of £10k

\*\*\* Including DHSC notional funding of £117k (total amount of notional funding was £127k)

#### 15. Contingent assets and liabilities

##### Assets

- 13.63 Three High Court cases were concluded by consent orders and costs were ordered in the Authority's favour. Final recovery amounts are under negotiations in both cases between NMC and the Authority (two as at 31 March 2019).

##### Liabilities

- 13.64 Thirteen High Court cases under the Authority's Section 29 powers were undecided as at 31 March 2019. There was, therefore, uncertainty, as at that date, as to the result of the cases and related financial consequences, pending a final judgment.
- 13.65 Judgment by the High Court may permit recovery of these Authority costs or, alternatively, issue a charge to the Authority of the costs of the regulator and its registrant. The Authority considers it is possible but not probable that such obligation will arise.



## 16. Capital commitments

13.66 The Authority had no capital commitments as at the statement of financial position dates.

## 17. Commitments under leases

### Operating leases

13.67 The Authority's expenses include rent and service charge payments under operating lease rentals.

13.68 The Authority had the following obligations under non-cancellable operating leases:

<b>Buildings</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£'000</b>	<b>£'000</b>
Due not later than one year	324	324
Later than one year and not later than five years	513	837
<b>Total commitments under operating leases</b>	<b>837</b>	<b>1,161</b>

13.69 An amount of £325k has been recognised as lease payment in the Statement of Comprehensive Net Expenditure.

13.70 The Authority sub-leases its premises to one subtenant and recognises rent and service charge sub-lease receipts as income. An amount of £39K in respect of these charges has been recognised as income in the Statement of Comprehensive Net Expenditure.

13.71 Total future minimum lease receipts due to the Authority under operating leases are given in the table below:

<b>Future minimum sub-lease receipts</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£'000</b>	<b>£'000</b>
Due not later than one year	39	39
Later than one year and not later than five years	62	100
<b>Total minimum sub-lease receipts</b>	<b>101</b>	<b>139</b>

### Finance leases

13.72 The Authority did not have any finance leases in the period to 31 March 2020 and 31 March 2019.

## 18. Related parties

13.73 The Authority is accountable to the UK Parliament.

13.74 The Authority is an unclassified public body. It was funded and sponsored by the Department of Health and Social Care to 1 August 2015. The Department also

provided funding to support the accredited registers scheme and to pay for advice commissioned from the Authority. The Department of Health and Social Care is regarded as a related party.

- 13.75 During the period to 31 March 2020, the Authority has received £70k subvention from Department of Health and Social Care in respect of Accredited Registers programme (none in 2018/19). During the period to 31 March 2020, the Authority has received £42k from the Department of Health and Social Care in respect of commissioned work from 2018/19 (2018/19: £1K was refunded to the DHSC) and £127k as a notional funding in respect of NHS Pensions employer's contributions increase.
- 13.76 During the period to 31 March 2020, the Authority has not received any funding from any Devolved Administrations (none in 2018/19).
- 13.77 The HCPC belongs to the Department of Health and Social Care group and is regarded as a related party. During the period to 31 March 2019 the Authority has received £0.75m in respect of 2020/21 fee income (2018/19 £0.99 million in respect of 2019/20 fee income) from HCPC. In addition to this Authority has received £41k from HCPC in respect of three High Court cases under the Authority's Section 29 power (none in 2019/20).
- 13.78 The NMC belongs to the Department of Health and Social Care group and is regarded as a related party. During the period to 31 March 2020, the Authority has received £1.91m in respect of 2019/2020 fee income from NMC (2018/19 £1.88m in respect of 2019/20 fee income). In addition to this Authority has received £98k from NMC in respect of 10 High Court cases under the Authority's Section 29 power (2018/19: £22k).
- 13.79 The Authority maintains a register of interests for the Chair and Board members, which is available on the website. The register is updated on a periodic basis by the Executive Secretary to reflect any change in Board members' interests. During the period ending 31 March 2020 no Board member undertook any related party transactions with the Authority (other than the standard remuneration detailed above in the Remuneration and Staff Report).
- 13.80 The senior management team is also asked to disclose any related party transactions. During 2019/20, there were no related party transactions to disclose (other than the standard remuneration detailed above in the Remuneration and Staff Report).

## **19. Losses and special payments**

- 13.81 Losses and special payments were individually and in total well below the reporting threshold of £300k.

## **20. Post statement of financial position events**

- 13.82 These accounts were authorised for issue on the date they were certified by the Comptroller and Auditor General.

## **21. Financial Instruments**

- 13.83 Within the scope of IFRS 9 Financial Instruments, the Authority holds trade receivable and payables (notes 9 and 12), short term investments (note 10) and cash and cash equivalents (note 11).

## **Financial risk management**

- 13.84 Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.
- 13.85 Given the way the authority is financed, and that it has limited powers to borrow or invest surplus funds, and that its financial assets and liabilities are generated by day to day operational activities and are simple in nature, the Authority's exposure to financial risks is very low.
- 13.86 Receivables and payables that are due to mature or become payable within 12 months from the statement of financial position date have been omitted from all disclosures.

## **Currency risk**

- 13.87 The Authority is a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling-based. The Authority has no overseas operations. Therefore, the Authority has low exposure to currency rate fluctuations.

## **Interest rate risk**

- 13.88 The Authority had no borrowing and most fees from the regulators were received in 2019/20 so the Authority's exposure to this risk was very low. As of 31 March 2020, the Authority had a non-interest-bearing cash balance of £4,437,290.33 and £1,655,709.82 in a bank deposit generating small interest.

## **Credit risk**

- 13.89 Because the majority of the Authority's income comes from statutory fees payable by regulators the credit risk that the Authority is exposed to is low.

## **Liquidity risk**

- 13.90 The Authority relies primarily on fee income with statutory fees payable at the commencement of financial year therefore, the Authority has low exposure to liquidity risk. However, the timing of the receipt of statutory fees could potentially result in short term cash flow issues. The Authority is mitigating this risk by maintaining a reasonable level of reserves.

---

<sup>i</sup> **From 1 July 2019 annual renewal fees increased:**

- **£257 for pharmacists from £250**
- **£121 for pharmacy technicians from £118**
- **£262 for pharmacy premises from £241**

[Follow this link for more details on fee increases](#)



**Professional Standards Authority for Health and Social Care**  
157-197 Buckingham Palace Road  
London SW1W 9SP

**CCS0420429148**  
**ISBN 978-1-5286-2022-2**

Telephone: **020 7389 8030**  
Email: [\*\*info@professionalstandards.org.uk\*\*](mailto:info@professionalstandards.org.uk)  
Web: [\*\*www.professionalstandards.org.uk\*\*](http://www.professionalstandards.org.uk)

© Professional Standards Authority for  
Health and Social Care July 2020