

Professional Standards Authority Business Plan 2020/21

About the Professional Standards Authority

The Professional Standards Authority for Health and Social Care promotes the health, safety and wellbeing of patients, service users and the public by raising standards of regulation and voluntary registration of people working in health and care. We are an independent body, accountable to the UK Parliament, and work closely with the devolved administrations in Northern Ireland, Scotland and Wales.

We oversee the work of 10 statutory bodies that regulate health professionals in the UK and social workers in England. We review the regulators' performance and audit and scrutinise their decisions about whether people on their registers are fit to practise.

We also set standards for organisations holding registers for people in unregulated health and care occupations and accredit those organisations that meet our standards.

To encourage improvement we share good practice and knowledge, conduct research and introduce new ideas including our concept of right-touch regulation.¹ We monitor policy developments in the UK and internationally and provide advice to governments and others on matters relating to people working in health and care.

We also undertake some international commissions, which are paid for by the commissioners, to extend our understanding of regulation of a global workforce.

We are committed to being independent, impartial, fair, accessible and consistent. More information about our work and the approach we take is available at www.professionalstandards.org.uk.

1

Professional Standards Authority (2015). *Right-touch regulation revised*. Available at www.professionalstandards.org.uk/what-we-do/improving-regulation/right-touch-regulation

Contents

| | |
|---|----|
| Foreword by Chief Executive..... | 4 |
| 1. Introduction | 5 |
| 2. Strategic plan 2019-22 | 6 |
| 3. Governance..... | 10 |
| 4. Business principles..... | 13 |
| 5. Regulatory oversight and standard setting – what our work entails..... | 15 |
| 6. Regulatory oversight and standard setting – our work in 2020/21 | 17 |
| 7. Budget for regulatory and standards setting work | 23 |
| 8. Accredited Registers | 33 |
| 9. Commissions from Government(s)..... | 36 |
| 10. Advice to other organisations | 38 |
| 11. Corporate budget requirement..... | 40 |
| 12. Corporate risk management | 42 |
| 13. Organisation charts..... | 44 |

Foreword by Chief Executive

This business plan covers the fifth financial year in which the Professional Standards Authority will be funded by the regulators, accredited registers and others who pay for services from us.

The Authority has four sources of income. The largest element comes from the regulators we oversee. How this part of our funds is determined is set out in our fee regulations and is subject to decision by the Privy Council and Secretary of State for Education. The second source of income is fees paid by occupational registers for accreditation. The third source is payment from the Department of Health and Social Care in England or other UK governments for policy advice and the fourth payment for commissions for advice or reviews from governments or regulators in other countries. On the expenditure side we are committed to avoiding cross-subsidy between these four areas of work and I draw attention to our business principles which are on page 13 of this Business Plan.

The Board of the Authority and the executive team aim to ensure that the funding arrangements work effectively for the Authority and our stakeholders, that our processes are transparent, that we seek efficiencies and that we remain focused on our responsibilities as set out in our legislation. Our right-touch performance review process aims to reduce the burden of oversight on well-performing regulators and in 2020 we will be introducing our new Standards of Good Regulation. 2020/21 will also be our first full year of oversight of a new regulator, Social Work England.

In addition to performance reviews, our consideration of final fitness to practise determinations is a significant element of our cost to the regulators. Our costs, like those of the regulators are primarily driven by volume. This business plan predicts 3,500 cases to be reviewed by us in 2020/21. We remain committed to further improving the effectiveness and efficiency of our key processes.

We will continue to develop the Accredited Registers programme. We have 25 registers accredited, representing around 88,000 professionals. We will be reviewing the funding of the programme in 2020 as the current fee arrangements do not fully cover our costs and therefore we require a subvention from the Department of Health and Social Care.

We are working with the Department of Health and Social Care in England and the other UK governments to continue improve regulatory policy. We may accept a small number of other commissions but do not intend to expand this area of our work this year.



Alan Clamp
Chief Executive

1. Introduction

- 1.1 This document sets out the business plan of the Professional Standards Authority for Health and Social Care (the Authority) for the period 1 April 2020 to 31 March 2021.
- 1.2 The Authority operates as an independent body with statutory duties. It is accountable to Parliament.
- 1.3 The Authority is funded through:
 - Fees collected from the regulatory bodies that it oversees, which fund the costs of its regulatory and standards functions
 - Income arising from the accreditation of voluntary registers. This activity aims to be on a cost-recovery basis in the long term, but currently requires some continuing government funding
 - Income for advice and investigations that are specifically commissioned by the Secretary of State and/or the Devolved Administrations. These commissions, now Section 223 of the 2012 Act has commenced, are funded by fees set by the Authority
 - Income from other activities, for example, fees from the provision of advice and advisory services to governments, regulatory bodies and other similar organisations in the UK and abroad.
- 1.4 The Authority is required by the Health and Social Care Act 2012 to consult with the regulatory bodies advising them of its proposed budget requirement. The consultation in relation to the fees for 2020/21 was sent to the regulatory bodies in September 2019. This corporate business plan, which was prepared in parallel with the consultation document, accordingly incorporates the relevant details from the consultation document along with details pertinent to the other work streams and the finances relating to them.
- 1.5 The Authority's accounts, which have been segmented to reflect the four work streams set out above, are subject to scrutiny by the National Audit Office. Our Annual Report and Accounts are laid before the UK Parliament and the parliaments and assemblies in Scotland, Wales and Northern Ireland.
- 1.6 The Authority has a board of eight: seven non-executive members and the Chief Executive. One non-executive member is appointed from each of Scotland, Wales and Northern Ireland.

2. Strategic plan 2019-22

- 2.1 The independence and expertise of the Authority put us in a unique position to respond to regulatory challenges in health and social care. These challenges include:
- The establishment of a new regulator, Social Work England, in 2019/20
 - Implementing our new Standards of Good Regulation
 - Working with the UK governments to shape the reform of professional regulation
 - Planning for the regulatory challenges brought by technological changes
 - Working with regulators and academic partners to undertake research to improve regulation
 - Ensuring that regulation provides appropriate protection for the most vulnerable
 - Assessing the risks of different health systems and regulatory approaches in the four countries of the UK.

- 2.2 This strategy reflects our contribution to meeting these challenges. Effective regulation leads to safer practice. Our priorities in this plan relate to: (a) reform of regulation, including appropriate oversight of consensual disposal cases by the statutory regulators; (b) seeking legislative changes to better support safeguarding for those using services from professionals on accredited registers; and (c) protecting the most vulnerable patients and members of the public.

Vision

- 2.3 Safe care through high standards of conduct and competence in health and social care professionals.

Mission

- 2.4 To protect patients, service users and the public by improving the regulation and registration of health and social care professionals.

Strategic aim 1

- 2.5 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.

- 2.6 In 2019-21 we will:

- Deliver robust and fair performance reviews of the statutory regulators; use our Section 29 powers to review the outcomes of fitness to practise panels; manage the Accredited Register programme; and report our findings to Parliament.
- Undertake commissions; conduct investigations, audits and one or more thematic reviews; and provide policy advice to governments.
- Contribute to improvements in regulation through research, use of data, shaping regulatory reform, implementing our new standards, and encouraging collaboration.
- Further develop 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

- 2.7 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.
- 2.8 In 2019-21 we will:
- Organise and contribute to events facilitating the sharing of knowledge, learning and good practice.
 - Revise our stakeholder engagement strategy and use this to shape regulatory reform and improve the way we work.
 - Seek feedback about our work from the regulators and organisations with accredited registers.
 - Engage 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

- 2.9 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.

2.10 In 2019-21 we will:

- Implement a more effective appraisal process.
- Use feedback from staff to identify and implement improvements in our working environment.
- Provide a range of relevant and useful professional development opportunities for all staff.
- Review our organisational values and promote and monitor these values throughout the Authority.

Strategic aim 4

2.11 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.

2.12 In 2019-21 we will:

- Review our governance arrangements and further improve our assurance processes.
- Invest in leadership and management development across the organisation.
- Improve our effectiveness and increase our value for money.
- Demonstrate robust financial management and reporting.

Reform of professional regulation

2.13 The Authority has long called for reform of the outdated and piecemeal legal framework for professional regulation. The recently published Government proposals are a significant milestone for this reform and express support for many of the changes proposed by the Authority. Initial areas identified for change 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.

2.14 The Authority has cautioned that the proposed additional flexibility for regulators must be balanced by enhanced oversight powers for the Authority to ensure that patients and service users are protected, and the public can continue to have confidence in regulation. This includes a role for the Authority in overseeing rule changes by regulators to avoid unjustifiable inconsistencies in approach and to make the system clearer for patients, service users, registrants and employers and ensure overall regulatory coherence.

2.15 We expect to commit a significant amount of time and resources over the year ahead and in future business years engaging with Government and stakeholders on the reform proposals and building our evidence base to ensure that public protection remains at the heart of a reformed system for professional regulation.

Monitoring performance

- 2.16 The Authority will monitor its performance against its business objectives and strategic plan using a range of quantitative and qualitative indicators. Performance monitoring will be reported at each Board meeting.

Organisational values

- 2.17 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.
- 2.18 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.

3. Governance

Board

- 3.1 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.
- 3.2 The Board is the Authority's highest decision-making forum, where significant strategic and operational matters are discussed and consequential decisions taken.
- 3.3 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.
- 3.4 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.

Chair of the Board

- 3.5 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.

Committees and working groups of the Board

- 3.6 The Board has delegated specific duties to committees which consequently report back to the Board. All committees are advisory, although in certain circumstances the Board may delegate decisions to them.

Audit and Risk Committee

- 3.7 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.
- 3.8 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.
- 3.9 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.
- 3.10 The committee sets its own work programme for the coming year and this influences the work programme set by the internal auditors.
- 3.11 Typically the Board delegates final approval of the Annual Report and Accounts to this committee.

Scrutiny Committee

- 3.12 The Scrutiny Committee receives reports on the operation of our scrutiny and oversight of the 10 health and care professional regulatory bodies, provides quality assurance of the Section 29 decision-making process, and assures the quality of the accredited registers programme and the performance reviews of the regulators.

Remuneration Committee

- 3.13 The Remuneration Committee meets once a year, or more frequently if necessary, to deal with remuneration issues if they arise.

Nominations Committee

- 3.14 The Nominations Committee ensures that the Authority has an appropriate Board membership.

Accounting Officer

- 3.15 The Board 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'.

- 3.16 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.
- 3.17 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.

4. Business principles

- 4.1 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.
- 4.2 We set out below the principles that we work to:
- Regulatory and standards setting work: All fees from the regulatory bodies 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 and Secretary of State for Education will be used in the calculation of the following year's fee
 - Accredited Registers: All fees for accreditation or renewal from occupational 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.
- 4.3 Surpluses will be applied according to these principles after the requirements of our reserves policy have been met.
- 4.4 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 auditor's statement setting out our compliance with these business principles.
- 4.5 In conjunction with these principles our Board has established a reserves policy.
- 4.6 The Authority has agreed to hold reserves of three months' total operating costs (currently £1.177 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.
- 4.7 The intention is that over time the restricted element will amount to two months' total operating costs.
- 4.8 The level and make-up of our reserves will be reported through our Annual Report.
- 4.9 Any money taken from reserves during the year will need to be replaced in the following year(s).

- 4.10 Should there be a need to draw upon the restricted element of the reserves we will report this to the regulatory bodies at an appropriate point.
- 4.11 Our annual accounts for 2018/19 can be found at:
www.professionalstandards.org.uk/docs/default-source/publications/annual-reports/professional-standards-authority-annual-report-and-accounts-2018-19.pdf?sfvrsn=2e17420_5
- 4.12 In 2019 as part of our internal audit work programme, our internal auditors, Mazars undertook a review of our operations looking at how we complied with our business principles and reserves policy. The review identified no actions that merited attention for the Authority and 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 2018/19.'

5. Regulatory oversight and standard setting – what our work entails

5.1 The Authority has been established to:

- Promote the interest of patients and other members of the public in relation to the performance of the regulatory bodies
- Promote best practice in the performance of professional regulation functions
- Formulate principles of good regulation and encourage regulatory bodies to conform
- Promote cooperation between regulatory bodies.

5.2 The work we undertake to fulfil our overall purpose and duties to which the Professional Standards Authority for Health and Social Care (Fees) Regulations 2015 apply has not changed in the last 12 months and is:

- Reviewing cases under Section 29 of our legislation and referring cases to the relevant Courts if we consider a decision about a practitioner's fitness to practise is not sufficient to protect the public or should not have been made
- Investigating and reporting on the performance of each regulatory body
- Examining and reporting on how the performance of functions undertaken by the regulators compare
- Making recommendations to a regulatory body to change the way it performs its functions
- Providing advice to the regulatory bodies in relation to their statutory functions; based on research and our work to improve and develop standards
- Assisting the Privy Council and Secretary of State for Education with their appointments functions in relation to the regulatory bodies
- Seeking the views of members of the public and bodies which appear to represent the interests of service users on matters relevant to our functions
- Providing the views and opinions of the Authority about regulatory matters to others, developing, gathering and synthesising evidence in support of that, and responding to those consulting on such issues
- Organising meetings and other events to facilitate debate, discussion, cooperation and improvement and participating in seminars and conferences in the UK and elsewhere
- Undertaking anything we believe to be necessary or expedient for the performance of our functions
- Reporting on any matter as requested by the UK Government, the Northern Ireland Assembly Government, the Welsh Assembly Government or the Scottish Government
- Supporting the Health Select Committee as and when required to develop its relationship with the Authority. Facilitating it in drawing on our performance review reports in preparing for accountability hearings and when examining the case for

inviting professional regulators under the Authority's remit to appear before the Committee and submit evidence

- Undertaking the accounting, reporting, planning and legislative requirements necessary for the running of the Authority
- Publishing information about the Authority and the exercise of its functions.

6. Regulatory oversight and standard setting – our work in 2020/21

Governance and Operations

- 6.1 The team works to ensure that the Authority is an independent, effective, value for money organisation. It supports the Board and executive in maintaining the functionality and smooth operation of the organisation.

Work for 2020/21

- 6.2 The focus for the team during 2020/21 will be to continue to support the general operation of the Authority while looking to identify further improvements and efficiencies.

Business as usual

- 6.3 The team provides what is commonly referred to as corporate services, including finance, human resources, information and communications technology, information security, information requests, governance, performance reporting, risk management, audit management, corporate complaints, external business relationships, accommodation and facilities, health and safety, business continuity, procurement and office administration.
- 6.4 The focus of our business as usual operations in 2019/20 will be to deliver:
- A stable operating platform, including a balanced budget
 - Continued improvements and efficiencies
 - Customer service and support to the other teams within the Authority
 - Applying ‘right touch’ and proportionality in-house
 - Focusing more on our people and empowering our line managers
 - Good governance in Authority decision-making.

Developments

- 6.5 The detailed development programme for 2020/21 will be planned towards the end of the current financial year, once the current works are concluded.
- 6.6 The areas that we will look to address include:
- Capital works, including ICT infrastructure changes
 - The ongoing drive for process and resource efficiencies.

Scrutiny and Quality

- 6.7 The Scrutiny and Quality Directorate undertakes the work that has the greatest direct interface with the regulatory bodies. During 2020/21 we will continue to undertake the work necessary for the Authority to fulfil its statutory duties.

Fitness to practise

- 6.8 The Authority has a statutory power to challenge decisions made by the regulators’ fitness to practise (FTP) panels by way of an appeal to the High Court.

- 6.9 The Authority's power to lodge an appeal is subject to strict statutory time-limits. Our process for reviewing all final FTP panel decisions therefore must ensure that we can conduct sufficiently detailed reviews of cases and, where necessary, arrive at formal decisions to lodge an appeal, within the statutory time limit.
- 6.10 Under the process, each case where there may be a risk to public protection is subject to an initial review. Cases in which there are concerns that the decision may not be sufficient to protect the public are then referred for a detailed case review by a legally qualified member of the team. If concerns remain after the review, the case is referred to a Section 29 case meeting² to consider whether the Authority should refer the case to Court. The Authority has a team of seven people examining the cases. In 2018/19 they considered 3,261 cases. Our Scrutiny Committee continues to assure that our decisions are robust.
- 6.11 We have continued to review our processes and have further reduced the number of cases which are automatically reviewed because experience showed that some types of cases did not give rise to concerns about public protection.
- 6.12 The workload in the early months of 2019/20 suggests that the workload has steadied, following a fall in 2018/19, although experience shows that case numbers can fluctuate. There are a number of reasons why this might be the case. For example, we are aware that the NMC has recently completed a programme of dealing with older cases and its caseload has steadied and we are aware that some regulators are introducing processes which may mean that fewer cases will be subject to review under the Section 29 process. We will be analysing historic and recent data to see whether any trends can be observed.
- 6.13 Social Work England (SWE) will have been established by the time the financial year begins and will have taken over the cases currently handled by the Health and Care Professions Council (HCPC), albeit with significantly more flexible powers to deal with fitness to practise cases. There is still discussion around how the Authority will be able to look at consensual decisions reached outside panel hearings. It is too early to assess whether the caseload is likely to be higher or lower than that currently managed by the HCPC.
- 6.14 For the present, however, we believe that it is prudent to estimate that the caseload will be between 3,000 and 3,500 cases, that is, a steady caseload. In 2018/19 we reduced the number of staff reviewing FTP cases by one and it is planned to keep the team at the same size for 2020/21. We would welcome further information from regulators in response to this consultation about any significant changes in caseload which they consider to be likely.

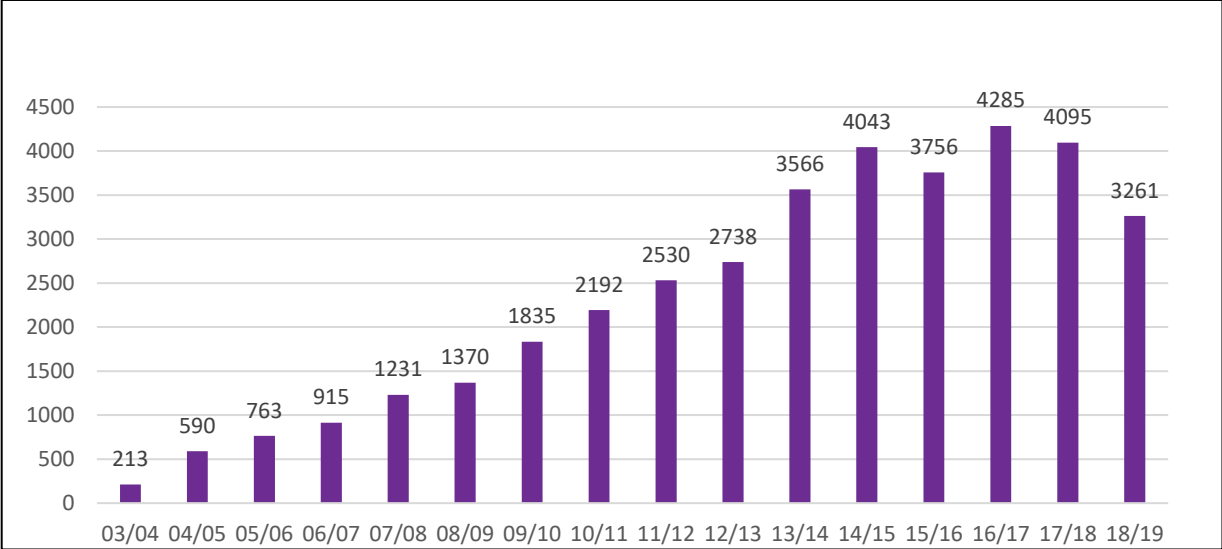
Legal advice

- 6.15 At a case meeting, we have an external lawyer present to act as Legal Advisor to the decision-makers. In 2016/17 we amended our practice so that this advice is now generally provided by counsel instructed on a direct access basis. Exceptions will apply where the case is particularly complex or where an appeal will be heard in Scotland or Northern Ireland. This has reduced the cost of case meetings.
- 6.16 In 2018/19, we held 21 case meetings, which is a reduction on the 33 held in 2017/18. The number of case meetings fluctuates and the evidence of the early months of the new financial year suggests that more may be held in 2019/20.

² Our power to review regulators' final fitness to practise decisions derives from Section 29 of the NHS Reform and Health Care Professions Act 2002 (as amended).

6.17 Where we decide to refer a case to Court, we instruct external lawyers after the case meeting to oversee the preparation of the Grounds of Appeal and to lodge the appeal on the Authority’s behalf. The Authority benefits from being able to access legal advice under the NHS Resolution scheme and from the rates negotiated under that scheme. In 2017 a re-tender was held and the rates have increased by around 5 per cent. This continues to be good value for money compared with the open market. The Authority works closely with firms to ensure that costs in individual cases are kept under close review.

Table 2 Number of fitness to practise cases reviewed annually



6.18 We are currently predicting that during 2019/20 we will review 3,200 cases. This assumes the same level as in 2018/19.

6.19 Our provision for legal costs takes into account our estimates of the caseload as stated above.

Performance review

6.20 The 2020 performance review cycle will commence in January 2020, and the schedule for assessment and review will be consistent with previous cycles, save that we will need to bring Social Work England into our programme.

6.21 As in the years since 2016, the 2020 performance review process will bring together information and data from the regulators, third parties, our audits when appropriate, final fitness to practise decisions and appeals and our assessments against the *Standards of Good Regulation* into individual reports about each regulator. Each regulator will continue to have a member of the performance review team assigned as a liaison, and the performance review reports will be published after their completion throughout the 2020 cycle. We will continue to ensure that the data we collect to help inform our reviews is proportionate.

6.22 We expect that the arrival of SWE is likely to have an impact on our workload in 2020 and we will be working with SWE to understand its approach so that we can assess the level of audit that is necessary. We consider that there may need to be a significant amount of early work.

6.23 The new *Standards of Good Regulation* will come into effect in 2020. We do not expect these to add significantly to the overall workload of the team.

- 6.24 Our performance reviews have been questioned for not dealing with wider questions of good practice. We propose to address this by developing a thematic review process whereby we will select particular issues which are relevant across the regulators and to undertake these to identify good practice and provide further value.

Complaints and concerns

- 6.25 We continue to work to inform the public about what we can and cannot do with respect to concerns or complaints they have about the regulatory bodies. Each year we receive correspondence about the regulators directly from members of the public.
- 6.26 On our website we have a 'share your experience' button, to make it easier for people to share their experiences of regulators with us. This information will be considered when we undertake the performance reviews. We make it clear that we have a very limited role and remit, especially in relation to complaints about registrants.
- 6.27 We will continue our practice of sending certain concerns raised with us to the relevant regulator and asking for its comments. We then share the regulator's comments and our thoughts on those comments with the individual who raised the concern with us.
- 6.28 We do not anticipate that the number of concerns we have to deal with will markedly change during 2020/21 and we expect that a proportion of these concerns will remain resource-intensive, due to the nature of the concerns raised and the steps we take to address them.

Supporting the quality of appointments to regulators' councils

- 6.29 We will continue to assist the Privy Council and Secretary of State for Education in the exercise of their appointment powers in respect of the councils of the regulatory bodies. In 2018/19 we advised on 12 processes. The numbers fluctuate in each year, but we do not anticipate that the workload will change.

Standards and Policy

- 6.30 The work of the Standards and Policy team ensures that the Authority meets its legislative responsibilities to promote the health, safety and wellbeing of patients, service users and the public; to promote good practice in regulation and to promote cooperation between regulators. It enables us to fulfil our statutory obligation to provide advice to the Secretary of State for Health, the Secretary of State for Education and Ministers in Scotland, Northern Ireland and Wales as required.
- 6.31 The team keeps the regulators and others informed about the latest research on regulatory matters and works with academics to ensure that research assisting the development of regulation is undertaken. The knowledge and information held by the team enables the Authority to look to the development of its own regulatory processes and standards. It underpins our approach to the development of best practice and improvements in regulation. It also enables the Authority to comment on how it believes future legislation should be drafted and to comment on proposals and consultations put forward by government and others.
- 6.32 The team are responsible for maintaining a strategic, forward-looking view of the regulation of people who work in health and social care in the general context of health and care services. We maintain an overview of the work of the 10 professional regulators we oversee. We build the knowledge and evidence base we use to inform our views. We formulate and articulate the principles which underlie our approach to our work. We do this so that the Authority is able to provide assurance and advice to

Parliament, the Health Committee and others; and to ensure that the work of the regulators now and in the future, is carried out as effectively as it can be, without unnecessary regulatory burdens, to the benefit of the health, safety and well-being of the public.

- 6.33 The team also leads on external relations and communications, including our website and events.

Work for 2020/21

- 6.34 The team will advise on any proposed new legislation and changes to legislation following the government's announcement of its intention to implement reform of professional regulation, including changes to the regulation of social work in England. It will monitor and analyse the impact of the proposals on the protection of the public and on the effectiveness of the regulators and the Authority. The Authority has flagged up its concerns about proposals regarding allowing regulators to extend their use of consensual disposal to the full spectrum of cases, unless this is balanced by allowing the Authority to review the outcomes under its Section 29 powers. We will continue to monitor these developments.
- 6.35 The team will prepare the evidence the Authority provides to the Parliamentary Health Committee.
- 6.36 We anticipate that the team will consider about 30 consultations and requests for briefings.
- 6.37 We will encourage sharing and developing knowledge about regulation and its effects and to stimulate debate by organising and hosting conferences and seminars, and by continuing to facilitate the growing network of academics interested in regulation. We will maintain our focus on areas of vulnerability for the public, including such areas of risk as sexual misconduct, dishonesty and continue to seek ways to increase patient agency in managing their own safety.
- 6.38 We will seek the public's views on our work and that of the regulators we oversee by carrying out consumer-focused research into issues that arise during the year. Consumer focus work, which is commissioned from specialist companies, is undertaken in order to assess the impact of the regulators' work to protect the public and to increase confidence in the professions and regulation. This work helps us to fulfil our statutory responsibilities to inform and consult.
- 6.39 We will continue to develop and publish our thinking on professional regulation, registration and risk, to stimulate discussion and debate, especially in relation to the ideas we set out in our policy paper *Right-touch assurance*. We will also continue to explore the effects of regulation and other influences on personal behaviour, seeking to identify what works well and why. We will do this by encouraging others to undertake research through our academic network, by facilitating discussion at our academic conference and by conducting research into and analysis of the data we hold on fitness to practise cases. We will publish the reports of both work we undertake ourselves and work we commission from others. We will also encourage others with research interests to use the data we hold on past fitness to practise cases.
- 6.40 We will learn from others and continue to share our own regulatory knowledge and expertise, raising the profile of professional regulation in the UK by speaking at and attending conferences and events in the UK and internationally, horizon-scanning, submitting papers to relevant journals and through analysis of published sources.

- 6.41 We will ensure that the Authority engages effectively in each of the four countries of the UK so that our work takes proper account, where relevant, of the diverging health and care systems in England, Scotland, Northern Ireland and Wales and developments in Europe. We will also input to their developments where they are relevant to our role. We will extend our engagement with key stakeholders to ensure we are properly sighted of issues and opportunities. We will continue to implement our Welsh Language Scheme.
- 6.42 We will monitor parliamentary affairs and respond to parliamentary questions as required. We will continue to advise the Health Committee when requested.
- 6.43 We will respond to media and other enquires and proactively promote the work of the Authority through our website and publications.

7. Budget for regulatory and standards setting work

Staff costs

- 7.1 Within the 2020/21 budget we have allowed for:
- A 5 per cent vacancy rate
 - A 'cost of living' pay increase for staff and Board members of 2.5 per cent³
 - Contractual progression increments for some staff within salary bands
 - A slight restructuring of our Board pay to ensure that the Chair of our Scrutiny Committee is reimbursed at the same level as the Chair of the Audit and Risk Committee
 - A mandatory 6.3 per cent increase in our NHS employer pension contributions.
- 7.2 The actual staff salary costs may be reduced by income from commissions. No provision for income from commissions has been made in predicting staff costs for 2020/21.

Human resources

- 7.3 The staffing establishment as budgeted for is:

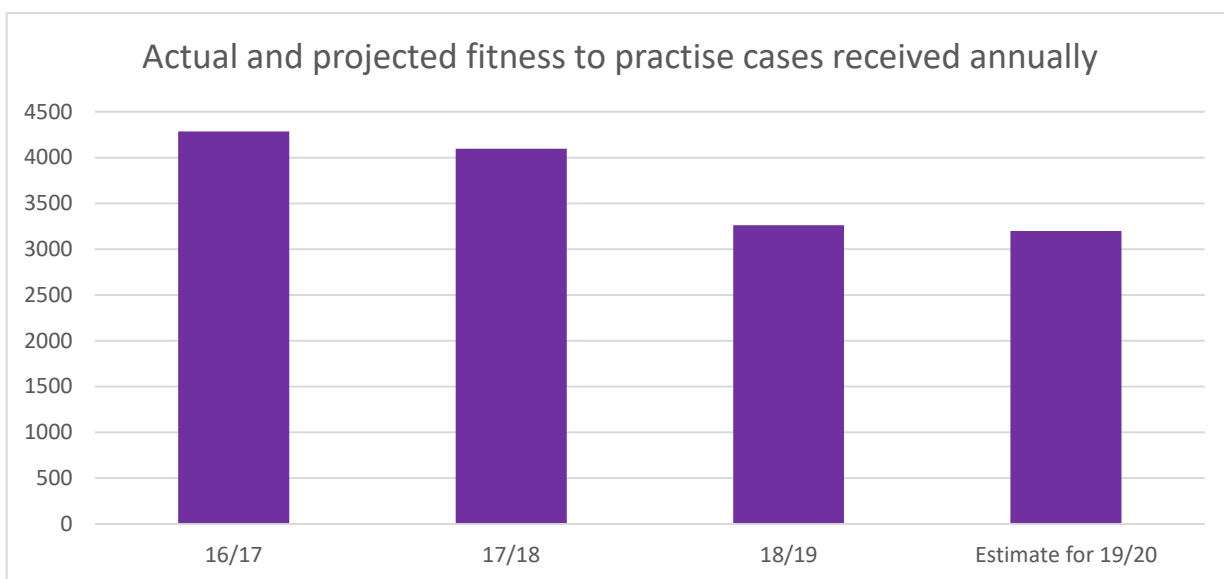
| Posts | 2020/21 | 2019/20 |
|-----------------------|-----------|-----------|
| Chief executive | 1 | 1 |
| Directors | 3 | 3 |
| Assistant directors | 2 | 3 |
| Heads of functions | 4 | 4 |
| Managers | 6 | 5 |
| Technical specialists | 4 | 4 |
| Officers and advisers | 17 | 18 |
| Administrators | 3 | 2 |
| Total | 40 | 40 |

- 7.4 These 40 posts equate to 38 full-time equivalents.

Fitness to practise cases

- 7.5 In our previous consultation document for 2019/20 we had taken an average of the last three years' case numbers, including the projection for the current year in order to give an estimate of the future number. Doing so for 2019/20 would give an estimate of 3,884. Given, however, the decline in numbers and the fact that current numbers appear steady, we are currently projecting a caseload of around 3,200 in 2019/20.

³ This increase took account of inflation for the last 12 months, looking across various indexes.



- 7.6 We will continue to monitor trends in caseload but we think that there is unlikely to be a significant increase in 2020/21 and therefore consider that it would be prudent to assume a caseload of around 3,500 for that year. We have already reduced the number of people in the Section 29 team and do not consider that this will require any further change in staffing numbers.

Section 29 legal costs

- 7.7 Expenditure on legal advice and representation in relation to our Section 29 role scrutinising fitness to practise cases is a significant cost to the Authority.⁴ It is difficult to estimate. The volume of work can only be estimated (and only if the regulators can themselves estimate reasonably accurately), and while the Authority can recover a proportion of its legal costs, this element (if an appeal is successful) cannot be accurately predicted. In addition, the recoveries are not normally agreed or paid immediately after the case is decided, and it can be some months before the Authority receives them.
- 7.8 There is also the prospect of the Authority being required to pay the costs incurred by other parties should a case be lost.
- 7.9 The methodologies for dealing with Section 29 costs and recoveries are set out in detail in the notes to our annual accounts.
- 7.10 For 2020/21 we have included a recovery rate of 25 per cent of the total expenditure⁵. We have decided to take the average of the last three years as an appropriate figure, recognising that there will be fluctuations and that this appears to be an appropriate way of estimating the likely exposure.
- 7.11 The change takes account of the risk of the Authority having to meet the costs of other parties and the changes to the way in which we undertake our legal work.

⁴ Our power to review regulators' final fitness to practise decisions derives from Section 29 of the NHS Reform and Health Professions Act 2002 (as amended).

⁵ This percentage relates to the total expenditure as opposed to the 'recoverable' expenditure, for which we always aim for 75 per cent recovery.

Accommodation

- 7.12 The Authority is a tenant of the National Audit Office and has a Memorandum of Occupation in place through to 31 October 2022 with a rent review at 1 April 2019. The Authority currently sublets some of its accommodation to one other body:
- The Independent Reconfiguration Panel (IRP) has an annual lease currently through to April 2022.

Capital

- 7.13 The capital provision is for expenditure on assets other than computer software.

Investment income

- 7.14 The budget for 2020/21 includes an estimate for income received in respect of the monies received in the previous year and held on deposit as well as money held as reserves.

Corporation Tax

- 7.15 The Authority is required to pay corporation tax in respect of any interest that is earned.
- 7.16 The fees received from the regulators as determined by the Privy Council and Secretary of State for Education are outside the scope of corporation tax.

Reserves

- 7.17 The Authority acknowledged in its first consultation on fees in 2015/16 that it was likely to need to build up a financial reserve in order to manage the financial risks it may face.
- 7.18 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.
- 7.19 The cash-flow issues are linked to the receipt of the fee income. If the consultation process is not concluded by the Privy Council and Secretary of State for Education 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.
- 7.20 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.
- 7.21 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 regulatory bodies would be asked to provide funding that they had not budgeted for, resulting in pressure on their own budgets.
- 7.22 To accommodate unexpected expenditure peaks and cash-flow deficiencies, and to reduce the prospect of needing to seek additional fees, in 2016 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.

- 7.23 Having reserves that can be called upon will also eliminate the need to pay arrangement fees and interest on any monies borrowed.
- 7.24 The Authority has agreed to hold reserves of three months' total operating costs (currently £1.177 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.
- 7.25 The level and make-up of our reserves will be reported through our Annual Report.
- 7.26 Any money taken from reserves during the year will need to be replaced in the following year(s).
- 7.27 Should there be a need to draw upon the restricted element of the reserves we will report this to the regulatory bodies at an appropriate point.

Current reserves position

- 7.28 During 2018/19 we generated a surplus that increased our reserve position by £0.119 million.
- 7.29 The reserves position as at the end of 2018/19 is as follows:

| | Unrestricted Element All work (Regulatory and standards setting / Accredited Registers / Commissions from Government(s) / Advice to other organisations) | Restricted Element (Regulatory and standards setting work) | Total |
|--|--|--|--------------|
| | £'000 | £'000 | £'000 |
| Balance as at 31 March 2018 | 783 | 1,056* | 1,839 |
| Changes in reserves in the year ended 31 March 2019 | | | |
| Regulatory and Standards setting work | | 184 | 184 |
| Accredited registers | (94) | | (94) |
| Commissions from Government(s) | (23) | | (23) |
| Advice to other organisations | 52 | | 52 |
| Other accounting adjustments | | | |
| Balance as at 31 March 2019 | 718 | 1,240 | 1,958 |

*This relates to cash elements only for read across to the reserves policy. Additionally, there are non-current assets reserves of £224k.

End of year over/under spends

- 7.30 Our reserves policy states that we will hold three months' total operating costs (currently £1.177 million) in cash and explains that we will keep building the cash reserves until we hit a two-thirds (restricted) / one-third (unrestricted) target.
- 7.31 At the end of 2018/19 our restricted reserve was £1,240 million cash, and so having achieved the target of £0.785 million for the restricted reserve we could potentially return a maximum of £0.455 million to the regulatory bodies in this 2020/21 fees consultation.
- 7.32 However, at this time of change within the regulatory sector (including the establishment of Social Work England and the reform of professional regulation) we feel that it would be prudent to return half (£0.228 million) of the possible £0.455 million, so that that the Authority has sufficient reserves for unexpected additional costs and does not have to seek additional funds from the regulatory bodies. We will keep this approach to excess restricted reserves under review and any excess funds will return to the regulatory bodies in the future.
- 7.33 Our intention at this point in time is to retain our excess unrestricted reserves at the current level. It is anticipated that any surplus will be used to develop regulatory practice, including:
- Research projects
 - Specific events.
- 7.34 Any underspend from the 2019/20 budget not required for reserves will be used to reduce the total fee income needed for 2021/22.
- 7.35 Due to the timing of the fee consultation occurring mid-way through the financial year we have had to project any likely over or underspend that will be available for reserves or other purposes.
- 7.36 We are currently predicting that we will have no underspend in 2019/20.
- 7.37 If an underspend is possible then when we put our proposal to the Privy Council and Secretary of State for Education in December 2019 we will be able to reduce the budget set out in this document prior to making that submission.

Accounting policies and depreciation

- 7.38 Details regarding our accounting policies and how we address depreciation can be found in the notes to our most recent Annual Report and Accounts at:

www.professionalstandards.org.uk/docs/default-source/publications/annual-reports/professional-standards-authority-annual-report-and-accounts-2018-19.pdf?sfvrsn=2e17420_5

Budgetary requirements 2019/20

| Total funding requirement | 2020/21 £'000 | 2019/20 £'000 |
|---|------------------|------------------|
| Net operating expenditure (excluding depreciation for assets purchased during the year and database amortisation) | 4,294 | 4,213 |
| Capital expenditure | 100 | 100 |
| Reserves | - | - |

| | | |
|---|--------------|--------------|
| Total funding requirement | 4,394 | 4,313 |
| Underspend transferred from previous year | - | - |
| Total funding requested | 4,394 | 4,313 |

Expenditure breakdown

| | 2020/21 £'000 | 2019/20 £'000 |
|--|------------------|------------------|
| Net operating expenditure requirement | | |
| Expenditure | | |
| Staff costs | 3,013 | 2,835 |
| Other administrative costs | 1,670 | 1,707 |
| Income | | |
| Operating income | (161) | (199) |
| Other | | |
| Refund to regulators | (228) | (130) |
| Net operating expenditure* | 4,294 | 4,213 |

*Net operating expenditure relates to core regulatory oversight and improvement activity and *excludes* any costs associated with; accreditation of registers of health professionals; commissions and investigations requested by the Department of Health and Social Care or other statutory bodies; and commissions from/consultancy to regulated bodies and other bodies.

| | 2020/21 £'000 | 2019/20 £'000 |
|--|------------------|------------------|
| Capital expenditure requirement | | |
| Information technology | 90 | 90 |
| Fixtures and fittings | 10 | 10 |
| Capital expenditure | 100 | 100 |

Administrative costs

| | 2020/21 £'000 | 2019/20 £'000 |
|-----------------------------------|------------------|------------------|
| Members' remuneration | 89 | 82 |
| Legal and professional fees | 528 | 630 |
| Premises and fixed plant | 590 | 592 |
| Training and recruitment | 163 ⁶ | 83 |
| Communications and conferences | 128 | 152 |
| Establishment expenses | 72 | 73 |
| External audit fee | 22 | 19 |
| Other costs | 78 | 76 |
| Depreciation | 0 | 0 |
| Total administrative costs | 1,670 | 1,707 |

⁶ Increase: £40k for possible x4 Board member recruitments, £20k increase in staff training and £20k increase in general recruitment.

Operating Income

| | 2020/21 £'000 | 2019/20 £'000 |
|-------------------------------|------------------|------------------|
| Section 29 cost recoveries | 87 | 126 |
| Sub-tenancy income | 62 | 62 |
| Other operating income | 12 | 11 |
| Total operating income | 161 | 199 |

Key performance indicators

| Area of work | Key performance indicators |
|---|---|
| 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% |
| HR | Staff sickness no more than 2% Staff turnover to be less than 15% Average recruitment process less than 12 weeks Vacancy rate no more than 5% |
| ICT | 85% of helpdesk calls to be closed within 1 day System unavailability below 10 hours |
| Information security | No incidents reported to the Information Commissioner's Office |
| 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 |
| Audit – external | Unqualified opinion received for accounts |
| Audit – internal | 100% of planned reviews completed within that financial year |
| Complaints | 100% of complaints acknowledged in five days Response to all complaints to be completed within 28 days |
| Health and safety | No reported incidents causing harm |
| Section 29 decisions | 100% of relevant decisions considered within statutory deadline |
| Performance Reviews | 2019/20 initial assessments completed on time 2019/20 performance reviews published within 3 months of initial indicative timescale |
| Public concerns about Regulatory bodies | 100% of concerns acknowledged within five working days |

Risks (threats and opportunities)

| Description | Response action and controls |
|--|---|
| Regulatory reform presents a chance to improve the regulatory sector and review / develop the Authority's role | Engagement with Ministers, DHSC and DAs DG and Board Members to set out Authority's position at stakeholder meetings Discussions to be held with regulators' Chairs / CE Cross team working group established to provide oversight of process for developing new legislation, to protect the public Take opportunities for collaborative working |
| Regulatory reform consultation response did not establish our oversight of consensual disposal or rule making by regulators | Engagement with Ministers, DHSC and DAs DG and Board Members to set out Authority's position at stakeholder meetings Discussions to be held with regulators' Chairs / CE Cross team working group established to provide oversight of process for developing new legislation, to protect the public Provide update to on regulatory reform to stakeholders |
| Devolution agenda requires the Authority to engage with and influence a wider audience directly | Dedicated stakeholder engagement sessions held in all four countries Networking undertaken by Board members from the devolved administrations Nominated Policy Team members maintaining relationships in devolved administrations Engagement through conferences and seminars (See response actions and controls for #1) |
| The Authority not responding to trends in regulation and the regulators' strategic priorities leads to criticism and a loss of relevance | Stakeholder engagement at Board and DG level with counterparts in the regulators and DHSC / DfE / DAs Annual strategic and business planning process, responsive to latest trends and plans of the regulators Policy Team monitoring / dissemination of latest sector information Performance Review monitors trends in regulation and regulator strategic plans |
| Criticism of the Authority in the face of poor practice by one or more statutory regulators | Robust Section 29 and performance review processes, including QA checks Clear explanation of the Authority's oversight role Regular engagement with the regulators Active management of the media when necessary New Standards give opportunity to review process Escalation of concerns with Parliament if necessary |
| Thought leadership, research and good practice in regulation affords the Authority an expert status in the sector | Annual programme for research, policy work, publications and events Robust, evidence based and consistent approach to Authority's work Stakeholder engagement at staff and Board level |

| | |
|--|---|
| | Further development of Right Touch Assurance model |
| Taking account of the views of regulators, registrants, patients and other key stakeholders (such as employers and system regulators) enhances the Authority's credibility and strengthens relationships | <p>Consultations undertaken when developments to working practices are proposed</p> <p>Proactive communications give the ability to better publicise the functions of the Authority</p> <p>Regular meetings with regulators</p> <p>Stakeholder mapping of registrant and patient groups, employer organisations and system regulators to develop an engagement plan</p> <p>Feedback survey with regulators on Performance Review processes</p> |
| Staff turnover leads to reduced capacity and capability | <p>People focus theme included in forthcoming corporate strategy</p> <p>Staff Forum established February 2019 looking at annual staff survey results and other feedback</p> <p>Exit interviews analysed and actions identified</p> <p>Directorates, teams, managers and staff have regular meetings</p> <p>Staff handovers arranged whenever possible</p> <p>People Strategy drafted and being consulted upon</p> <p>Annual People report to Board</p> |
| Insufficient capacity to service all the functions that the Authority is required to provide in peak periods | <p>Prioritisation of workload</p> <p>Structure of the directorates reviewed / updated for increased efficiency</p> <p>Flexibility to outsource work in place</p> <p>Reserves held allow flexibility to bring in additional staff at short notice</p> <p>Standard operations documented to allow new staff to assist where appropriate</p> <p>All policies are stored on drives and accessible</p> <p>Joint working across teams encouraged (including auditing)</p> |
| Effective use of the information and data held by the Authority and increased collaboration and data sharing across the sector leads to increased action to protect patients and the public | <p>Research, policy, Section 29 and performance review all work published and actively promoted</p> <p>Research based on PSA-held data and information</p> <p>Seminars and conferences held to promote collaboration</p> <p>New Section 29 database to make data manipulation / sharing easier</p> <p>Annual review of Performance Review dataset by Scrutiny Committee</p> |
| Failure to appeal appropriate Section 29 cases leads to gaps in public protection | <p>Robust Section 29 processes</p> <p>Transparent reasoning</p> <p>Additional QA checks and actions arising</p> <p>Active management of the media when necessary</p> <p>Regular training undertaken with external counsel</p> <p>Scrutiny Committee work programme</p> |
| Commencement of SWE results in damage to public | Advisory role to SWE on setup of the new regulator |

| | |
|--|---|
| <p>protection and disruption to the fees process</p> | <p>Dedicated meetings held with SWE / HCPC Chairs and CE; together with DHSC and DfE Assurance received from DfE concerning the fees process and setup timetable Practical arrangements for oversight to be planned</p> |
| <p>Impact on HCPC of commencement of SWE results in transitional challenges, restructuring and financial pressures and damage to public protection</p> | <p>Dedicated meetings held with SWE / HCPC Chairs and CE; together with DHSC and DfE Monthly meeting with HCPC CE</p> |

8. Accredited Registers

Background

8.1 The Accredited Registers programme sets standards for registers of health and care practitioners not regulated by law. The Authority works to strengthen the quality of care and patient safety by setting standards for the registers and accrediting those that meet them. Register holders are required to have proportionate methods in place for the removal of practitioners from their register.

8.2 The accreditation programme is in its sixth year. The programme now includes 25 registers with over 88,000 registrants. The programme has a registered trademark and a defined communication strategy for the programme to generate awareness.

While the intention is that the accreditation programme will eventually be undertaken on a full cost-recovery basis, it was recognised from the outset that this would be difficult to achieve for several reasons. These reasons include the somewhat small number of organisations eligible and able to apply, their limited income and the time that it would take for them to prepare for and achieve accreditation. Following a consultation, it became apparent that a model to allow the programme to be financially self-sustainable by April 2021 would not be affordable to the registers. As a result, we amended our financial models, which require ongoing financial commitment from the Department of Health and Social Care, which has been agreed.

8.3 Following the consultation, we updated our fee model to include a per-registrant element of the annual fee.

Financial separation from our standards and regulatory function

8.4 The income and expenditure for the work associated with the accreditation of registers is accounted for separately from the oversight of statutory regulators and other income streams. The programme operates on a cost recovery basis supported by a subvention from the Department of Health and Social Care.

8.5 The Accredited Registers programme financial information is maintained as a separate segment of the corporate accounts. This includes income and expenditure records as well as the annual budget, including the staffing costs of the Accreditation team, the recharged costs of Authority personnel involved in the decision-making processes, the cost of other support staff and other costs such as travel, communications and legal advice.

8.6 In order to avoid cross-charging across the different work streams, full recharging of all costs is in place. Where the costs are directly attributable to the Accreditation team, these are individually budgeted for. This includes, for example, the staff time of the team, the costs of publications and marketing. Where the programme draws upon corporate resources including back office staff and general corporate expenditure such as the production of the annual report, this is recharged at the rate of 10 per cent. This figure being the proportion of staff in relation to the staffing establishment and therefore represents the proportion that the accreditation programme makes to corporate expenditure such as accommodation, the Annual Report, Board expenditure and corporate functions such as ICT.

8.7 The staff employed to work on the accreditation programme are employees working solely on this specific area of the corporate business.

Work to be done in 2020/21

- 8.8 During the year, we will continue to process applications for annual review of accreditation from the current Accredited Registers, using our revised, right-touch renewal process. We will process new applications as submitted.
- 8.9 We will continue to receive and review feedback from the public about their interaction with Accredited Registers.
- 8.10 We will initiate a review of the *Standards for Accredited Registers* to ensure these remain fit for purpose, and update these based on feedback received. We will also revisit our founding criteria for the programme.
- 8.11 We will hold a conference for Accredited Registers to share learning and promote good practice and will hold meetings with organisations interested in applying for accreditation.
- 8.12 We will undertake research to determine the perceptions of the programme by the public and other stakeholders to allow us to better target our communications work.
- 8.13 We will continue to raise awareness of the gaps in the Safeguarding Vulnerable Groups Act 2006 and the Safeguarding Vulnerable Groups (Northern Ireland) Order 2007, as well as the Rehabilitation of Offenders Act 1974 and the exceptions order. Currently, the Accredited Registers are not able to access information about spent convictions and barred status of applicants or registrants, which results in a public protection risk.
- 8.14 As part of our communications strategy, we will continue to work with key stakeholders to raise awareness of the programme. We will engage with relevant health and care organisations to allow them to obtain maximum benefit from our assurance of the wider workforce.

Income and expenditure

| | 2019/20 Budget £'000 | 2020/21 Budget £'000 | 2021/22 Budget £'000 |
|---|----------------------------|----------------------------|----------------------------|
| Income | | | |
| New applications | 27 | 28 | 29 |
| Renewal* | 246 | 273 | 291 |
| Other Income (eg additional fees, clusters) | 9 | 9 | 9 |
| Total | 282 | 310 | 329 |
| Expenditure | | | |
| Pay costs | 264 | 296 | 303 |
| Non pay costs | 251 | 267 | 227 |
| Total | 515 | 563 | 530 |
| Total deficit | (233) | (253) | (201) |
| Reserve/deficit carried forward | (220) | 21 | (232) |
| DHSC funding | 474* | - | - |
| Net surplus/(deficit) | 21 | (232) | (433) |

* DHSC have agreed to the use of 312K from reserves to support AR programme for 2017-19 and will provide further funding on an annual basis thereafter. 162K subvention for 2019/20 has been agreed.

Key performance indicators

| Area of work | Key performance indicators |
|----------------------|---|
| Accredited Registers | <p>90% of accredited registers will apply for continued accreditation. Timescales are met:</p> <ul style="list-style-type: none"> Applications are put before the Moderator/Panel within 21 days of receipt of all information/documentation required Outcomes of renewal applications are published by the accreditation date Notifications advising of need to apply for renewal are issued 12 weeks before accreditation ceases |

Risks (threats and opportunities)

| Description | Response action and controls |
|--|---|
| Gap in safeguarding legislation reduces protection afforded to patients | <ul style="list-style-type: none"> Chair / CE to inform government Encourage AR organisations to inform government Checking of organisations' safeguarding arrangements undertaken Seminar held on safeguarding good practice |
| Criticism of the Authority in the face of poor practice / controversial therapies by one or more accredited regulators | <ul style="list-style-type: none"> Robust accredited registers processes, including QA checks Clear explanation of the programme's purpose and role – accrediting registers not therapies Regular engagement with the organisations Active management of critical stakeholders and the media when necessary |
| The programme does not have sufficient income to cover the operating costs | <ul style="list-style-type: none"> DHSC has given verbal assurances that they will fund the programme in the medium / long term DHSC to agree annually their revenue support in-year Review of costs and fees towards the end of 2019/20 |
| Proactive communications give the ability to better publicise the function of the programme | <ul style="list-style-type: none"> Stakeholder engagement at staff and Board level Social media strategy with quarterly updates to Directors Group and exception reporting Engagement with NHS(E) and DHSC |

9. Commissions from Government(s)

Background

- 9.1 The Secretary of State for Health, Secretary of State for Education, as well as the Health Ministers in the Devolved Administrations may ask the Authority to provide them with advice on matters related to the regulation of health professionals. They may also ask the Authority to undertake investigations and report on the findings.
- 9.2 Section 26A(2A) of the National Health Service Reform and Health Care Professions Act 2002 (as amended by the 2012 Health and Social Care Act) states that this work, which must be undertaken, will be subject to a fee determined by the Authority. This is to ensure that work undertaken at the request of the government(s) is not funded from the funding received from the regulators. This section of the legislation was enacted in January 2016.⁷

Work to be done in the year

- 9.3 In order to support our ability to deliver relevant advice we will pursue active engagement and dialogue with policy and research leads across the UK administrations and other key stakeholders.
- 9.4 It is for the Department of Health and Social Care and devolved administrations to determine what budget provision they will need to make for 2019/20 in order to meet the cost of any advice or investigations that they may request the Authority to undertake.

Income and expenditure

- 9.5 The overriding principle is that all costs incurred by the Authority must be met by the fees charged.
- 9.6 We have developed rate cards in order to be able to charge out the cost of staff time including overheads.
- 9.7 While we are not running a commercial consultancy business and will not be seeking to make a set profit on each project we do intend to generate an annual surplus overall that can be used to further the Authority's work. Surplus monies may also be used to offset the costs of responding to public tenders, ensuring that this work stream is self-funded.
- 9.8 Overall the income and expenditure for this work should be cost neutral or raise a surplus. Accordingly, no budget provision is made for this work.

Financial separation from our regulatory function

- 9.9 We will estimate and account for staff time spent on specific commissions to be able to estimate the fee to be charged and should the staff time utilised be from the core complement, without related back-filling, we will identify the cost of this time and recharge it.

⁷ Health and Social Care Act 2012 (Commencement No.10) Order 2016.

Key Performance Indicators

| Area of work | Key performance indicators |
|----------------------|----------------------------|
| Nothing at this time | |

Risks (threats and opportunities)

| Description | Response action and controls |
|---|---|
| Reputational standing arising from commissions from the DHSC and / or the DAs being well received | Authority commissioning process created including commissioner completing / providing business case (including detailed requirements for the work) prior to engagement Commissions are undertaken professionally and outputs are quality assured Stakeholders are actively engaged around outcomes Effective communications plans are created for all commissions, including external advice where appropriate |

10. Advice to other organisations

Background

- 10.1 Our original legislation enabled us to provide advice to others and charge for it, albeit there was no explicit reference to this work. The Health and Social Care Act 2012 explicitly permits the Authority to provide advice or auditing services to regulatory bodies or organisations that have functions corresponding to a regulatory body.
- 10.2 The cost of advice, which is specialist and tailored to the client, varies depending on what is requested and the time required. The Authority may also bid for relevant work through a public tender process.
- 10.3 The reputation of the Authority in the provision of advice on regulation and regulatory matters continues to grow and we increasingly get requests from other organisations. To date this has all been based on word of mouth and personal recommendations. We have not actively marketed our services.
- 10.4 When looking at what work we can undertake we are mindful of both the need to manage our resources as well as the potential benefit to the Authority and the linkage to our statutory functions in the United Kingdom. We are conscious that this work gives us the opportunity to learn and to promote UK expertise.
- 10.5 Contracts will be entered into as opportunities arise.

Income and Expenditure

- 10.6 The fees for the work to be undertaken are negotiated with each individual client before the work commences or are determined as part of a formal competitive tendering process.
- 10.7 The fees cover:
- Staff costs – the costs to the Authority of the staff involved (including all overhead costs) and where necessary the cost of the backfilling of their posts
 - Indirect staff costs such as travel and subsistence
 - Where relevant the cost of externally commissioned research and advice
 - Consultation events, meetings and workshops
 - Legal advice if required.
- 10.8 We aim to generate a small surplus from this work stream.

Finances

| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
|------------------------|-----------------|-----------------|-----------------|
| Opening Balance | 86 | 138 | TBC |
| Income | 214 | TBC | TBC |
| Expenditure | (162) | TBC | TBC |
| Closing Balance | 138 | TBC | TBC |

Key performance indicators

| Area of work | Key performance indicators |
|----------------------|----------------------------|
| Nothing at this time | |

Risks (threats and opportunities)

| Description | Response action and controls |
|--|--|
| Reputational standing arising from successfully completed commissions from international regulators | <p>Authority commissioning process created including commissioner completing / providing business case (including detailed requirements for the work) prior to engagement</p> <p>Commissions are undertaken professionally and outputs are quality assured</p> <p>Stakeholders are actively engaged around outcomes</p> <p>Effective communications plans are created for all commissions, including external advice where appropriate</p> <p>Systematic review of the value of international work</p> <p>Feedback questionnaire to be sent to international clients</p> |
| Undertaking commissions increases the earned income to the Authority (which in turn decreases the costs to the regulators) | Staff time utilised from business-as-usual, without related back-filling, is identified and recharged generating a saving in workstream 1 – regulatory and standards setting work |
| Insufficient capacity or capability to undertake potential commissions leads to missed opportunities | <p>Flexibility to outsource work in place</p> <p>Reserves held allow flexibility to bring in additional staff at short notice</p> |

11. Corporate budget requirement

- 11.1 The corporate budget brings together all four of the Authority's income streams:
- Regulatory and standards setting work – to be paid for through fees raised from the Regulatory bodies
 - Accredited Registers – to be self-funding with support of DHSC subvention
 - Commissions from Government(s) – to be paid for by the commissioning body
 - Advice to other organisations – to be earned through fees.
- 11.2 Our requirement for the regulatory and standards setting work stream for 2020/21 is £4,622,000, which is £309,000 (7.2 per cent) more than for 2019/20.
- 11.3 The main factors behind this increase relates to contractual increments for some staff (£45,000), a 'cost of living' pay increase of 2.5 per cent for staff and Board members (£59,000), a slight restructuring of our Board pay to ensure that the Chair of our Scrutiny Committee is reimbursed at the same level as the Chair of the Audit and Risk Committee (£5,000), mandatory employer pension contribution increases of 6.3 per cent (£148,000), and the need to budget for up to four Board members recruitments during the year (£40,000).
- 11.4 Prudent financial management and a focus on efficiencies enabled the Authority to complete 2018/19 with a favourable reserves position moving into 2019/20. We propose to return £228,000 from our excess restricted reserves to the regulatory bodies in the 2020/21 fees consultation, which reduces the absolute terms per centage increase from 7.2 to 1.9 per cent for this year. This represents a cost of approximately £2.75⁸ per registrant across the 10 statutory regulators.

Assumptions

- 11.5 In determining our requirements for 2020/21 the following assumptions have been made:
- That based on the recovery costs averaged over the last three years, the Authority will recover 25 per cent of its total expenditure on legal advice related to Section 29 cases
 - That the total cost of legal action will remain at the same level as present
 - That the staff vacancy rate will be such that we can operate on 95 per cent of the total pay bill
 - That no legislative changes that amend the duties of the Authority to an extent that will impact on our costs, will be introduced during the year
 - That the number of fitness to practise cases will reduce from the estimated figure of 4,000 for 2019/20 to 3,500
 - That the Authority will not be able to find a new tenant to take the place of the NHS Leadership Academy
 - The Authority will not receive any funds from commissioned work.

⁸ Based upon the 2020/21 budget and registrant numbers as at 1 January 2019.

Total Corporate Funding requirement for 2020/21

| | Revenue £'000 | Capital £'000 | Totals £'000 |
|--|------------------|------------------|-----------------|
| Core business fees regulators | 4,442 | 100 | 4,542 |
| Accredited Registers Subvention from DHSC* | 376 | - | 376 |
| Totals | 4,818 | 100 | 4,918 |

* DHSC will agree to the use of 312K from reserves to support the accreditation programme, the subvention figure above is yet to be agreed with DHSC

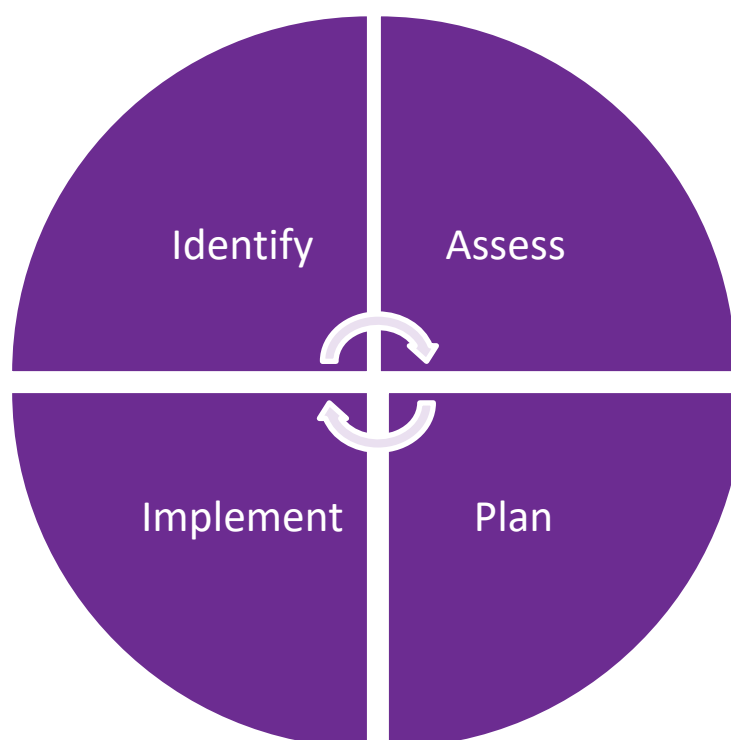
| Capital expenditure requirement | 2020/21 £'000 | 2019/20 £'000 |
|---------------------------------|---------------|---------------|
| Information technology | 90 | 90 |
| Fixtures and fittings | 10 | 10 |
| Capital expenditure | 100 | 100 |

12. Corporate risk management

12.1 The implementation of this business plan will inevitably be associated with risks. A risk being an event in the future, which if it occurs, will impact the achievement of the Authority's strategic aims and objectives, either positively or negatively.

The Authority's risk management process

12.2 The risk management process for the Authority is shown below:



12.3 Every year we subject our risk management practices to a gap analysis against the industry best practice Management of Risk methodology.

12.4 Both the approach (process and matrix scoring system) and risk register are scrutinised, and where appropriate incremental improvements are made.

12.5 The Directors Group reviews the risk register quarterly. Every six months, the updated report is considered by the Audit and Risk Committee and thereafter by the Board. Risks are added, updated or deleted outside of this process when the need arises.

12.6 During the forthcoming year we will continue to manage the risks associated with our current business and look to managing the risks associated with the changes that we will be facing.

12.7 The key corporate risks to the delivery of the Authority's work during 2019/20 are set out in this plan.

12.8 We also hold an Assurance framework that sits alongside the risk register to provide additional information to the Board.

12.9 The risk matrix scoring system for threats is as follows:

| Risk Matrix | | I M P A C T (I) | | | | |
|---------------------------|---------------------|--------------------|------------|---------------|------------|-------------------|
| | | 1 Insignificant | 2 Minor | 3 Moderate | 4 Major | 5 Catastrophic |
| L I K E L I H O O D (L) | 5 Almost Certain | 5 | 10 | 15 | 20 | 25 |
| | 4 Likely | 4 | 8 | 12 | 16 | 20 |
| | 3 Possible | 3 | 6 | 9 | 12 | 15 |
| | 2 Unlikely | 2 | 4 | 6 | 8 | 10 |
| | 1 Rare | 1 | 2 | 3 | 4 | 5 |

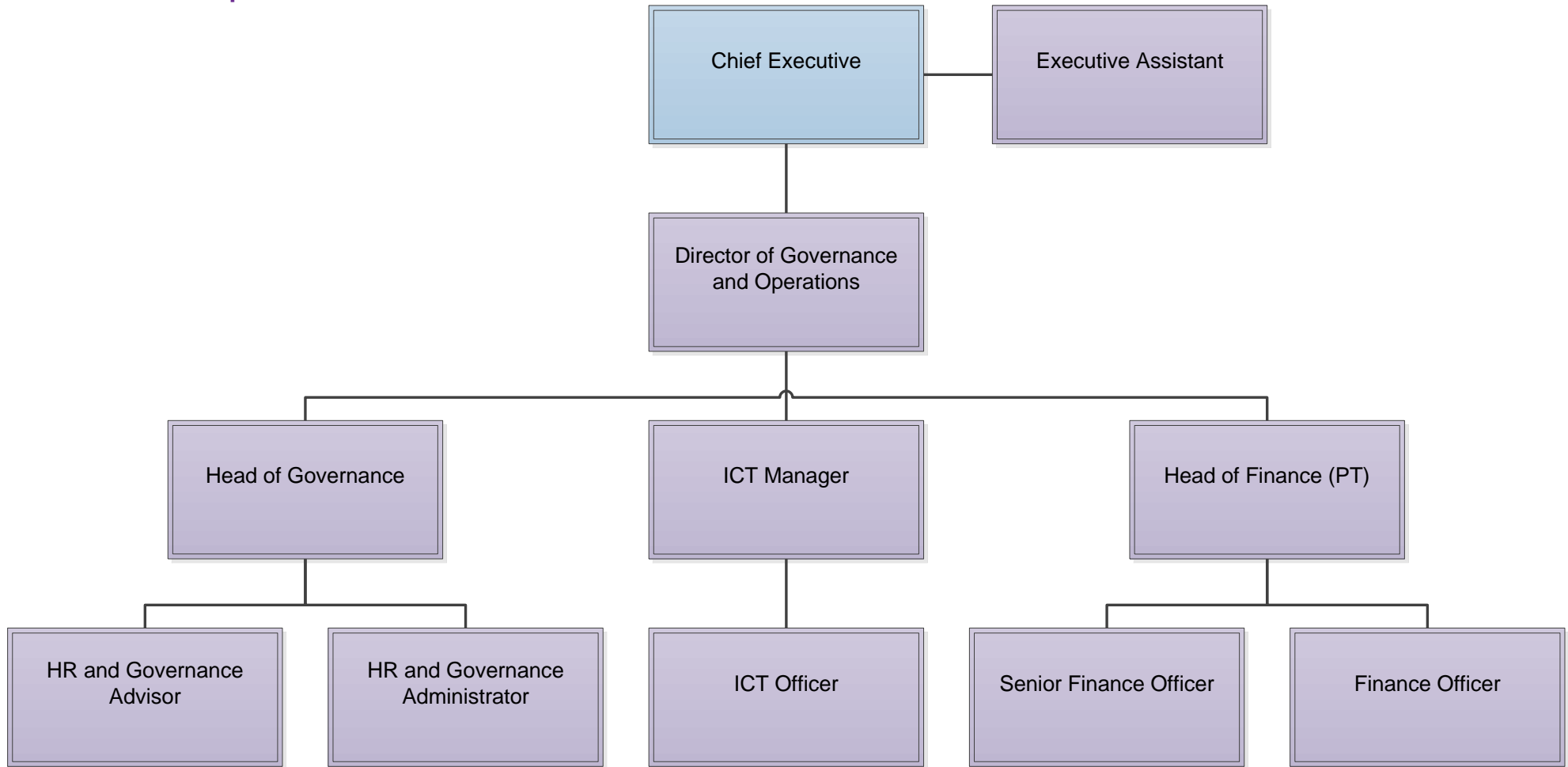
12.10 The risk matrix scoring system for opportunities is as follows:

| Risk Matrix | | I M P A C T (I) | | | | |
|---------------------------|---------------------|--------------------|------------|---------------|------------|----------------|
| | | 1 Insignificant | 2 Minor | 3 Moderate | 4 Major | 5 Momentous |
| L I K E L I H O O D (L) | 5 Almost Certain | 5 | 10 | 15 | 20 | 25 |
| | 4 Likely | 4 | 8 | 12 | 16 | 20 |
| | 3 Possible | 3 | 6 | 9 | 12 | 15 |
| | 2 Unlikely | 2 | 4 | 6 | 8 | 10 |
| | 1 Rare | 1 | 2 | 3 | 4 | 5 |

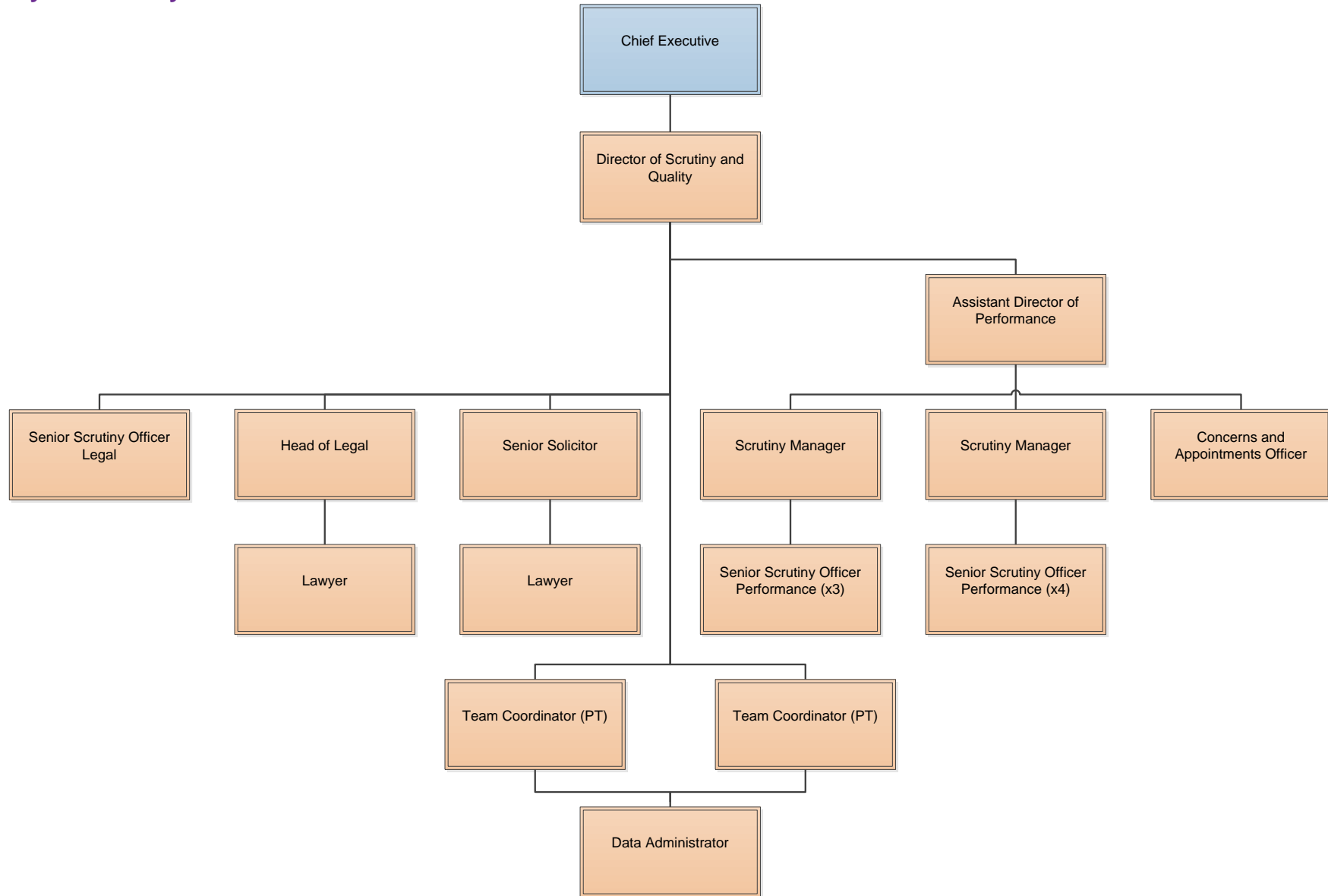
13. Organisation charts

13.1 Organisation charts can be found on the following pages.

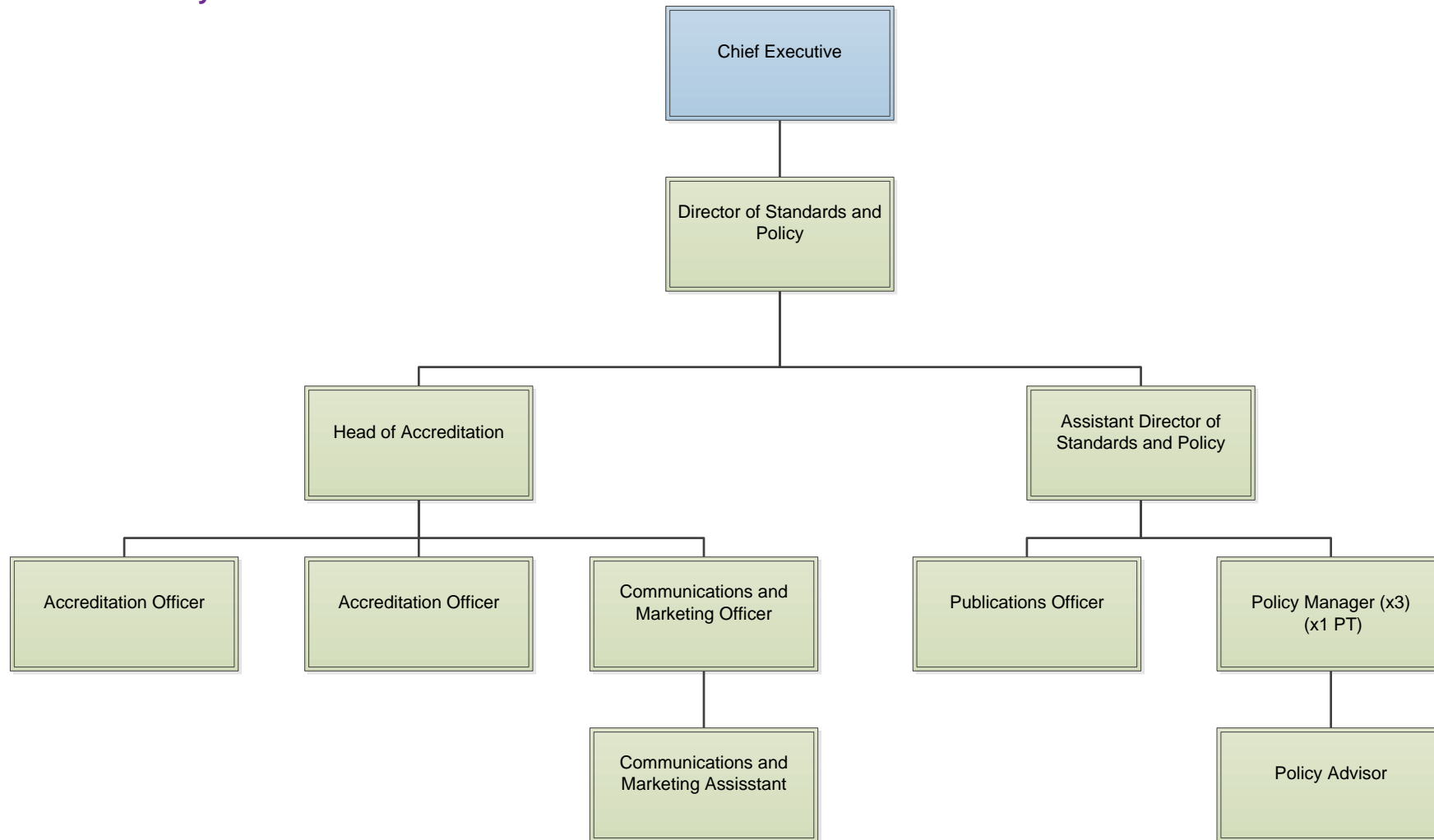
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