

Professional Standards Authority for Health and Social Care

# Annual Report and Accounts 2021/2022



HC 313  
SG/2022/106

# Professional Standards Authority for Health and Social Care

## Annual Report and Accounts 2021/2022

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# Foreword from the Chair and Chief Executive

We are pleased to introduce this annual report for 2021/22. This year, as for 2020/21, has been marked by the Covid-19 pandemic. In April 2021, we published our *Learning from Covid-19* review of the regulators' responses to the pandemic, which made recommendations about possible improvements in regulation and how we can prepare for future emergencies. Quarter four of 2021/22 saw the lifting of government restrictions and we look forward to the recovery of the health and social care system over the coming year.

We oversee the work of 10 statutory bodies that regulate health and social care professionals in the UK. 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. During 2021/22 we consulted on changes to our performance review processes to ensure they continue to be proportionate and that they contribute to improvements in professional regulation. The new processes were implemented in quarter four of 2021/22.

In our scrutiny reviews of regulators' performance over the year, we have found that they have generally performed well against the standards we set. Across all the regulators an average of 90% of the standards were met and two of the regulators met all the standards. We published our first performance review of Social Work England in September 2021. It is clear that the Health and Care Professions Council needs to improve its fitness to practise processes, and that several other regulators need to address backlogs in fitness to practise cases. It is good to see their commitment to do so – we will monitor the situation closely in 2022/23.

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, every decision counts and there is room for further improvement. During 2021/22, 15 appeals under our Section 29 powers were

completed, all of which were either upheld or settled.

We continue to recognise the importance of research in policy development and shaping regulatory practice. This year we have published research on patient, public and professional perspectives on consistency between regulators; on the ethical dilemmas confronted by professionals during the pandemic; and on cognitive bias in fitness to practise decision-making.

The Professional Standards Authority has been very clear that we wish to see more proportionate, effective and efficient regulatory arrangements. In June 2021, we published our response to the government's consultation on regulatory reform for healthcare professionals – *Regulating healthcare professionals, protecting the public*. In October 2021, we published our views on the government's proposals for regulatory reform in the Health and Care Bill. In March 2022, we published our response to the government's consultation on deciding when statutory regulation is appropriate in healthcare. We welcomed proposals for a new policy based mainly on the risk that different professional groups pose to the public. We will continue to work with the government and others to identify ways to further improve regulation and registration.

The accredited registers programme has an important part to play now and in future, providing assurance for the public in relation to unregulated health and social care sectors. The programme now covers approximately 100,000 practitioners across 23 registers. In the first quarter of 2021/22, we implemented the changes following our strategic review of the accredited registers programme in 2020/21, including the introduction of new standards that include a 'public interest' test as well as a new risk-based assessment cycle. In March 2022, we launched a pilot safeguarding scheme for the programme, in conjunction with the Disclosure and Barring Service and the Association of Child Psychotherapists.

We recognise that more than ever, collaborative approaches to regulation are needed to promote coherence across the sector, as cross-disciplinary teamwork is increasingly the norm in clinical settings and as new disciplines emerge. In November 2021 we held a successful three-part symposium on 'bridging the gaps': in the patient safety system; between private and public sectors; and in equality, diversity and inclusion (EDI) in regulation. EDI continues to be an important part of the Professional

**Caroline Corby (Chair)**

**Alan Clamp (Chief Executive)**

Standards Authority's work, both in terms of its own processes and in the context of its role overseeing the regulators and accredited registers.

To conclude, it has been a successful and productive year for the Professional Standards Authority. As we look forward to 2022/23 and beyond, we remain as committed as ever to improving regulation and registration to protect the public.

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# **Annual Report and Accounts 2021/2022**

## 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 for 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.

### What we do

#### *Regulatory and standards setting work*

- 1.9 The Authority has powers to:
- Investigate, compare and report on the performance of each regulator. We are specifically required to report to Parliament on how far each regulator has

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

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>2</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.
- 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 and the Department for Education in England (in respect of Social Work England) on issues relating to the regulation of health and care professionals.
- 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
  - 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

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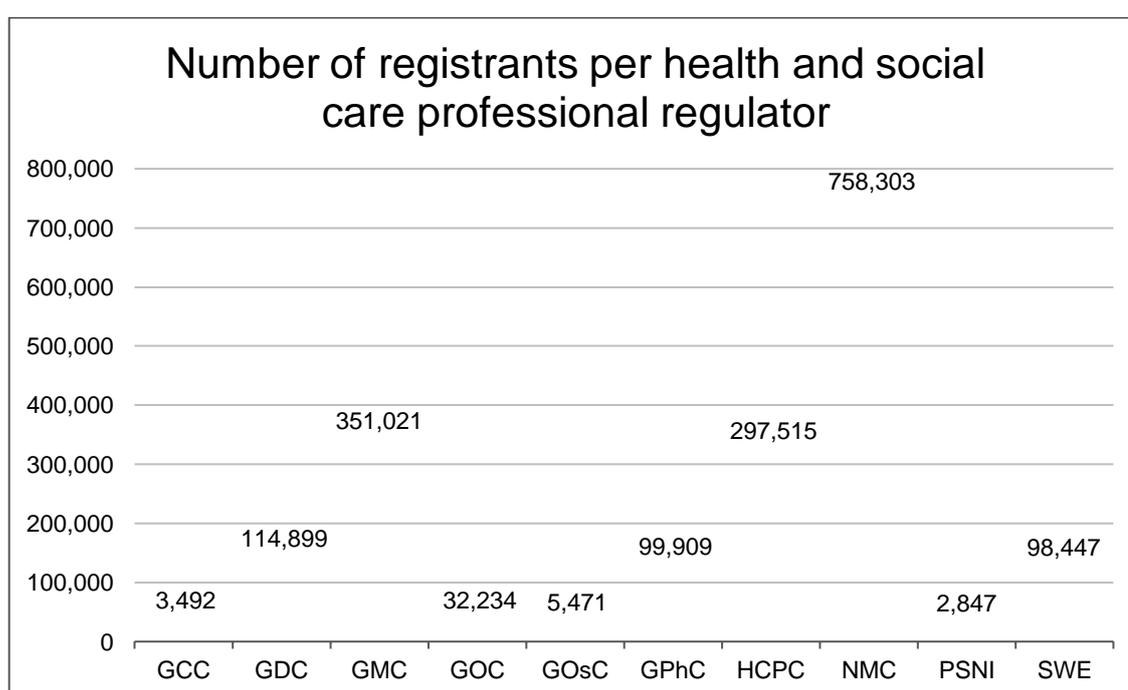
<sup>2</sup> As of 31 December 2015 the phrase 'insufficient to protect the public' replaced the phrase 'unduly lenient'.

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 2022) 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 2022, there were 23 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 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>3</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>4</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 2020-23**

- 1.30 The Authority's corporate strategic objectives for 2020-23 which were agreed by the Board in May 2020 and reviewed annually 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 2021/22 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
  - Completed a strategic review of the accredited registers programme resulting in the introduction of a new three year, risk-based, assessment cycle and amended our performance review processes to ensure they are more proportionate and effective
  - Contributed to improvements in regulation through research and policy advice
  - Monitored the professional regulation response to the Covid-19 emergency; provided advice and guidance to regulators on changes associated with the response to the emergency; and conducted a review of the initial response.

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<sup>3</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>4</sup> Organisational excellence is defined as the consistent performance of good practice combined with continuous improvement.

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

- 1.33 To ensure an effective and coherent approach to protecting the public from harm by promoting and facilitating cooperation between regulators.
- To maintain strong relationships with statutory regulators, organisations with accredited registers and other stakeholders to improve standards in professional practice
  - To work collaboratively with professional and system regulators in health and social care to better protect the public
  - To ensure that the accredited registers programme and other forms of assurance in health and social care complement statutory regulation to provide a coherent approach to safe care
  - To extend collaboration beyond professional and system regulators to include employers, representative bodies, patients and the public.
- 1.34 In 2021/22 we:
- Delivered our new stakeholder engagement strategy and used this to share knowledge, learning and good practice, and to influence regulatory reform
  - Promoted the interests of users of healthcare, social care and social work in the work of regulators and accredited registers
  - Reviewed the communication, cooperation and collaboration between professional regulators, and with system regulators, in order to bring about improvements
  - Engaged with employers, representative bodies, patient groups and the public to develop a coherent approach to safe care.

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

- 1.35 To ensure the Authority is well led, with a clear focus on quality improvement, effective financial management, equality and diversity, and investment in our people.
- To promote and monitor equality, diversity and inclusion within the Authority and in those we oversee
  - To maintain and improve cost-effectiveness and quality by systematically reviewing systems, processes and procedures and by working with others
  - To retain and develop our staff and to maintain a positive working culture
  - To improve expertise and support delivery through high quality learning and development.
- 1.36 In 2021/22 we:
- Continued to deliver our finance, ICT and people strategies, and completed our equality, diversity and inclusion project
  - Reviewed our governance arrangements and further improved our assurance processes
  - Improved our effectiveness and increased our value for money

- Provided a range of relevant and useful professional development opportunities for all staff.

### **Business principles**

- 1.37 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.
- 1.38 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.
- 1.39 Surpluses will be applied according to these principles after the requirements of our reserves policy have been met.
- 1.40 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.
- 1.41 In conjunction with these principles our Board has established a reserves policy.
- 1.42 The Authority has agreed to hold minimum reserves of three months' total operating costs of circa £1.244 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.
- 1.43 The level and make-up of our reserves is reported later in our financial accounts (p71)
- 1.44 Any money taken from reserves during the year which reduces them below the minimum level agreed will need to be replaced in the following year(s).

A handwritten signature in black ink that reads "A. Clamp". The signature is written in a cursive style with a horizontal line through the middle of the letters.

Alan Clamp,  
Accounting Officer  
15 June 2022

## 2. Key performance indicators

- 2.1 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 and report them to the Board. 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.
- 2.2 Our performance against those KPIs that are most likely to be of public interest during 2021/22 is set out below:

Area of work	Key performance indicators	Performance to date in 2021/22
Finance	To pay undisputed invoices: 100% in 10 days	100% [611/611]
	Budgeted income / expenditure variance less than 5% (excluding Section 29 that is outside our control)	7.5% [4,089/4,421]
	Payment error rate less than 3%	0% [0/611]
	Late purchase order rate less than 10%	6.4% [18/280]
HR	Staff sickness no more than 2%	2.7% [295/10766] <sup>5</sup>
	Staff turnover to be less than 15%	9.09% [4/44]
	Average recruitment process less than 12 weeks	7.3 weeks
	Vacancy rate no more than 5%	4.5% [2/44]
ICT	85% of helpdesk calls to be closed within 1 day	96% [306/320]
	System unavailability below 10 hours	0
Information security	No incidents reported to the Information Commissioner's Office	0

<sup>5</sup> This is due to two long term sickness absences. The figure without these is 1.20%

Information requests (FOI / SAR / EIR)	All (100%) Subject Access Requests dealt with within statutory deadlines	80% [4/5] <sup>6</sup>
	All (100%) Freedom of Information Act requests dealt with within statutory deadlines	100% [21/21]
Audit – internal	100% of planned reviews completed within that financial year – progress to date.	100%
Complaints	100% of complaints acknowledged in five days	100% [4/4]
	Response to all complaints to be completed within 28 days	100% [4/4]
Health and safety	No reported incidents causing harm	None
Section 29 decisions	Number of cases received [compared with 2020-21]	2137 [2019]
	Number of Case Meetings held [compared with end 2020-21]	101 [75]
	Appeals lodged [compared with 2020-21]	19 <sup>7</sup> [11]
	100% of relevant decisions considered within statutory deadline [compared with 2020-21]	100% (2129) [100% (2093)]
Performance Reviews	100% of 2021 initial assessments completed on time	50% [5/10] <sup>8</sup>
	100% of 2021 performance reviews published <u>within 3 months</u> of initial indicative timescale	80% [8/10] <sup>9</sup>

<sup>6</sup> This is due to the response date falling over the weekend, although a response to the request was sent immediately on the working day. It was one day late within the statutory deadline.

<sup>7</sup> Including 1 case under s.40B of the Medical Act, joining the GMC's appeal.

<sup>8</sup> Five initial assessments panels were held late: three due to performance review team staff resourcing issues – one by one week, one by three weeks, and one by two months; one was delayed by one day due to panel member availability; and one was delayed by approximately four weeks at the regulator's request to take account of resource pressures on the regulator.

<sup>9</sup> Two 2020 reports were published outside of the KPI. One was published approximately one month outside of the KPI. This was published in the 2020/21 financial year and was delayed due to several factors, including pressures caused by the pandemic during 2020 at both the Authority and the regulator. The other report was published approximately two months outside of the KPI as the initial assessment was delayed by three months at the regulator's request due to pressures caused by the pandemic.

	100% of 2021 performance reviews published <u>within 3 months</u> of initial indicative timescale	75% [6/8] <sup>10</sup>
Public concerns about Regulatory bodies	100% of concerns acknowledged within five working days	99% (366/370) <sup>11</sup>
Accredited Registers – current processes (introduced July 2021)	90% of Registers have a full assessment within three years of the previous assessment.	100% (23/23)
	90% of decisions about the annual check within one year of the previous assessment.	96% (22/23)
	90% of full assessments are undertaken within one year of a Condition being issued.	100% (23/23)
	95% of targeted reviews are completed within three months of the date initiated	N/A
	90% of decisions are made on new applications for accreditation within two months of all information received.	100% (1/1)
Website usage	Annual data on website usage <sup>12</sup> for 21/22 compared to 20/21 (in brackets) <ul style="list-style-type: none"> <li>• Total page views across the website</li> <li>• Check a Practitioner landing page and practitioner specific pages</li> </ul>	560,885 (666,704)  163,942 (140,474)

<sup>10</sup> Two 2021 reports were published outside of the KPI. Both were published approximately two weeks after the KPI date. One was due to both staff resourcing and extended discussions with the regulator relating to one area of the review. The other was due to the initial assessment panel being delayed by two months due to staff resourcing.

<sup>11</sup> One concern was responded to 14 days late after it arrived by post into the office over the New Year, while staff were working at home.

As previously noted in Q2 one missed the KPI by two days and in Q1, one was missed by a day and the other by two days.

<sup>12</sup> Website data from Nov 21 to March 22 not accurate due to new cookie tracking tool disabling web cookies (which collect usage data) without asking for user permission.

	<ul style="list-style-type: none"> <li>Accredited Registers home page and related Accredited Registers pages</li> </ul>	93,938 (144,443)
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### Performance analysis

- 2.3 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.
- 2.4 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.
- 2.5 Our policy work and our research programme continue to have influence.
- 2.6 The accredited registers programme is fully integrated into our work plans, governance and financial management. With 23 registers accredited covering approximately 100,000 practitioners, it is making a valuable contribution to quality and choice in health and care.

### 3. Regulatory and standards setting work

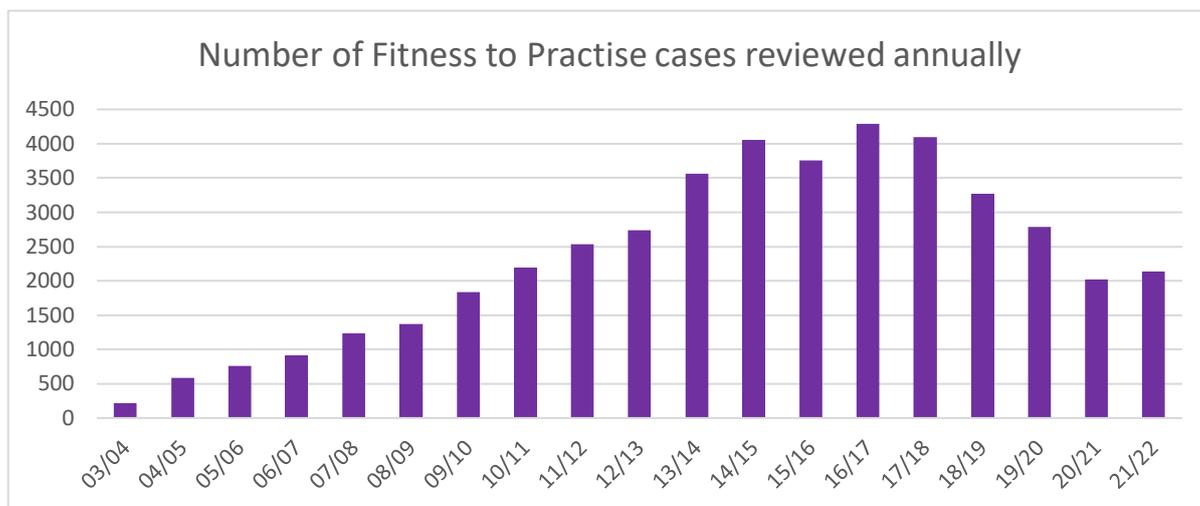
#### Section 29

- 3.1 Under Section 29 of the National Health Service Reform and Health Care Professions Act 2002, we can refer final fitness to practise (FTP) decisions made by the 10 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.
- 3.2 This year we have seen a 6% increase in the number of fitness to practise determinations notified to us by the regulators, from 2,019 in 2020/21 to 2,137 in 2021/22 (see table 2). This small increase in case numbers is likely to be due to the resumption of hearings following the reduced number of hearings being held during the Covid-19 pandemic.
- 3.3 The majority of the determinations that we reviewed (43%) were NMC panel decisions.
- 3.4 Of the 2,137 cases we received in 2021/22, 91% (1,943) were closed with no requirement for more information. However, 440 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, a suspension following a period of conditional registration, or where a suspension has been imposed for the maximum period in a case involving the registrant's health, performance, language impairment, or non-compliance with the regulatory process. Under this approach, 289 cases were closed. A further 40 NMC cases were closed following a finding of impairment but where the registrant's registration had lapsed during the FTP process. In these cases, should the registrant apply for restoration, the previous FTP concerns would be referred back through the FTP process.
- 3.5 Of the cases received during 2021/22, we requested further information and undertook detailed case reviews in 101 cases (5%), compared to 75 in 2020/21.
- 3.6 During 2021/22, we considered 26 panel determinations at formal case meetings. Twenty-four of these were 'Section 29' case meetings, and two meetings were held to consider whether or not to join GMC appeals ('Section 40B meeting'). One of these case meetings related to an appeal involving nine doctors; the other was adjourned with no decision yet made as to whether to join the appeal. By way of comparison, in 2020/21, we held 20 meetings, one of which was also a Section 40B case meeting.
- 3.7 We referred 18 cases to Court under our Section 29 jurisdiction (compared to 11 in 2020/21) and joined as a party to one GMC appeal which relates to nine registrants. Our appeals in seven cases referred within this financial year were upheld or settled by consent, one was withdrawn because the registrant was removed from the register in relation to another matter, and 11 remaining cases are listed for hearing in the 2022/23 financial year, the outcomes of which will be reported in next year's annual report.
- 3.8 In eight of the 10 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.

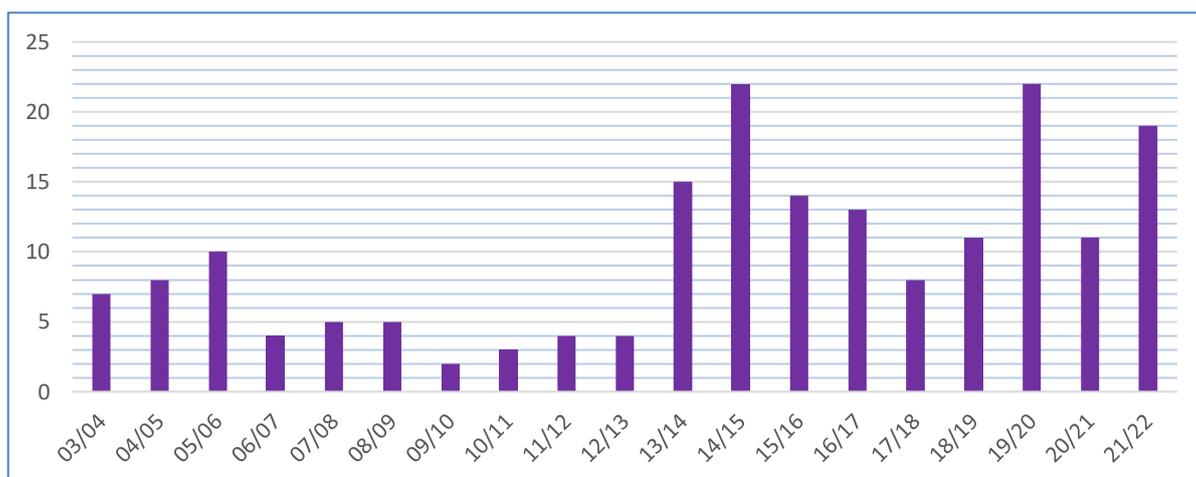
3.9 This year we have seen an increase in the percentage of cases referred to Court (up to 0.89% from 0.54%) when compared to the previous year (see table 3).

3.10 Of the 18 referrals to Court under the Section 29 jurisdiction that we made in 2021/22, three related to decisions made by the Medical Practitioners Tribunal Service, 10 related to NMC panel decisions, one related to a GDC panel decision, three related to SWE panel decisions (one of which was withdrawn), and one to a GPhC panel decision. As noted in paragraph 3.7, we also joined one GMC appeal against a Medical Practitioners Tribunal Service decision under our powers in Section 40B of the Medical Act.

**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**

<b>Regulator</b>	<b>No of determinations referred to Court under Section 29 of the 2002 act</b>	<b>Outcome</b>
NMC	Ten related to NMC panel decisions	<p>Four appeals were settled by Consent Order. In one case the suspension was substituted with erasure, another was remitted to the NMC panel, and in another the finding of no impairment was replaced with a finding of impairment.</p> <p>In one case an agreement was reached whereby a decision of a review panel to allow the registration to lapse was accepted. The Court approved the Consent Order upholding the appeal and requiring certain information to be taken into account in any restoration application.</p> <p>We expect the remaining five appeals to be concluded during 2022/23.</p>
GMC	Four (One under Section 40B) where we are joined the GMC's appeal	We expect all appeals to be concluded during 2022/23.
SWE	Three	<p>One appeal was withdrawn after the registrant was removed from the register in relation to another case.</p> <p>One appeal was upheld and the case remitted to the SWE panel.</p> <p>We expect the remaining appeal to be concluded during 2022/23.</p>
GPhC	One	We expect this appeal to be concluded during 2022/23.
GDC	One	This appeal was upheld and the suspension was replaced with erasure.

### **Performance review**

- 3.11 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 our Standards of Good Regulation. We review and report on each regulator's performance each year. During the financial year, we published

nine performance review reports. Two of these reports were from the performance review cycle that commenced in January 2020 and seven were from the January 2021 cycle. One of the remaining three reports for the 2021 cycle was published in early April, and the other two will be published later in 2022.

- 3.12 Of those reports published during the year from the 2020 cycle of reviews, the PSNI and SWE both met 15 of the 18 Standards.
- 3.13 Of those reports published from the 2021 cycle, the GOsC and GMC met all of the Standards, the GCC, GOC and NMC met 17 of 18 Standards, the GPhC met 15 of 18 Standards, and the HCPC met 13 of 18 Standards.

### *HCPC*

- 3.14 Our 2016/17 performance review of the HCPC identified serious concerns about the HCPC's fitness to practise process. The HCPC took steps to address our concerns. However, in our report for 2019/20, we identified that there remained serious concerns. As a result, we wrote with our concerns to the Select Committee on Health and Social Care and to the Secretary of State for Health and Social Care. In November 2020, the HCPC embarked on a new improvement plan and we introduced closer monitoring of this plan. Our monitoring has included regular operational meetings and our attendance at the HCPC's Fitness to Practise Improvement Board.
- 3.15 It is clear that the HCPC is fully committed to improving its performance in fitness to practise and regaining the Standards that it currently does not meet. We have noted the HCPC's energy and commitment in carrying its improvement work forward and recognise that it will take time for this to embed and for us to be able to assess the impact of the changes. We will be looking in depth at the HCPC's performance in fitness to practise during the 2022/23 financial year; under our new approach (see paragraphs 3.20-3.24), the HCPC is scheduled for a periodic review.

### *Social Work England*

- 3.16 During this year, we published our first report on the performance of Social Work England since it came into operation on 2 December 2019. The review covered Social Work England's performance from December 2019 to November 2020.
- 3.17 As Social Work England was a new organisation with some new powers, we adapted our oversight in its first year of operation so that we could closely monitor its performance. As noted above, Social Work England met 15 of the 18 Standards. The three Standards it did not meet related to: its limited registrant demographic data and progress against its equality, diversity and inclusion strategy; registration processing times; and fitness to practise risk assessments. While these are important areas that need to be addressed, we considered that, overall, Social Work England's performance was good for a newly established organisation.

### *Data*

- 3.18 As part of our evidence gathering for the performance review process, we collect data quarterly, which allows us to identify trends over time and gives information to inform further work. We also collect an annual dataset from the regulators. The

table below sets out some of the key statistics for the period 1 April 2021 to 31 March 2022. This information has not been audited by us.

Data for 1 April 2021 to 31 March 2022	GCC	GDC	GMC	GOC	GOsC	GPhC	HCPC	NMC	PSNI	SWE
Number of registrants	3,492	114,899	351,021	32,234 including 2,768 bodies corporate and 5,943 students and trainees	5,471	99,909 includes 13,844 premises	297,515	758,303	2,847	98,447
Number of new initial registration applications received	228	8,737	20,991	1,458	276	6,782	22,846	48,436	154	5,474
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	19	1	4	2	Pharmacist = 0 Pharmacy Technician = 0	8	0	11	0
• International	1	33	17	6	1	Pharmacist = 0 Pharmacy Technician = 0	92	0	7.5	0
Annual retention fee	£800	£680 (Dentists) £114 (Dental Care Professionals)	£408	£360	£320 (Year 1 entry) £430 (Year 2 UK) £215 (Year 2 reduced rate) £570 (Year 3 UK) £320 (Year 3 reduced rate)	£257 (Pharmacist) £121 (Pharmacy Technicians) £365 (Premises)	£180 (paid over a 2-year cycle)	£120	£398 (Pharmacist) £155 (Premises)	£90
The time taken (in weeks) from receipt of initial complaint to the final investigating committee decision:										
• Median time taken to conclude	46	57	45	73	27	73.6	57	95	44	71.8
• Longest case to conclude	139	329	456	197	80	187.4	225	329	65	233.9
• Shortest case to conclude	11	12	2	25	8	36.9	14	14	30	4.6

Data for 1 April 2021 to 31 March 2022	GCC	GDC	GMC	GOC	GOsC	GPhC	HCPC	NMC	PSNI	SWE
The time taken (in weeks) from receipt of initial complaint to final fitness to practise hearing determination:										
• Median time taken to conclude	134	121	118	83	65	126.1	123	143	91.5	158.1
• Longest case to conclude	212	436	412	292	97	273.9	253	408	168	293.4
• Shortest case to conclude	60	29	16	25	42	71.1	64	18	58	67.4
The median time taken (in weeks) from initial receipt of complaint to interim order decision, and from receipt of information indicating the need for an interim order to an interim order decision:										
• Receipt of complaint	22	13	8	17	8	10.0	22	28	39.5	36.9
• Receipt of information	4	3	3	4	3	2.7	3	N/A	6.5	4.1
Number of registrant/ Authority appeals against final fitness to practise decisions:										
• Registrant appeals	0	0	16	2	0	0	4	4	0	3
• Authority appeals	0	1	12 (9 joint with GMC)	0	0	1	0	10	0	3
Number of judicial review applications where leave has been given	0	0	2	0	0	0	0	0	0	0

3.19 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. 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.

### *Updating our approach to performance reviews*

3.20 Since 2020 we have been reviewing how we approach performance reviews, to ensure these are as effective as possible and represent a proportionate process for the level of risk we are overseeing. One of our concerns was that our reports are often published too long after the end of the performance review period.

3.21 Following a consultation in late 2020, we developed proposals for a new approach and consulted on this in late 2021. We published our [report](#) on this consultation in March 2022. As a result of this work, we decided that we should move away from

a process whereby we review all Standards each year for every regulator. In its place, we have introduced a process where we undertake a detailed ('periodic') review every three years and monitor regulators' performance in intervening years. This new process allows us to focus more on the risks we identify through our evidence base, directing our resources to these areas.

- 3.22 Our process to date has been to analyse performance once a review period has finished, which can include significant further work. In our new process, we will undertake this work during the review period itself, to allow us to reach our decisions at the year end and publish our report shortly afterwards. This should make our reports more useful for regulators and other stakeholders.
- 3.23 Within our new process, we are increasing the level of engagement we have with regulators and their stakeholders. Improving our engagement with regulators is an important element in ensuring our ongoing understanding of performance is accurate. The information we obtain from stakeholders is a vital aspect of our evidence base and helps to inform our understanding of profession-specific risks that are overseen by the regulators and their perspective on the regulators' performance. By improving both of these elements, we will make our oversight more responsive and effective.
- 3.24 We introduced our new approach for the 2022 cycle. At this point, we updated the review periods for the regulators; each regulator's review period now aligns to a financial quarter, with these spread across the year. The order of regulators in the first three-year cycle is provided in the table below. We expect to publish the first reports by the end of June 2022.

Regulator	Year 1: 21/22		Year 2: 22/23		Year 3: 23/24	
<b>GCC</b>	Monitoring	Apr 21- Jun 22	<b>Periodic review</b>	Jul 22- Jun 23	Monitoring	Jul 23- Jun 24
<b>GDC</b>	<b>Periodic review</b>	Jul 21- Sep 22	Monitoring	Oct 22- Sep 23	Monitoring	Oct 23- Sep 24
<b>GMC</b>	Monitoring	Sep 21- Sep 22	Monitoring	Oct 22- Sep 23	<b>Periodic review</b>	Oct 23- Sep 24
<b>GOC</b>	<b>Periodic review</b>	Oct 21- Dec 22	Monitoring	Jan 23- Dec 23	Monitoring	Jan 24- Dec 24
<b>GOsC</b>	Monitoring	Jan 21- Mar 22	Monitoring	Apr 22- Mar 23	<b>Periodic review</b>	Apr 23- Mar 24
<b>GPhC</b>	Monitoring	Mar 21- Jun 22	<b>Periodic review</b>	Jul 22- Jun 23	Monitoring	Jul 23- Jun 24
<b>HCPC</b>	Monitoring	Jan 21- Mar 22	<b>Periodic review</b>	Apr 22- Mar 23	Monitoring	Apr 23- Mar 24
<b>NMC</b>	Monitoring	Apr 21- Jun 22	Monitoring	Jul 22- Jun 23	<b>Periodic review</b>	Jul 23- Jun 24
<b>PSNI</b>	Monitoring	Nov 21- Dec 22	Monitoring	Jan 23- Dec 23	<b>Periodic review</b>	Jan 24- Dec 24
<b>SWE</b>	Monitoring	Dec 21- Dec 22	<b>Periodic review</b>	Jan 23- Dec 23	Monitoring	Jan 24- Dec 24

### *Covid-19*

3.25 The Covid-19 pandemic continued to place significant pressures on the regulators in the past year. We have recognised and taken account of how the pandemic affected the performance of the regulators and their ability to progress certain pieces of work. We expect to continue to see some ongoing effects of the pandemic on regulators' performance, for example in the time it takes to conclude fitness to practise processes as these cases work their way through the system.

### *Equality, Diversity and Inclusion*

3.26 In 2020, in the light of the murder of George Floyd, the Authority reviewed its approach to equality, diversity and inclusion (EDI). It commissioned an external audit which suggested some key areas in which the Authority could develop its work. That audit was received in April 2021 and the Authority has since appointed an EDI adviser to help us develop an action plan to carry forward the changes we wish to make. The action plan was published in April 2022 and will concentrate on:

1. Improving the Authority's knowledge and confidence in respect of diversity
2. Reviewing and improving the Authority's internal procedures to assist us in improving, promoting and welcoming diversity
3. Our scrutiny of the regulators so that we can consider their own performance not just in respect of their own processes but how far their training and standards promote the interests of patients and service users from diverse backgrounds.

### ***Scrutiny of regulators' council appointments processes***

- 3.27 With the exception of the PSNI and SWE, appointments to the regulators' councils are made by the Privy Council on the recommendation of the regulator concerned. The Authority is required to advise the Privy Council on whether it can have confidence in the process conducted by the regulator.
- 3.28 We scrutinise the processes followed by the regulators to recommend candidates for appointment in order to provide that advice. We also provide, if the Privy Council requests it, advice in relation to any other aspect of the Privy Council's appointments function and work closely with regulators, promoting best practice and offering advice about how to meet our required standards.
- 3.29 In 2021/22, we provided advice to the Privy Council in relation to 15 processes run by seven of the eight regulators whose appointments we consider. Nine of these processes related to appointments via open competition, covering 12 vacancies, including four recommendations by regulators for new council chairs. The other six processes related to reappointments, with 14 council members considered for reappointment. We advised the Privy Council that it could have confidence in all of the processes we scrutinised.
- 3.30 In January, we held our appointments seminar and were pleased to have excellent attendance from all of the regulators. The seminar also benefitted from the presence of the Privy Council, which took the opportunity to provide its feedback to the regulators. The Privy Council also discussed the potential impact of regulatory reform on appointments with the move to unitary boards.
- 3.31 We also used a large part of the seminar to focus on the challenges of Equality, Diversity and Inclusion within the appointments process. We were pleased with this discussion and the positive approach to this issue that the regulators are taking. While there is more to be done within the appointments process, we have been pleased overall by the approach to diversity demonstrated by the regulators.

### **Concerns**

- 3.32 We are contacted on most days by members of the public and health and care professionals who want to share their experience of the regulators with us. In addition, we receive many general requests for information or assistance about health and care services.
- 3.33 Frequently, those who contact us are seeking help with their concerns or wish to make a complaint. While we cannot investigate complaints about the regulators, we try our best to provide useful information and do on occasion contact a regulator about a concern we receive. This is usually to ask the regulator to provide more information to the individual about its decisions or a delay. We contacted regulators about a concern on 12 occasions during this past year.
- 3.34 During 2021/22 we received 370 written concerns, a large decrease on the figure of 551 reported in 2020/21. This may be partly explained by the office closure during the previous year of the pandemic, which meant more individuals wrote to us than called. We also tightened our reporting to only report those concerns about regulators rather than all of the wider health and care enquiries that we redirect. Taking into account these differences, we continue to receive similar numbers of concerns about the regulators to previous years.

- 3.35 We received the largest number of concerns (69) about ongoing fitness to practise cases of the regulators. Many of these concerned regulator delays in concluding their investigations. We received a further 44 concerns about decisions regulators did make at the early stages of their process, declining to take a case forward for further investigation or to a hearing. We were also contacted by 19 individuals unhappy with the final outcome from a fitness to practise hearing. These concerns were carefully taken into account by the Section 29 team when it considered the sufficiency of the final decisions made by the panels of the regulators. Whether or not we decided to refer the decision to court, we fully explained our reasoning to those who contacted us.
- 3.36 The next largest category of concerns we received were about the regulators' registration processes (36), largely from applicants experiencing delays.
- 3.37 The feedback we receive from concerns forms an important part of the intelligence we gather about the performance of the regulators and helps us target our performance reviews at issues of concern.

### Policy and research

- 3.39 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. Our objective is to ensure that regulation and registration are based on evidence of what works so that regulators and accredited registers are effective at protecting the public.
- 3.40 In April 2021, we published our Covid-19 lessons learned review which used case studies to look at how the 10 UK health and social care regulators responded to the initial crisis caused by the pandemic. In June, we published research we had commissioned by Professor Deborah Bowman: *Ethics in extraordinary times - practitioner experiences during the pandemic*, which analyses the situations faced by practitioners and the difficult decisions they had to make. During the pandemic we established a cross-directorate intelligence forum to consider issues arising and how the regulators were responding to the evolving situation. We have continued this forum to monitor the 'new normal'. The external environment remains volatile, with issues such as professionals' mental health, and equality and diversity presenting growing challenges. We have identified, logged and where appropriate acted on risks and opportunities arising from the regulators' activity and from the impact of the pandemic on the health and social care sector.
- 3.41 We also published consumer research on public, patient and professional perspectives on the importance of consistency in regulation; and research on cognitive biases in fitness to practise decision-making. We did not commission new research this year, focussing our attention instead on regulatory reform and a publication about professional regulation expected in later in 2022.
- 3.42 A number of issues arose in the external policy environment which have required policy attention, including the government's response to the Paterson Inquiry, and the Ockenden inquiry. We have responded to a number of significant consultation this year. We gave our support for the introduction of Patient Safety Commissioners in England and Scotland; and for the introduction of a statutory duty of candour on organisations in Northern Ireland. We expressed our opposition to the use of conversion therapy and have long required registers we accredit to

prohibit its practice. We supported the introduction of licensing for cosmetic practice (Scotland and England) as a necessary adjunct to regulatory and accredited register controls. We responded to the HSC Committee consultation on litigation, repeating our support for learning cultures, but cautioning against 'safe spaces' that may undermine professional accountability. We commented on Scotland's proposal to introduce a National Care Service, supporting their proposal to introduce a non-statutory register, which accords with our *Right-touch regulation* principles. We also responded to several consultations by the regulators we oversee, for example on the use of remote hearings, which we support provided regulators take steps to ensure equality of access.

- 3.43 The government consultations on reform, *Regulating healthcare professionals, protecting the public*, the BEIS consultation on better regulation principles, and the White Paper *Working together to improve health and social care for all* with proposals for a Health and Care Bill have been a significant focus for the Authority during this financial year.
- 3.44 We have continued to hold events to promote learning and improvement. Our annual symposium included a focus this year on bridging the gaps in the patient safety system including in relation to equality, diversity and inclusion. The theme for our joint seminar with the Welsh government was on ensuring flexibility and resilience in a regulatory system under pressure. We also host a regulators' policy forum to share ideas and learning between policy colleagues in our sector; and similarly attend the regulators' research forum. We have continued to improve our stakeholder engagement, and ran a stakeholder survey in March 2022.

### Legislative reform

- 3.45 The Government published its consultation on reform of legislation for all the healthcare regulators the Authority oversees at the end of March 2021. This followed the response to the four-country consultation *Promoting professionalism, reforming regulation*, which was published by the Department of Health and Social Care in July 2019.
- 3.46 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 was brought into sharper focus by the emergency action that a number of the regulators were required to take in the light of the workforce challenges brought about by Covid-19. This highlighted the need to ensure a balance between regulatory agility and protecting the public.
- 3.47 The Government proposals are a significant milestone for reform and broadly echo many of the changes proposed by the Authority, although there were some proposals that gave us cause for concern. The Authority has cautioned that the proposed additional flexibility for regulators must be balanced by effective oversight to ensure that patients and the wider public are protected, and the public can continue to have confidence in regulation.
- 3.48 The Authority worked with colleagues in the Department for Health and Social Care, the devolved administrations and the regulators on all aspects of the proposals, covering governance, registration, and education and training, as well as fitness to practise. Our primary aim has been to ensure that the reforms stay focused on public protection. The detail of our positions across the breadth of the

reforms are set out in our consultation response to *Regulating healthcare professionals, reforming regulation* published in June 2021; and in *Reshaping regulation*, our response to proposals for regulatory reform in the Health and Social Care Bill.

### Accredited Registers

- 3.49 The Authority's Accredited Registers programme covers approximately 100,000 practitioners from a range of different professions in health and social care.
- 3.50 Being accredited means that an organisation has satisfied us that it meets all our Standards for Accredited Registers. Once accredited, the register and its registrants are entitled to use the Authority's accreditation Quality Mark (shown below). This allows the public, employers, and commissioners to choose a practitioner with confidence in their commitment to high standards.
- 3.51 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 promote best practice but do not have to be completed to maintain accreditation) may be issued by our Accreditation Panels at initial accreditation and at full renewal assessments to improve practice against the Standards. Conditions must be met to maintain accreditation.
- 3.52 As of 31 March 2022, there are 23 Accredited Registers, covering over 60 roles and approximately 100,000 practitioners.



### Changes in 2021 following a strategic review

- 3.53 In June 2020, we launched a strategic review of the Accredited Registers programme. The aim was to identify ways to make the programme more effective, to determine which occupations should be included within its scope, and to achieve financial sustainability. This included a public consultation, which we published a report on in April 2021.
- 3.54 In July 2021, we made changes to the programme as a result of the strategic review. We introduced a new 'public interest test' within our Standards (Standard 1b), which considers whether the benefits of the activities of practitioners on a Register outweigh any risks. We also introduced a revised fees model, and a risk-based assessment cycle.
- 3.55 We published supplementary guidance on the public interest test. The full set of Standards were rationalised from 11, to eight. There is a new evidence framework which sets out the minimum requirements for each Standard, to support greater consistency in decision-making.

- 3.56 The fees model is now based on a minimum base fee of £10,500 and a variable per-registrant fee with a maximum cap for Registers of £60,000. This model was introduced during the financial year, in July 2021. Fees for April to June 2021 were paid on the previous fees model, calculated by a fixed fee of £10,414 plus a variable charge of £0.10 per registrant.
- 3.57 Fees for new applications remain at £13,798 although this may be subject to review in future years. Registers can also apply for an initial, provisional decision against the 'public interest test' before submitting a full application. The fee for this is £1,300 which is refundable against the full cost of an application.
- 3.58 To ensure that the programme remains cost effective and that assessments are proportionate to risk, full assessments against our Standards will now take place once every three years, instead of annually. Every Accredited Register will have an annual check in the intervening years. If we identify any concerns or changes that could affect whether the Standards continue to be met, then we may initiate a more in-depth, Targeted Review at any point.

### Accreditation decisions in 2021/22

#### *New applications*

- 3.59 In 2021/22 we continued to assess applications received in the previous financial year from the UK Society for Behaviour Analysis (UK-SBA), the British Association for Cognitive Behavioural Psychotherapy (BABCP) and Association for Rational Emotive Behaviour Therapy (AREBT), the British Psychological Society's (BPS) Wider Psychological Workforce Register, the Institute of Trichologists (IoT) and the National Council of Psychotherapists (NCP). As at March 2022, all of these assessments are at the final stages and we expect to make final decisions on all of these applications during 2022/23.
- 3.60 We received a new application from the Rehabilitation Workers Professional Network (RWPN) in May 2021. The RWPN registers Vision Rehabilitation Workers and Vision Habilitation Specialists, who work with people who have experienced sight loss. We announced accreditation of the RWPN on 31 March 2022.
- 3.61 All applications that had already been received when we introduced our new processes in July 2021 have been assessed against the new Standard One (including the public interest test), and Two to 11 of the old Standards. All applications received after July 2021 are assessed against the full version of our new Standards.
- 3.62 We also completed a preliminary Standard One assessment for Athena Herd CIC, which registers Equine Facilitated Workers.<sup>13</sup> We found that Standard One was provisionally met.
- 3.63 On 31 March 2022, we received a new application from the British Occupational Hygiene Society, whose registrants help recognise, manage and control workplace health risks.

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<sup>13</sup> Equine facilitation is the term used for roles that involve working with horses to develop an individual's self-awareness. Practitioners on this register will work with both adults and children and may combine equine facilitation with other therapeutic approaches.

### *Renewal assessments April-June 2021*

- 3.64 We continued with accreditation assessments on our previous annual cycle until replaced by the new system in July 2021. Between April and June 2021, we assessed and renewed accreditation for six Accredited Registers, a further two were renewed following targeted reviews in September and October 2021.

### *Renewal assessments July 2021-March 2022*

- 3.65 We carried out 11 annual checks between July 2021 and March 2022. One of these, for the UK Council of Psychotherapists (UKCP), resulted in a targeted review of complaints processes and as of March 2022, is still underway. 96% of annual checks were completed within one year of the previous report being published, which exceeds our target of 90%.
- 3.66 We completed one full renewal assessment during this period, for the British Psychoanalytic Council. This resulted in three Conditions being issued. We also initiated full renewal assessments for the British Acupuncture Council and the Joint Council for Cosmetic Practitioners.
- 3.67 In October 2021 we considered an appeal by the National Counselling Society (NCS) and National Hypnotherapy Society (HS) against three Conditions of Accreditation issued to the HS. The Appeals Panel met and upheld the first two Conditions and issued the third as a Recommendation. Following our decision, we accepted evidence from the HS relating to the Conditions. We found that the Conditions were met.
- 3.68 In March 2022, we approved a Notification of Change request from the National Counselling Society/National Hypnotherapy Society to extend its accreditation to two new registers, for Children and Young People Therapists (CYPTs) and Person-Centred Experiential Therapists (PCETs). We approved the change and issued Recommendations.
- 3.69 The Federation of Holistic Therapists decided not to move to the new fees model and approach when introduced in July 2021. Its accreditation was withdrawn at the end of its 2021/22 accreditation cycle, on 9 January 2022. No further Registers withdrew from the programme in 2021/22. However, the Registration Council for Clinical Physiologists merged with the Academy for Healthcare Science on 1 June 2021.

3.70 The table below shows the full list of accredited registers, and the number of conditions and recommendations, that were in place on 31 March 2022.

Accredited Register	Last assessment	Assessment type <sup>14</sup>	Conditions <sup>15</sup>	Recommendations <sup>16</sup>
Academy for Healthcare Science	31 March 2021	Annual check	No Conditions	Two Recommendations
Alliance of Private Sector Practitioners	8 November 2021	Annual check	No Conditions	One Recommendation
Association of Child Psychotherapists	7 July 2021	Full assessment	No Conditions	Two Recommendations
Association of Christian Counsellors	7 June 2021	Full assessment	No Conditions	One Recommendation
British Acupuncture Council	8 April 2021	Full assessment	Four Conditions	One Recommendation
British Association for Counselling & Psychotherapy	2 August 2021	Full assessment	No Conditions	Three Recommendations
British Association of Play Therapists	17 March 2022	Annual check	No Conditions	No Recommendations
British Association of Sports Rehabilitators and Trainers	14 December 2021	Annual check	No Conditions	No Recommendations
British Psychoanalytical Council	6 April 2022	Full assessment	Three Conditions	Six Recommendations
Complementary and Natural Healthcare Council	5 January 2022	Annual Check	No Conditions	No Recommendations

<sup>14</sup> 'Full assessment' before July 2021 refers to an annual renewal against the previous Standards. For those which completed July 2021 onwards, this is the full renewal assessment which usually takes place once every three years. Annual checks apply from July 2021 onwards and are for intervening years when a full renewal assessment is not due.

<sup>15</sup> Conditions are changes that must be made within a specified timeframe to maintain accreditation.

<sup>16</sup> Recommendations are actions that would promote good practice but do not have to be completed to maintain accreditation

Counselling & Psychotherapy in Scotland (COSCA)	11 June 2021	Full assessment	No Conditions	One Recommendation
Human Givens Institute	1 July 2021	Full assessment	One Condition	One Recommendation
International Federation of Aromatherapists	27 May 2021	Full assessment	No Conditions	Three Recommendations
Joint Council for Cosmetic Practitioners	12 May 2021	Full assessment	Two Conditions	Three Recommendations
National Counselling Society/National Hypnotherapy Society	2 November 2021	Full assessment	Two Conditions	One Recommendation
Play Therapy UK	8 September 2021	Full assessment	Three Conditions	One Recommendation
Register of Clinical Technologists	11 February 2022	Annual Check	No Conditions	One Recommendation
Rehabilitation Workers Professional Network	31 March 2022	New application	12 Conditions	24 <sup>17</sup> Recommendations
Save Face	9 March 2022	Annual Check	No Conditions	No Recommendations
UK Association for Humanistic Psychology Practitioners	12 October 2021	Annual Check	No Conditions	No Recommendations
UK Board of Healthcare Chaplaincy	30 November 2021	Annual Check	No Conditions	One Recommendation
UK Public Health Register	29 March 2022	Annual Check	No Conditions	No Recommendations
UK Council for Psychotherapy	12 Feb 2021 <sup>18</sup>	Full assessment	No Conditions	Two Recommendations

<sup>17</sup> It is not unusual for new registers to have high numbers of conditions when newly accredited, although the RWPN did have quite a high number. None were judged by the Panel as affecting public protection or confidence and so accreditation was granted. Some of the conditions have a short timeframe, and we are reviewing the first of these in April.

<sup>18</sup> As at the end of March 2022, a targeted review as part of UKCP's annual check for 2022 was underway.

### Key Performance Indicators

Performance for processes in place up to June 2021 is set out in the table below.

Accredited Registers – previous process (phased out July 2021, with last assessments taking place in August 2021)	90% of accredited registers will apply for continued accreditation.	100% (8/8)
	New applications are put before the Panel with 15 working days of receipt of all information/documentation required.	N/A
	Renewal applications are considered by a Moderator by the accreditation renewal date	100% (8/8)
	Where a targeted review is required, this is put before the Panel within 5 working days of receipt of all information/documentation required	60% (3/5) <sup>19</sup>
	Notifications advising of need to apply for renewal are issued 12 weeks before accreditation ceases.	100%

Performance for the new assessment approach in place from July 2021 onwards, up to end March 2022 is set out in the table below.

Accredited Registers – current processes (introduced July 2021)	90% of Registers have a full assessment within three years of the previous assessment.	100% (23/23)
	90% of decisions about the annual check within one year of the previous assessment.	96% (22/23)
	90% of full assessments are undertaken within one year of a Condition being issued.	100% (23/23)
	95% of targeted reviews are completed within three months of the date initiated	N/A
	90% of decisions are made on new applications for accreditation within two months of all information received.	100% (1/1)

<sup>19</sup> Explained in the Accredited Registers section.

### ***Safeguarding and criminal records checks***

- 3.71 To date, Accredited Registers have experienced challenges in accessing criminal record checks for their registrants. This has meant a gap in checks for registrants who are self-employed and not having these checks undertaken by employers. Criminal record background checks are an important part of safeguarding measures to protect patients and the public. They are conducted by different agencies, depending on where in the UK the work is being carried out. Employers are the main route for the checks taking place. Although the regulators and Accredited Registers are not employers, some undertake criminal records checks for self-employed registrants.
- 3.72 On 9 March 2022, we launched a pilot scheme aimed at addressing the current gap in checks of self-employed Accredited Register practitioners. A small, randomly selected, sample of self-employed practitioners on the ACP register are participating. The results, expected in May 2022 will be used to inform our understanding of eligibility and the practical implications of other Accredited Registers making these checks.
- 3.73 In parallel to our pilot, UK Government has announced its Independent Review into the Disclosure and Barring Regime which will seek to provide assurance to Ministers about its effectiveness in safeguarding children and vulnerable adults. It will review the definition of 'regulated activity', used to determine who is eligible for a higher-level DBS check, and eligibility gaps for disclosure checks for the self-employed. We will use the findings of our pilot and Government's review, to decide whether a wider rollout of checks for Accredited Registers would be of value. This will consider how a cohesive approach across the four UK countries can be achieved.

### ***Raising awareness and recognition***

- 3.74 In line with government policy, we promote the message that when choosing practitioners working in unregulated roles, the public, employers and others should choose practitioners on Accredited Registers, wherever possible, to help them make an informed choice and benefit from the increased protection it offers.
- 3.75 We continue to work to raise awareness of the programme, the benefits and why it's important to use practitioners registered under the umbrella of the Accredited Registers programme. We promote the Quality Mark – a clear sign that someone is accredited and has met our standards. We regularly use our blog and social media channels to promote the programme and highlight work undertaken by colleagues.
- 3.76 This year, we have redesigned our communications toolkits which we distribute to all registers and their registrants with refreshed messaging about the programme, social media templates and practical tips for creating a marketing plan. This will allow all registers to talk confidently about the programme and its benefits.
- 3.77 Following the conclusion of our Strategic Review, we have also updated the Authority website with useful information about the changes to the programme.
- 3.78 The [www.checkapractitioner.com](http://www.checkapractitioner.com) (CAP) facility on our website allows all stakeholders to search for a register, or a practitioner working in a specific role. Use of the CAP search tool continues to rise month on month, indicating it is a valuable resource.

- 3.79 Our stakeholder engagement has increased during this year and we have created valuable relationships with organisations in the healthcare sector which will support our communications work in the coming year.

### Financial summary

- 3.80 Our operating income for 2021/22 comprised of £4.5 million in fees paid by the regulators and £0.724m non-fee income . In 2020/21 our funding was £4.4 million fees raised from the regulators and £0.16 million subvention funding paid by DHSC.
- 3.81 At 31 March 2022, we carried forward total reserves of £2.6 million, £0.7 million of which were unrestricted and £1.9 million restricted (2020/21: £2.3 million in total, 0.6 million unrestricted and £1.7 million restricted) after net operating income of £0.287 million (2020/21: net operating expenditure £0.014 million). We returned £0.216 million to the regulators in the 2022/23 business planning exercise (£0.105 million in 2021/22). Net operating expenditure for 2021/22 is calculated net of fees received from the regulators, which is recorded as income in accordance with IFRS 15.
- 3.82 During the year ending 31 March 2022, we generated a surplus that increased our reserve position by £0.287 million.
- 3.83 A description of accounting policies is shown in note 1 to the accounts.

### Transparency

- 3.84 The Authority is committed to the provision of information to the public.
- 3.85 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.
- 3.86 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.
- 3.87 During the 2021/22 financial year, 100% of invoices were paid in 10 days and 78% (by number of invoices) and 81% (by total invoice value) within five days. Details of our payment record can be found on our website.<sup>20</sup>
- 3.88 No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.
- 3.89 The balance owed to trade payables as at 31 March 2022 was £30,349 (2020/21: £18,000). As a proportion of the total amount invoiced by suppliers in the year, this is equivalent to 7.71 days (2020/21: 1.68 days).
- 3.90 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

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<sup>20</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)

- Hospitality.

### Sustainability

- 3.91 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.
- 3.92 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.
- 3.93 We occupy 2.58% of the building.
- 3.94 Rainwater is collected and used to supply the sanitary facilities, reducing our clean water consumption.
- 3.95 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.
- 3.96 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. Our consumption for 2021/22 and the previous year is set out below.

	2021/22	2020/21
<b>Gas</b>	4,083kWh	4,552kWh
<b>Electricity</b>	49,320kWh	48,393kWh
<b>Water</b>	44.13 m <sup>3</sup>	43.48 m <sup>3</sup>
<b>Waste removed</b>	1.08 tonnes	0.30 tonnes

- 3.97 All electricity used is from 100% renewable sources from EDF Energy (confirmed by the Carbon Trust).
- 3.98 The installation of waste compactors has reduced the frequency of collections from daily to fortnightly, reducing vehicle emissions.
- 3.99 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.
- 3.100 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.

### Human rights

- 3.101 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.

3.102 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**

3.103 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.

3.104 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**

3.105 Details of this can be found in paragraphs 4.23 to 4.26.

## 4. Accountability report

### Corporate governance report

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

#### Directors' report

- 4.2 We have an executive team as shown below, covering our three areas of work: Corporate Services; Scrutiny and Quality; and Standards and Policy.
- 4.3 A register of Executive and Non-Executive interests is available on our website.
- 4.4 Directors are members of staff and are paid in accordance with staff policies.

Alan Clamp	Chief Executive
Jane Carey	Director of Corporate Services
Mark Stobbs	Director of Scrutiny and Quality
Christine Braithwaite	Director of Standards and Policy

#### *The Authority's Board*

- 4.5 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.
- 4.6 The Board is the Authority's highest decision-making forum, where significant strategic and operational matters are discussed, and consequential decisions taken.
- 4.7 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.
- 4.8 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.
- 4.9 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.
- 4.10 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.
- 4.11 Caroline Corby was appointed by the Privy Council as Chair on 1 February 2021.
- 4.12 Details of all Board appointments and who makes them are shown in the table below.
- 4.13 Details of the directorships and significant interests held by the Board are contained within the register of interests held on our website.<sup>21</sup>

### **Board members**

<b>Board member</b>	<b>Appointed by</b>
Caroline Corby (Chair)	Privy Council (February 2021)
Antony Townsend	Privy Council (reappointed 2019)
Frances Done CBE	Privy Council (reappointed 2021)
Renata Drinkwater	Privy Council (reappointed 2019)
Thomas Frawley CBE	Department of Health Northern Ireland (reappointed 2021)
Moiram Ali	Scottish Ministers (reappointed 2021)
Marcus Longley	Welsh Ministers (reappointed 2021)
Alan Clamp	Authority's Board (2018)

- 4.14 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

<sup>21</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)

- To operate and manage the Authority in accordance with the strategy set by the Board.
- 4.15 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.

## Statement of Accounting Officer's Responsibilities

- 4.16 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 takes into consideration the principles set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by HM Treasury and published in 'Managing Public Money'.
- 4.17 Under 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 the Privy council has directed the Professional Standards Authority to prepare for each financial year a statement of accounts in the form and on the basis of the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Professional Standards Authority and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.
- 4.18 In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:
- Observe the Accounts Direction issued by the Privy Council, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
  - Make judgements and estimates on a reasonable basis
  - Prepare the accounts on a going concern basis
  - State whether applicable accounting standards as set out in the Government Financial reporting Manual have been followed, and disclose and explain any material departures in the accounts
  - Confirm that the Annual report and Accounts as a whole is fair, balanced and understandable and take responsibility for the Annual report and Accounts and the judgements required for determining that it is fair, balanced and understandable.
- 4.19 As the Accounting Officer, I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the Professional Standards Authority auditors are aware of that information. So far as I am aware there is no relevant audit information of which the auditors are unaware.



Alan Clamp  
Accounting Officer  
15 June 2022

## **Governance statement**

### ***Scope of responsibility***

- 4.20 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 realized assets for which I am personally responsible. I pay close attention to the guidance set out in Managing Public Money.
- 4.21 The Authority reports to the UK Parliament and works closely with the devolved administrations in Northern Ireland, Scotland and Wales, the Department of Health and Social Care in England, and the Department for Education 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.

### ***Compliance with HM Treasury's corporate governance code***

- 4.22 We have complied with HM Treasury's Corporate Governance Code in so far as it is applicable to us.

### ***Risk management approach and Risk register***

- 4.23 The Directors Group reviews the strategic risk register monthly. The updated register is considered by the Audit and Risk Committee (ARC) and thereafter by the Board. Risks are added, updated or deleted outside of this process when the need arises.
- 4.24 The most significant risks for 2021/22 related to
- The impact of the Covid-19 pandemic and in particular the risk that Fitness to Practise backlogs compromised regulatory effectiveness and therefore reduce public protection
  - Regulatory reform and in particular the risk that it is implemented poorly, subsequently reducing effective oversight of the regulators work
  - The financial sustainability of the Accredited Registers Programme.
- 4.25 The Directors Group develops and maintains the internal control framework and provides assurance to the Audit and Risk Committee, which in turn provides strategic advice to the Board, where overall responsibility is held that the Authority's arrangements are effective.
- 4.26 The key elements of the system of internal control include:
- Financial procedures detailing financial controls, the responsibilities of and authorities delegated to the Directors Group
  - Business planning processes setting out the objectives of the Authority supported by detailed annual income, expenditure, capital and cash flow budgets
  - Regular reviews of performance along with variance reporting, scenario planning and re-forecasting
  - The assurance framework.

### ***Assurance framework***

- 4.27 The Assurance Framework is the means of assuring the Board members about the operation of the Authority.
- 4.28 The Framework is set out in terms of the three lines of defence model. 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.
- 4.29 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.

### ***Chair of the Board***

- 4.30 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***

- 4.31 There were six Board meetings held in public between 1 April 2021 and 31 March 2022.
- 4.32 Members' attendance at Board meetings during 2021/22 was as follows:

<b>Board member</b>	<b>Number of meetings attended</b>	<b>Possible</b>
Caroline Corby (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

- 4.33 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. 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.

- 4.34 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 the Scrutiny Committee, the Audit and Risk Committee, and the Finance 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.
- 4.35 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.
- 4.36 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.
- 4.37 The Board also reviews its own performance as part of its strategic planning. The Board considers that it is functioning effectively.
- 4.38 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.
- 4.39 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.
- 4.40 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. The Chair is appraised by the Deputy Chair, making use of feedback from Board members, senior members of staff and external stakeholders.
- 4.41 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***

- 4.42 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.
- 4.43 Four Audit and Risk Committee meetings were held between 1 April 2021 and 31 March 2022.

4.45 Members' attendance at committee meetings during 2021/22 was as follows:

Committee member	Number of meetings attended	Possible
Frances Done CBE	4	4
Moiram Ali	4	4
Tom Frawley	4	4

4.46 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.

4.47 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.

4.48 The Committee sets its own work programme for the coming year and this influences the work programme set by the internal auditors.

4.49 Typically, the Board delegates final approval of the Annual Report and Accounts to this Committee.

**Internal audit**

4.50 Mazars were our internal auditors for 2021/22.

4.51 The internal audit work this year focused on:

- Business planning
- Procurement
- Cyber security of the section 29 database
- Follow up actions
- Adherence to our business principles and reserves policy.

**Business Planning**

4.52 This review received Moderate Assurance. Three significant recommendations were made around identifying efficiency savings and value for money, midpoint reviews and financial planning and budgeting. All recommendations have been implemented.

**Procurement**

4.53 This review received Moderate Assurance. Four significant recommendations were made around procurement thresholds, staff training and the approval and justifications of exemptions. Two of these recommendations have been implemented and the remainder were completed by the end of April.

### ***Section 29 database security***

- 4.54 This review received Limited Assurance. One fundamental and four significant recommendations were made. The fundamental recommendation was in relation to third party assurances, in that the contract did not specify in enough detail the supplier's information security requirements. The significant recommendations were in relation to risk management, security policies related to the database, monitoring user activity and senior management oversight. These recommendations have all been implemented.

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

- 4.55 This review considered whether the Authority was acting in accordance with our business principles and reserves policy.
- 4.56 The review, which identified no actions that merited attention for the Authority to consider, confirmed that no issues were identified to indicate that the Authority had not adhered to the policy.
- 4.57 The Committee monitored the implementation of all audit findings. A summary of these and the work taken to address them was reported to the committee by the internal auditors at the May 2022 meeting. All work had been completed to schedule.

### ***Scrutiny Committee***

- 4.58 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.
- 4.59 Three Scrutiny Committee meetings were held between 1 April 2021 and 31 March 2022. One was adjourned and was held over two days.

Members' attendance at committee meetings during 2021/22 was as follows:

<b>Committee member</b>	<b>Number of meetings attended</b>	<b>Possible</b>
Antony Townsend	3	3
Renata Drinkwater	2	3
Marcus Longley	3	3

### ***Appointments to regulators' councils***

- 4.60 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)***

- 4.61 At each meeting, the Scrutiny Committee reviewed decisions taken about individual regulators' final fitness to 46ealized panel decisions at different stages of the

process. In all cases, 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. Members of the Committee chaired some case meetings under this process in the course of the year.

### *Annual performance review of regulators*

- 4.62 The Scrutiny Committee received regular reports on the progress of the Performance Review process. The Committee has been content with that process. The Committee has been particularly involved in the review of the process and provided guidance and challenge to the executive’s proposals. It is satisfied with the progress.
- 4.63 The Committee has received advice on the likely impact of reforms to professional regulation on the Authority’s scrutiny and expressed initial views on the proposals.
- 4.64 The Committee has reviewed its working arrangements and, in the light of the workload, will be meeting four times in 2022/23.

### *Accredited Registers*

- 4.65 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.
- 4.66 The Committee oversaw the strategic review of the Accredited Registers programme and continues to monitor implementation of changes.
- 4.67 The Committee was also kept informed about the communications activities and engagement with stakeholders to raise awareness of the programme.

### *Finance Committee*

- 4.68 The Finance Committee was established in May 2020. The Finance Committee provides support, advice and recommendations to the Board and Accounting Officer in relation to the Board’s responsibilities for finance matters (both capital and revenue). The Committee supersedes the remuneration committee in dealing with matters concerning staff and Board remuneration.
- 4.69 Five Finance Committee meetings were held in 2021/22.
- 4.70 Members’ attendance at committee meetings during 2021/22 was as follows:

<b>Committee member</b>	<b>Number of meetings attended</b>	<b>Possible</b>
Renata Drinkwater	5	5
Frances Done	5	5
Antony Townsend	5	5

### *Pension scheme regulations*

- 4.71 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.

### *Data handling*

- 4.72 Our system of internal control is based on the HMG Security Policy Framework and we continue to monitor and review our compliance with it.
- 4.73 We hold little personal information. The main type of personal data we hold relates to our own staff. Staff are required to work through remote access to our server and two factor authentications are in place to provide another layer of security.
- 4.74 Staff continue to undertake a combination of the government's 'Protecting Information' online training and the Authority's internal information security training. The 'Protecting Information' training is assessment-based.
- 4.75 All staff are required to complete the level appropriate to their level of responsibility for data-handling. All staff completed the training in 2021/22.
- 4.76 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.
- 4.77 This statement has been prepared following consideration of the Authority's Annual Assessment of Information Risk Management for 2021/22 and the assurance provided by it.
- 4.78 No personal data related incidents were reported to the Information Commissioner in the year.

### *The purpose of the system of internal control*

- 4.79 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.
- 4.80 The system of internal control is designed to identify and prioritise the risks to the achievement of 48ealized48ional policies, aims and objectives, to evaluate the likelihood of those risks being 48ealized and the impact should they be 48ealized, and to manage them efficiently, effectively and economically.
- 4.81 Our system of internal control has been in place for the year ended 31 March 2022 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

- 4.82 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.
- 4.83 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.
- 4.84 Mazars have been our internal auditors for the year under review. The Head of Internal Audit in his report for 2021/22 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'.
- 4.85 I do not consider that we have significant weaknesses in our system of internal controls. A programme of regular 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.
- 4.86 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.
- 4.87 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.

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 smaller 'Clamp'.

Alan Clamp  
Accounting Officer  
15 June 2022

## Remuneration and staff report

### Remuneration policy

- 4.88 The Finance Committee deals with staff remuneration. Five Finance Committee meetings were held between 1 April 2021 and 31 March 2022.
- 4.89 The Nominations Committee deals with Board remuneration issues. Five Nominations Committee meetings were held between 1 April 2021 and 31 March 2022.
- 4.90 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.

### Nominations Committee

- 4.91 The Nominations Committee ensures that the Authority has an appropriate Board membership by overseeing Board performance and recruitment.
- 4.92 Five Nominations Committee meetings were held between 1 April 2021 and 31 March 2022. Members' attendance is shown below.

Board member	Number of meetings attended	Possible
Caroline Corby	5	5
Frances Done CBE	5	5
Antony Townsend	4	5
Renata Drinkwater	5	5

### Senior managers' contracts

Name	Title	Date of contract	Unexpired term	Notice period
Alan Clamp	Chief Executive	1 November 2018	Permanent contract	6 months
Jane Carey	Director of Corporate Services	11 January 2021	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 2021/22 £'000	Expenses payments (taxable) Total £000	Performance pay and bonuses £000	Long-term performance pay & bonuses £' 000	All pension-related benefits £' 000	TOTAL 2021/22 £'000
Alan Clamp	175-180	0	0	0	43	220-225
Jane Carey	100-105	0	0	0	53	150-155
Mark Stobbs	120-125	0	0	0	31	155-160
Christine Braithwaite	120-125	0	0	0	29	150-155

Name	Salary 2020/21 £'000	Expenses payments (taxable) Total £000	Performance pay and bonuses £000	Long-term performance pay & bonuses £' 000	All pension-related benefits £' 000	TOTAL 2020/21 £'000
Alan Clamp	175-180	0	0	0	42	220-225
Mark Stobbs	120-125	0	0	0	30	150-155
Christine Braithwaite	120-125	0	0	0	36	155-160
Jane Carey *	20-25	0	0	0	5	25-30
John McDermott **	***75-80	0	0	0	15	90-95

\* From 11<sup>th</sup> of January. FYE salary is £95k-£100k

\*\* Up to 14<sup>th</sup> of August 2020. FYE salary £125k- £130k

\*\*\*Including payment in lieu of notice £28K, not including ex-gratia payment of £30k

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

- 4.93 All senior managers in the year were members of the NHS Pension Scheme.
- 4.94 Total remuneration includes salary and all pension-related benefits calculated in accordance with the NHS Pensions guidance,<sup>22</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 or benefits-in-kind in 2020/21 or 2021/22.

<sup>22</sup> Disclosure of Senior Managers' Remuneration (Greenbury) 2015.

## 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 2022 (bands of £5,000)	Lump sum at age 60 related to accrued pension as at 31 March 2022 (bands of £5,000)	Cash Equivalent Transfer Value as at 1 April 2021 (to the nearest £1,000)	Cash Equivalent Transfer Value as at 31 March 2022 (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*	10-15	N/A*	113	162	22
Jane Carey	Director of Corporate Services	2.5-5	N/A*	0-5	N/A*	6	49	30
Mark Stobbs	Director of Scrutiny and Quality	0-2.5	N/A*	10-15	N/A*	159	196	19
Christine Braithwaite	Director of Standards and Policy	0-2.5	5-7.5	30-35	90-95	N/A**	N/A**	N/A**

\* Not applicable in the 2008 and 2015 scheme.

\*\* Not applicable as individual over 60.

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

### Cash Equivalent Transfer Value

- 4.95 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.
- 4.96 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**

- 4.97 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.
- 4.98 No compensation has been paid to former senior managers or payments made to third parties for the services of a senior manager.
- 4.99 This information has been audited by the Comptroller and Auditor General.
- 4.100 No senior manager had expenses subject to UK tax.

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

- 4.101 The Chair receives remuneration of £34,530 pa (2020/21: £34,530 pa); Privy Council, Devolved Administration members receive annual remuneration of £10,000 pa (2020/21: £8,078), the Audit and Risk Committee Chair receives annual remuneration of £13,465 (2020/21: £13,465), the Scrutiny Committee Chair receives annual remuneration of £13,465 (2020/21: £13,465) and the Finance Committee Chair receives annual remuneration of £13,465 (2020/21: £13,465). Members' remuneration during the year amounted to £111,752 (2020/21: £103,827) including social security costs.
- 4.102 Members' remuneration is subject to tax and national insurance through PAYE.
- 4.103 In addition, expenses amounting to £3,027 (2020/21: £ 1,177) 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.
- 4.104 Members' remuneration has been audited by the Comptroller and Auditor General.
- 4.105 Payments to individual members are disclosed below.
- 4.106 No Board members were members of the NHS pension scheme in 2021/22.

## Payments made to the Authority's Board members during 2021/22

	2021/22 Salary (bands of £5,000)	2021/22 Travel expenses (bands of £5,000)	2020/21 Salary (bands of £5,000)	2020/21 Travel expenses (bands of £5,000)
<b>Chair</b>				
Caroline Corby	30-35	0	5-10*	0
<b>Members</b>				
Antony Townsend	10-15	0-5	25-30**	0
Frances Done CBE (Audit and Risk Chair)	10-15	0-5	10-15	0
Renata Drinkwater	10-15	0	10-15***	0
Thomas Frawley CBE	10-15	0-5	5-10	0
Moiram Ali	10-15	0-5	5-10	0-5
Marcus Longley	10-15	0-5	5-10	0-5

\*From 1/02/2021

\*\* Interim chair from 1/09/2020-31/01/2021

\*\*\* Chair of the Finance Committee 1/07/2020

### Staff report

- 4.107 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.
- 4.108 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.
- 4.109 We have achieved a London Healthy Workforce Award reflecting our commitment to the wellbeing of our staff and received Disability Confident Level 1 Accreditation.
- 4.110 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.
- 4.111 Further information about the senior management team can be found in the Remuneration section of this report.
- 4.112 Our staff turnover this year was within our key performance indicator.

4.113 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**

4.114 The Authority is required to disclose the relationship between the remuneration of the highest paid director (in our case, the Chief Executive) and the employees on the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile of remuneration of the entity’s employees for the financial year.

4.115 The Authority is also required to disclose

- The percentage change from the previous financial year in respect of the highest paid director (in our case, the Chief Executive)
- The average percentage change from the previous financial year in respect of the employees of the entity taken as a whole (excluding Chief Executive).

4.116 The remuneration of the Chief Executive in the financial year 2021/22 was £177,500 (calculated as middle of the band) and £177,500 in the financial year 2020/21 therefore these was no percentage change in the remuneration of the Chief Executive.

4.117 The average percentage increase from the previous year in respect of the employees of the entity taken as a whole was 2.93% which is attributable to the Authority’s reward and progression policy.

4.118 Pay ratio information in the year 2021/22 was as following:

Year	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio
2021/22	3.84:1	3.55:1	2.64:1

The remuneration of workforce on the 25<sup>th</sup> percentile was £46,189 and £50,013 and £67,304 on the median and 75<sup>th</sup> percentile respectively.

4.119 The remuneration of the Chief Executive in the financial year 2020/21 was £177,500 (calculated as middle of the band). This was 3.74 times the median remuneration of the workforce, which was £47,509.

4.120 No employee received remuneration in excess of the Chief Executive in 2021/22 or 2020/21. Remuneration ranged from £31,673 to £179,478 (2020/21: £31,672 to £179,478).

4.121 Information on fair pay disclosures has been audited by the Comptroller and Auditor General.

4.122 At the end of 2021/22, two members of the senior management team were female (33%) (2020/21, 33%) while overall, 32 employees were female (69%) (2020/21, 74%).

**Sickness absence**

4.123 A total of 295 days (2020/21, 275 days) were lost due to sickness absence in the year. This equates to 6.7 days (2020/21, 6.4 days) per person – 165 days of this absence related to two members of staff who had long-term absences during the year.

### Policies relating to disability

4.124 We are committed to applying our equal opportunities policy at all stages of recruitment and selection.

4.125 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.

4.126 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.

4.127 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*

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

	Permanently employed	Other	Total 2021/22	Permanently employed	Other	Total 2020/21
Total	42.75	0.33	43.08	41.10	0.35	41.45

4.129 There were no staff engaged on capital projects in the period to 31 March 2022.

### *Costs of persons employed*

	Permanently employed	Other	Total 2021/22	Permanently employed	Other	Total 2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	2,690	-	2,690	2,708	-	2,708
Social security costs	292	-	292	298	-	298
Superannuation costs	465	-	465	436	-	436
Agency/ temporary staff	-	22	22	-	52	52
	3,447	22	3,469	3,442	52	3,494

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

4.131 There were no exit packages paid in 2021/22. (£42k in 2020/21).

4.132 No redundancy costs were incurred in the financial year 2021/22 (none in 2020/21).

4.133 No persons were employed off payroll or on a consultancy basis during the year (none in 2020/21).

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

# Parliamentary accountability and audit report

## Clarifications

### *Losses and special payments*

4.135 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*

4.136 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.

4.137 The income and expenditure for each segment are accounted for separately and we work to ensure that there is no cross-subsidy.

4.138 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 10.23 -10.33.

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

### *Fees and charges*

4.140 The Health and Social Care Act 2012 provided for the Authority to be funded by the regulators that it oversees.

4.141 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.

4.142 The financial year 2021/22 was the sixth full year that the Authority has been funded primarily through fees. The fee period for 2022/23 will be from April to March covering the same period as the Authority's financial year.

4.143 Details of the related operating costs for our regulatory and standards setting function are shown below.

<b>31 March 2022</b>	<b>Regulatory and standards setting work</b>
	<b>£'000</b>
Operating costs	4,490
Operating income	(4,720)
<b>Net operating (income)/expenditure</b>	<b>(230)</b>

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

**Section 29 cases**

4.145 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.

4.146 This year we have seen a slight increase of 6% in the number of fitness to practise determinations notified to us by the regulators (2,137 in 2021/22 compared to 2,019 in 2020/21). During 2021/22 we requested further information and undertook detailed case reviews in 101 cases. By way of comparison, we undertook 75 detailed case reviews in 2020/21.

4.147 While it appears that the caseload remains lower than in the pre-pandemic years, numbers can fluctuate and we are particularly mindful that the pandemic has had a significant impact on the number of cases heard by the regulators and that a backlog is building up, so numbers are likely to increase in the coming years. 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**

4.148 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.

4.149 Assuming that our workload remains consistent with the current year we would not anticipate significant changes to our expenditure.

4.150 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 2022/23 have been paid, representing around 90% of the expected income for the year. The accredited registers programme accounts for only 10% of Authority income. The Authority currently holds unrestricted reserves of approximately £650,000.

- 4.151 The Authority continues to carry out its statutory functions. The most significant change during 2022/23 will be fluctuations in the volume of fitness to practise cases coming from the regulators. There may 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.
- 4.152 The Authority moved successfully to remote working during the Covid-19 pandemic. Remote working has not materially affected productivity. In September 2021 we returned to the office and introduced our Hybrid Working Policy which is working effectively.
- 4.153 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  
15 June 2022

## 5. THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT, THE SCOTTISH PARLIAMENT, THE NORTHERN IRELAND ASSEMBLY AND 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 2022 under the National Health Service Reform and Health Care Professions Act 2002.

The financial statements comprise the Professional Standards Authority for Health and Social Care's:

- Statement of Financial Position as at 31st March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

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 2022 and the net operating income for the year then ended;
- have been properly prepared in accordance with the National Health Service Reform and Health Care Professions Act 2002 and the Privy Council directions 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019*. I have also elected to apply the ethical standards relevant to listed entities. 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**

In auditing the financial statements, I have concluded that 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 appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Professional Standards Authority for Health and Social Care's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Professional Standards Authority for Health and Social Care is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## **Other Information**

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor's certificate thereafter. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Privy Council directions issued under the National Health Service Reform and Health Care Professions Act 2002.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability 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; and
- the information given in the Performance Report, Key Performance Indicators, Regulatory and Standards Setting Work and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

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

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 material misstatements in the Performance Report, Key Performance Indicators, Regulatory and Standards Setting Work and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Professional Standards Authority for Health and Social Care 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Professional Standards Authority for Health and Social Care's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Professional Standards Authority for Health and Social Care will not continue to be provided in the future.

## **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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Professional Standards Authority for Health and Social Care's accounting policies, key performance indicators and performance incentives.
- inquiring of management, the Professional Standards Authority for Health and Social Care's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Professional

Standards Authority for Health and Social Care's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Professional Standards Authority for Health and Social Care's controls relating to the National Health Service Reform and Health Care Professions Act 2002; and the Professional Standards Authority for Health and Social Care (Fees) Regulations 2015; and
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Professional Standards Authority for Health and Social Care for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management's estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Professional Standards Authority for Health and Social Care's framework of authority as well as other legal and regulatory frameworks that the Professional Standards Authority for Health and Social Care operates in, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Professional Standards Authority for Health and Social Care. The key laws and regulations I considered in this context included National Health Service Reform and Health Care Professions Act 2002, the Professional Standards Authority for Health and Social Care (Fees) Regulations 2015, Employment law, pensions legislation and tax legislation.

In addition, I considered whether Professional Standards Authority for Health and Social Care has appropriately reported its expenditure between its work on regulatory and standards work (for which it receives fees from the ten regulatory bodies) and its other areas of activity.

### **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- enquiring of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- testing whether expenditure had been correctly recorded as restricted spend associated with regulatory and standards work or unrestricted spend associated with other areas of activity.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

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.

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.

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 17 June 2022**

**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## Financial Statements

### 6. Financial statements – statement of comprehensive net expenditure for the year ended 31 March 2022

	Note		2021/22 £'000		2020/21 £'000
<b><i>Expenditure</i></b>					
Staff costs	3		3,469		3,494
Other administrative costs	4		1,483		1,449
<b><i>Income</i></b>					
Fees Income	5		(4,515)		(4,394)
Operating income	6		(724)		(535)
<b>Net operating cost / (income)</b>			<b>(287)</b>		<b>14</b>

The notes on pages 71 to 90 form part of these accounts

#### Other comprehensive net expenditure

- 6.1 There was no other comprehensive net expenditure in the year ended 31 March 2022 (none in the year ended 31 March 2021)

7. Financial statements – statement of financial position as at 31 March 2022

		31 March 2022		31 March 2021	
	Note	£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Intangible assets	7	111		161	
Property, plant and equipment	8	49		65	
<b>Total non-current assets</b>			<b>160</b>		<b>226</b>
<b>Current assets</b>					
Trade and other receivables	9	247		250	
Investments	10	750		0	
Cash and cash equivalents	11	6,810		6,757	
<b>Total current assets</b>			<b>7,807</b>		<b>7,007</b>
<b>Total Assets</b>			<b>7,967</b>		<b>7,233</b>
<b>Current liabilities</b>					
Trade and other payables	12	(5,389)		(4,942)	
Provisions	13	(10)		(10)	
<b>Total current liabilities</b>			<b>(5,399)</b>		<b>(4,952)</b>
<b>Assets less liabilities</b>			<b>2,568</b>		<b>2,281</b>
<b>Reserves</b>					
General reserves			<b>2,568</b>		<b>2,281</b>

The notes on pages 71 to 90 form part of these accounts



Alan Clamp  
Accounting Officer  
15 June 2022

8. Financial statements – statement of cash flows for the year ended 31 March 2022

	Note	2021/22	2020/21
		£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating (costs)/income for the year		287	(14)
Adjustment for non-cash transactions	4	90	81
Decrease/(increase) in trade and other receivables	9	3	274
Increase/(decrease) in trade and other payables	12	447	218
Increase/(Decrease) in provisions	13	-	-
<b>Net cash inflow/(outflow) from operating activities</b>		<b>827</b>	<b>559</b>
<b>Cash flows from investment activities</b>			
Purchase of property, plant, equipment and intangibles	7,8	(24)	(57)
Investments	10	(750)	750
<b>Net cash inflow/(outflow) from investment activities</b>		<b>(774)</b>	<b>693</b>
<b>Cash flows from financing activities</b>			
<b>DHSC funding</b>		<b>0</b>	<b>162</b>
<b>Net cash flow from financing activities</b>		<b>0</b>	<b>162</b>
<b>Net financing</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>	11	<b>53</b>	<b>1,414</b>
Cash and cash equivalents at the beginning of the financial year	11	6,757	5,343
<b>Cash and cash equivalents at the end of the financial period</b>	11	<b>6,810</b>	<b>6,757</b>

The notes on pages 71 to 90 form part of these accounts

**9. Financial statements – statement of changes in taxpayer’s equity for the year ended 31 March 2022**

	Note	General reserve
		£'000
<b>Balance as at 1 April 2020</b>		<b>2,133</b>
<b>Changes in reserves in the year ended 31 March 2021</b>		
<b>Net operating (costs)/income</b>		(14)
<b>DHSC funding</b>		162*
<b>Balance as at 31 March 2021</b>		<b>2,281</b>
<b>Changes in reserves in the year to 31 March 2022</b>		
<b>Net operating (costs)/income</b>		287
<b>Balance as at 31 March 2022</b>	14	<b>2,568</b>

\* DHSC funding for Accredited Registers subvention

The notes on pages 71 to 90 form part of these accounts

**10. Notes to the accounts**

**1. Accounting policies**

**Basis of preparation**

- 10.1 These financial statements have been prepared in accordance with the 2021/22 Government Financial Reporting Manual (FRoM) issued by HM Treasury.
- 10.2 The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the UK public sector context.
- 10.3 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.
- 10.4 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**

- 10.5 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.
- 10.6 The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.
- 10.7 Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed.
- 10.8 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.
- 10.9 During the 2021/22 year two management judgments were made. The first was over the change in income recognition for the new Accredited Registers fee structure (see note 10.39);, the second was that the changes to the Accredited Registers function including revised fee structure, introduction of a public interest test and a move to a 3 year risk-based process means the AR function differs in substance to that previously in place and therefore does not constitute a change in accounting policy per IAS 8.

## **Intangible assets**

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

- 10.10 Any 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. the Authority has control over the asset
  - The cost (including development cost) of the asset can be measured reliably.
- 10.11 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***

- 10.12 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.
- 10.13 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.
- 10.14 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.
- 10.15 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.
- 10.16 These provide a realistic reflection of the lives of the assets.
- 10.17 Depreciation is charged from the month in which the asset is acquired.

### **Investments**

- 10.18 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**

- 10.19 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**

- 10.20 From 1 August 2015 the Authority was no longer primarily financed by grant-in-aid from the Department of Health and Social Care.
- 10.21 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.
- 10.22 In the year to 31 March 2022 the Authority received no subvention from the Department of Health and Social Care (£0.162m in the year 2020/21).

### **Reserves policy**

- 10.23 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.
- 10.24 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.

- 10.25 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.
- 10.26 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.
- 10.27 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.
- 10.28 Having reserves that can be called upon will also eliminate the need to pay arrangement fees and interest on any monies borrowed.
- 10.29 The Authority has agreed to hold reserves of three months' total operating costs of circa £1.244 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.
- 10.30 The intention is that over time the restricted element will amount to two months' total operating costs.
- 10.31 The level and make-up of our reserves will be reported through our Annual Report.
- 10.32 Any money taken from reserves during the year which reduces it below the minimum required will need to be replaced in the following year(s).
- 10.33 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**

- 10.34 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**

- 10.35 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.

- 10.36 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.
- 10.37 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 the 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 the 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.
- 10.38 Accredited registers' revenue consists of non-refundable fixed accreditation fees for new registers, payable when application documents have been submitted to the Authority, and renewal fees, payable prior to the anniversary of accreditation. Income from initial application fees was recognised in the operating cost statement at the point of time of the Authority's accreditation decision in accordance with IFRS 15 and income from renewal fees was recognised at the point of renewal accreditation decision.
- 10.39 The new fee model was implemented on the 1<sup>st</sup> of July as part of wider changes to the Accredited Registers function; and includes a new three year risk- based assessment and accreditation process. Income from renewal fees is now recognised in the operating cost statement over time i.e. over the financial year (9 months in 2021/22), as the performance obligation is now being delivered over time in accordance with IFRS 15. 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.

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

- 10.40 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.
- 10.41 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.
- 10.42 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.

- 10.43 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.

### **Section 29 bad debt write off**

- 10.44 In rare circumstances where the Authority deems a Section 29 asset to be irrecoverable (this could be due to the financial and administrative cost of recovery or ethical reasons) a debt will be written off directly to the income statement in the period that the decision not to pursue recovery has been taken by Authority.

### **Value added tax**

- 10.45 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**

- 10.46 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.
- 10.47 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.
- 10.48 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.
- 10.49 Contributions to the plan for the next annual reporting period are expected to be approximately £0.528m.

### **Operating leases**

- 10.50 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**

- 10.51 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 17 and amendments to IFRs 17– Insurance contracts.
  - Amendments to IAS 1- Classification of Liabilities as Current or Non-Current
  - Amendments to IFRS 3 - Reference to the Conceptual Framework
  - Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
  - Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
  - Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
  - Amendments to IAS 8 - Definition of Accounting Estimates
  - Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021
  - Amendments to IAS12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- 10.52 From April 2022, IFRS 16 Leases will replace IFRS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease and other interpretations. HM Treasury has confirmed that IFRS 16 Leases, as interpreted and adopted by the FReM is to be effective from 1 April 2022
- 10.53 The objective of IFRS 16 is to report information that faithfully represents lease transactions and provide a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease. For lessees, IFRS 16 removes distinctions between operating leases and finance leases. These are replaced by a model where a right of use asset and a corresponding liability are recognised for all leases, except for short-term leases and low-value assets.
- 10.54 The Authority is not an intermediate lessor in any material sublease arrangements at the end of the reporting period.
- 10.55 A review of contracts has been undertaken to identify any current leases and arrangements containing a lease held on 1 April 2022, which will become assets and liabilities in the Statement of Financial Position at this date.
- 10.56 The transition to IFRS 16 will be completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application. IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Authority will apply this definition to

new leases only and will grandfather its assessments made under the old standards of whether existing arrangements contain a lease.

- 10.57 For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the organisation's incremental borrowing rate. The Authority's incremental borrowing rate defined by HM Treasury currently is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition.
- 10.58 For leases commencing in 2022/23, the Authority will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.
- 10.59 The Authority has reviewed all existing arrangements and has assessed whether a lease exists and is progressing the implementation of IFRS 16 in a timely manner.
- 10.60 The organisation has estimated the impact of applying IFRS 16 in 2022/23 on the opening Statement of Financial Position and the in-year impact on the Statement of Comprehensive Net Expenditure and capital additions as follows:

<b>Estimated impact on 1 April 2022 statement of financial position</b>	<b>£000</b>
Additional right of use assets recognised for existing operating leases	189
Additional lease obligations recognised for existing operating leases	(187)
Changes to other statement of financial position line items [excluding reserve]	0
<b>Net impact on net assets on 1 April 2022</b>	<b>2</b>
<b>Estimated in-year impact in 2022/23</b>	<b>£000</b>
Additional depreciation on right of use assets	(189)
Additional finance costs on lease liabilities	(2)
Lease rentals no longer charged to operating expenditure	189
Other impact on income / expenditure [If this line is material, further disclosure should be added and/or this line disaggregated]	0
<b>Estimated impact on surplus / deficit in 2022/23</b>	<b>(2)</b>
<b>Estimated increase in capital additions for new leases commencing in 2022/23</b>	<b>0</b>

- 10.61 As a result of the implementation of IFRS 16 Impacts on the SoFP/SocNE are not material

10.62 The Authority's current lease arrangements with NAO are due to expire on the 31st of October 2022. There were no other confirmed lease arrangements in place as at 31st of March 2022

### Accounting standards issued that have been adopted early

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

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

### Segmental analysis

10.64 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.

2021/22	Regulatory and Standards setting work	Accredited registers	Commissions from Government(s)	Advice to other organisations	Total
	£'000	£'000	£'000	£'000	£'000
Operating costs	4,490	462	0	0	4,952
Operating income	(4,720)	(519)	0	0	(5,239)
Net operating costs/(income)	(230)	(57)	0	0	(287)
2020/21	Regulatory and Standards setting work	Accredited registers	Commissions from Government(s)	Advice to other organisations	Total
	£'000	£'000	£'000	£'000	£'000
Operating costs	4,493	441	0	9	4,943
Operating income	(4,653)	(258)	0	(18)	(4,929)
Net operating costs/(income)	(160)	183	0	(9)	14

10.65 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 2021/22	Permanently employed	Other	Total 2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	2,690	-	2,690	2,708	-	2,708
Social security costs	292	-	292	298	-	298
Superannuation costs	465	-	465	436	-	436
Agency/ temporary costs	-	22	22	-	52	52
	3,447	22	3,469	3,442	52	3,494

#### Average number of persons employed

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

	Permanently employed	Other	Total 2021/22	Permanently employed	Other	Total 2020/21
Total	42.75	0.33	43.08	41.10	0.35	41.45

### 4. Other administrative costs

	Notes	2021/22	2020/21
		£'000	£'000
Members' remuneration		112	104
Legal and professional fees		432	396
Premises and fixed plant		645	588
Training and recruitment		62	78
PR, communications and conferences		15	79
Establishment expenses		34	27
External audit fee		28	25
Other costs		65	71
<b>Total</b>		<b>1,393</b>	<b>1,368</b>
<b>Non cash expenditure:</b>			
Amortisation	7	50	43

Depreciation	8	40	38
<b>Total non cash expenditure</b>		<b>90</b>	<b>81</b>
<b>Total administrative costs</b>		<b>1,483</b>	<b>1,449</b>

\*The Authority made payments of £332,768.29 (£332,678.50 in 2020/21) 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

	2021/22	2020/21
	£'000	£'000
Fee Income from Regulators	4,515*	4,394
<b>Total</b>	<b>4,515</b>	<b>4,394</b>

\*Fee income relating to statutory 2021/22 fees. For fee income relating to 2022/23 it is expected that £4,559k will be recognised within 2022/23.

10.67 Fee income received from GMC (£845k), NMC (£1,982k) and HCPC (£781k) 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

	2021/22	2020/21
	£'000	£'000
Section 29 cost recoveries	142	192
Accredited registers' income	519	258
Advice to other organisations	0	18
Subtenancy income	63	62
Other operating income	0	5
Commissions from Government	0	0
<b>Total operating Income</b>	<b>724</b>	<b>535</b>

## 7. Intangibles

	<b>Section 29 database &amp; Other intangible assets</b>
	<b>£'000</b>
<b>Valuation</b>	
At 1 April 2021	613
Additions	-
Disposals	(393)
At 31 March 2022	220
<b>Amortisation</b>	
At 1 April 2021	452
Charge for the period	50
Disposals	(393)
At 31 March 2022	109
<b>Net book value</b>	
<b>At 31 March 2022</b>	111
At 31 March 2021	161
	<b>Section 29 database</b>
	<b>£'000</b>
<b>Valuation</b>	
At 1 April 2020	586
Reclassification	2
Additions	25
At 31 March 2021	613
<b>Amortisation</b>	
At 1 April 2020	409
Charge for the period	43
At 31 March 2021	452
<b>Net book value</b>	
<b>At 31 March 2021</b>	161
At 31 March 2020	177

## 8. Property, Plant and Equipment

### Property, Plant and Equipment

	Furniture, fixtures and fittings	IT equipment	Total
	£'000	£'000	£'000
<b>Valuation</b>			
At 1 April 2021	153	447	600
Additions	1	23	24
Disposals	-	-	-
At 31 March 2022	154	470	624
<b>Depreciation</b>			
At 1 April 2021	133	402	535
Charge in period	13	27	40
Disposals	-	-	-
At 31 March 2022	146	429	575
<b>Net book value</b>			
<b>At 31 March 2022</b>	<b>8</b>	<b>41</b>	<b>49</b>
<b>At 31 March 2021</b>	<b>20</b>	<b>45</b>	<b>65</b>

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 2020	145	427	572
Additions	8	24	32
Disposals	-	(2)	(2)
Reclassification		(2)	(2)
At 31 March 2021	153	447	600
<b>Depreciation</b>			
At 1 April 2020	131	368	499
Charge in period	2*	36	38
Disposals	-	(2)	(2)
At 31 March 2021	133	402	535
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>20</b>	<b>45</b>	<b>65</b>
<b>At 31 March 2020</b>	<b>14</b>	<b>59</b>	<b>73</b>

\*including adjustment to bring all depreciation in line with policy.

## 9. Trade and other receivables

10.68 Amounts falling due within one year:

	31 March 2022	31 March 2021
	£'000	£'000
Trade and other receivables	53	45
Prepayments	194	205
<b>Total trade and other receivables</b>	<b>247</b>	<b>250</b>

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

## 10. Investments

	31 March 2022	31 March 2021
	£'000	£'000
Balance at 1 April 2021	0	750
Net change in deposits	750	(750)
Balance at 31 March 2021	750	0

10.70 Investments are short-term deposits that are entered into with financial institutions with a 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 2022 one short-term deposit has matured and will be reinvested. As at 31 March 2022 short-term deposits have matured and have been reinvested in 2022/23.

### 11. Cash and cash equivalents

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	6,757	5,343
Net changes in cash and cash equivalent balances	53	1,414
<b>Balance at 31 March</b>	<b>6,810</b>	<b>6,757</b>
<i>The following balances were held at:</i>		
Government Banking Service	50	198
Commercial banks and cash in hand	6,760	6,559
<b>Balance at 31 March</b>	<b>6,810</b>	<b>6,757</b>

### 12. Trade and other payables

10.71 Amounts falling due within one year:

	31 March 2022	31 March 2021
	£'000	£'000
Trade and other payables	30	18
Taxation and social security	88	84
Accruals and deferred income	**5,271	*4,840
<b>Total trade and other payables</b>	<b>5,389</b>	<b>4,942</b>

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

\*\* Closing values of contract liabilities.

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

### 13. Provisions

	Provisions
	£'000
Balance at 31 March 2021	10
Arising during the period	-
Provision used	-
<b>Balance at 31 March 2022</b>	<b>10</b>

10.73 The HMRC provision as at 31 March 2022 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 2021</b>	<b>605</b>	<b>1,676*</b>	<b>2,281*</b>
<b>Changes in reserves in the year ended 31 March 2022</b>			
Regulatory and Standards setting work	-	230	230
Accredited registers	57		57
Commissions from Government(s)	-		-
Advice to other organisations	-		-
<b>Other accounting adjustments</b>			
<b>Balance as at 31 March 2022</b>	<b>662</b>	<b>1,906*</b>	<b>2,568*</b>

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

## 15. Contingent assets and liabilities

### Assets

10.74 One High Court case was concluded and costs were ordered in the Authority's favour. Final court order was not received by Authority by 31 March 2022 (one case as at 31 March 2021).

### Liabilities

10.75 Ten High Court cases under the Authority's Section 29 powers were undecided as at 31 March 2022. There was, therefore, uncertainty, as at that date, as to the result of the cases and related financial consequences, pending a final judgment.

10.76 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

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

## 17. Commitments under leases

### Operating leases

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

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

<b>Buildings</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>
Due not later than one year	189	324
Later than one year and not later than five years	-	189
<b>Total commitments under operating leases</b>	<b>189</b>	<b>513</b>

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

10.81 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.

10.82 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 2022</b>	<b>31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>
Due not later than one year	0	39
Later than one year and not later than five years	-	23
<b>Total minimum sub-lease receipts</b>	<b>0</b>	<b>62</b>

### Finance leases

10.83 The Authority did not have any finance leases in the period to 31 March 2022 and 31 March 2021.

## 18. Related parties

10.84 The Authority is accountable to the UK Parliament.

10.85 The Authority is an unclassified public body. It was funded and sponsored by the Department of Health and Social Care to 31 July 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.

10.86 During the year to 31 March 2022, the Authority received no subvention in respect of Accredited Registers programme (£162k in 2020/21) or other funding (none in 2021/22) from Department of Health and Social Care.

- 10.87 During the year to 31 March 2022, the Authority has not received any funding from any Devolved Administrations (none in 2020/21).
- 10.88 The HCPC belongs to the Department of Health and Social Care group and is regarded as a related party. During the year to 31 March 2022 the Authority has received £0.78m in respect of 2022/23 fee income (2020/21 £0.78 million in respect of 2021/22 fee income) from HCPC. In year to 31 March 2022 Authority has not received any income in respect of High Court cases under the Authority's Section 29 power (2020/21: £74k).
- 10.89 The NMC belongs to the Department of Health and Social Care group and is regarded as a related party. During the year to 31 March 2022, the Authority has received £1.998m in respect of 2022/23 fee income from NMC (2020/21 £1.98m in respect of 2020/21 fee income). In addition to this Authority has received £34k from NMC in respect of seven High Court cases under the Authority's Section 29 power (2020/21: £58k).
- 10.90 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 2022 no Board member undertook any related party transactions with the Authority (other than the standard remuneration detailed above in the Remuneration and Staff Report).
- 10.91 The senior management team is also asked to disclose any related party transactions. During 2021/22, 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**

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

## **20. Events after the reporting period**

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

## **21. Financial Instruments**

- 10.94 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**

- 10.95 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.
- 10.96 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.

10.97 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**

10.98 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**

10.99 The Authority had no borrowing and all fees from the regulators were received in 2021/22 so the Authority's exposure to this risk was very low. As of 31 March 2022, the Authority had a non-interest-bearing cash balance of £5,421k and £2,139k in a bank deposit generating a small amount of interest. The amounts stated also include £750k investment.

### **Credit risk**

10.100 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**

10.101 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.

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