

Office of the Health  
Professions Adjudicator  
**Annual Report and Accounts  
2010-2011**



# **Office of the Health Professions Adjudicator (OHPA)**

## **Annual Report and Accounts 2010 - 2011**

Report presented to Parliament pursuant to paragraph 20(3)(a) of Schedule 6 to the Health and Social Care Act 2008

Accounts presented to Parliament pursuant to paragraph 19(5) of Schedule 6 to the Health and Social Care Act 2008

Report presented to the Northern Ireland Assembly pursuant to paragraph 20(3)(b) of Schedule 6 to the Health and Social Care Act 2008

Accounts presented to the Northern Ireland Assembly pursuant to paragraph 19(4) of Schedule 6 to the Health and Social Care Act 2008

Ordered by the House of Commons to be printed 29 June 2011

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

ISBN: 9780102972269

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID: 2432474      06/11

Printed on paper containing 75% recycled fibre content minimum

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## Part 1:

# Introduction by the Chair of OHPA

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At the beginning of December 2010 it was announced in a Written Ministerial Statement that, following a consultation exercise, the Government had decided to proceed with steps to abolish OHPA. This was little more than ten months after we had become a corporate body. OHPA was established under the Health and Social Care Act 2008 and, assuming Parliament assents, we will be closed down under what is likely to be the Health and Social Care Act 2011. Few public organisations can ever have had such a short time to show what they can do. However, we are very proud of what we did achieve and of the legacy we will leave behind.

Our legislation provided that we were to be entirely self-financing, charging fees from those health and social care regulators for whom we would have provided independent adjudications in a radically reformed system. We would have been accountable to Parliament through the Privy Council rather than to Ministers or the Department of Health. The system that we would have set up would have assured patients and the public that their protection from health professionals not fit to practise was in the hands of a wholly independent tribunal. This was the result of a key recommendation of the inquiry into the serial killer doctor, Harold Shipman. By creating a body capable of exercising a jurisdiction over all health professions, this would have brought about a consistency of approach and outcome, addressing some long-standing grievances. Nurses for instance have regularly complained that they are judged more harshly than doctors are for similar infractions and it is not surprising that the Royal College of Nursing and UNISON, the union that represents many nurses, both strongly argued that we should not be abolished.

As we examined the systems of adjudication we were to take over, we were surprised how far they had failed to keep up with developments in the mainstream administration of justice. In the civil and criminal courts and in tribunals, the emphasis of recent reforms has been on effective judicial case management, and proportionality of cost and case length. We could see that there were very substantial savings to be made in applying these principles and techniques. Not only would the financial burden on regulators (which is of course passed on to registrant professionals) be reduced, but cases could be speeded up for the benefit of complainants, witnesses, employers and registrants. In due course there would have been economies of scale in a single administration, back office system, a central panel of tribunal members and hearing room estate. This would have followed the Government's own programme for rationalising and reducing the cost of tribunals through the Tribunals Service, with which we had explored the possibility of partnership arrangements.

In February 2011 the Government announced a policy initiative aimed at reducing the costs of the health and social care profession regulators. There is to be a sector wide review of the cost-efficiency and effectiveness of the regulators with a view to bringing about "significant cost savings". It will focus on possible mergers or consolidation, and particularly draws attention to the cost of fitness to practise proceedings. It is difficult to reconcile this policy drive by the Government with its decision to throw away the opportunity for the cost reductions in fitness to practise adjudication that OHPA could have brought about. It will not be easy for the health profession regulators, individually and independently, to bring about the scale of savings that could have been secured through a centrally managed programme. It was therefore all the more unfortunate that we were caught up in the Government's wider drive to reduce both the deficit in the public accounts and the number of arm's length bodies.

Despite this somewhat contradictory approach, it is clear that at least some of the reforms we would have brought about will go ahead. The General Medical Council (GMC) has launched a consultation on modernising its adjudication procedures. Much of what OHPA first promoted in terms of modern case management will now be taken on board through its proposed Medical Practitioners Tribunal Service. This model draws heavily on the ideas and plans we had developed. The GMC's chief executive has acknowledged that through these reforms doctors and taxpayers stand to save millions of pounds. The General Optical Council is also consulting on changes to its Fitness to Practise rules; these provide for the adjudication process, and again it has borrowed largely from the rules and policies we had outlined. And the Department of Health has commissioned the Council for Healthcare Regulatory Excellence (CHRE) to identify how each of the regulators could bring about a more modern and efficient system of adjudication. This work has been led by the CHRE, advised by our policy director, Wendy Harris.

But given the stark fact that we are to be abolished, we nevertheless regard it as important that we give a full account of our activity and achievement in the past year.

From a domestic point of view, it is particularly pleasing to record what the Office of Government Commerce (OGC) had to say about the OHPA programme in its first Gateway review in July 2010. The OGC said the programme was "well managed and is being delivered to plan by a highly experienced, competent and enthusiastic team." There were "several instances of good practice within a programme that is clearly being run extremely well," and the programme was rated as Green (a very rare commendation) for all matters within its own control. Examples of that good practice are recorded in this Annual Report -

including the approach to estates where we planned to share accommodation with another publicly funded body, at a significant saving both to registrants, to the General Medical Council (the first regulator whose adjudications we would have taken over), and to the taxpayer. This saving was not mentioned in the impact assessment that the Government published as part of its response to the consultation on our future.

By the time of the OGC review, the OHPA project was already under serious threat and we had paused many activities while awaiting an outcome from Ministers. Although we remained confident that we could deliver on our start-date, the OGC was right to say that the delay placed "further risk on the already tight April 1 2011 deadline." However, the OGC said "much good work has been completed" and recommended that, if the decision was taken to discontinue the programme, the opportunity should be taken to make use of OHPA's skills, resources and outputs to inform the future shape of Fitness to Practise adjudications.

The fitness to practise of health and social care professionals - doctors, nurses, opticians, social workers - is a specialist subject, but it is not so different from the issues that arise in the disciplinary systems of other professions - the law, for example - where effective case management as part of tribunal arrangements is already in place. Adjudication of these cases is, and should be seen as, a part of the administration of justice. It is particularly regrettable that the Government's cull of public bodies will abolish the Administrative Justice and Tribunals Council, the one body that could take an over-arching view of the position and development of professional disciplinary tribunals and their place in the administrative justice system. There is much to be said for the view that, in the longer run, health and other professional disciplinary adjudications

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should come within a broadened Courts and Tribunals Service. That Service has developed expertise in the recruitment, training, development, remuneration and assessment of tribunal judges - both salaried and part time members - who adjudicate on a wide range of specialist sector cases. Its estate management of hearing room capacity across the country has already generated savings. There is already a Health, Education and Social Care Chamber within the Service that considers care standards, mental health and primary health list cases. In terms of leadership and accountability, that chamber is led by its own judicial President while the Service is managed by a chief executive and the judicial members look to the Senior President, a Court of Appeal judge. The Department of Health would be wise not to lose sight of what its colleagues in the Ministry of Justice are doing.

While we await legislative abolition we have pared down our staffing and resources to the minimum required in order to comply with our legal obligations, and the Department of Health retains oversight through regular accountability reviews to ensure that we remain capable of fulfilling the statutory requirements placed on us. At the same time we have commented on and contributed to the reform programmes that are under way in the health regulators.

In concluding this introduction, I should like to pay tribute on behalf of the OHPA board to those members of the transitional team whose contribution to OHPA was rightly lauded by the OGC. They were as fine and talented a group of individuals as any with whom I have had the pleasure of working. I am also grateful to all who worked alongside OHPA during our set-up phase - the staff of the General Optical Council (whose adjudications were expected to transfer to OHPA in 2012), and particularly the staff and members of the General Medical Council and its panellists. The GMC's adjudications staff in both London and Manchester, from whom we in OHPA derived so much in terms of information, enthusiasm and ideas, deserve a special mention. We also worked with a wide range of stakeholders - patient bodies, legal practitioners, medical defence societies, and we could not have developed the model of adjudications that the GMC is now itself to take forward without their close and constructive involvement.

**Walter Merricks CBE**

**May 2011**

## Management Commentary

### Introduction

The Office of the Health Professions Adjudicator was established by the Health and Social Care Act 2008.

The secondary legislation requires that OHPA is managed by a board consisting of a chair, an executive member, and a maximum of three non-executive board members. The chair, Walter Merricks, and the three non-executive members, Pamela Charlwood, Andrew Colquhoun, and Dame Janet Finch, were in place throughout 2010-2011. A chief executive, Stephen Shaw, had been appointed in February 2010 and joined the board on taking up his post in May.

The board met monthly until the Government's announcement that OHPA was to be abolished. Its present intention is to meet quarterly until the organisation is formally wound up. It is not currently expected that this will take effect until the beginning of 2012. All statutory and other responsibilities are being fully adhered to.

For the first part of the reporting period, the board and its staff were working on the assumption that the relevant intentions of the Health and Social Care Act 2008 would be met: namely, that OHPA would take over Fitness to Practise hearings from the General Medical Council from 1 April 2011 and those from the General Optical Council at a later date. A comprehensive programme plan was developed embracing Policy, HR, Estates, Operations, Communications, Finance and IT. Shortly after the May 2010 General Election, however, it became clear that the new Government was uncertain whether OHPA should in fact proceed, and a formal consultation exercise was launched at the beginning of August. This announced that it was the Government's "preferred option" to repeal the legislation relating to OHPA. By this time, the OHPA programme was placed on hold and the majority of interim staff were stood down.

The consultation ended in October, the OHPA board having proposed a stripped-down version of OHPA as an alternative to the full programme. In the event, Ministers decided against both the original and the amended proposal, and further staff left the organisation after December. Since that time, the board has operated with a skeleton staff sufficient to meet our continuing obligations as a statutory body and to maximise the learning from OHPA. This is in line with what the Government itself says in its Consultation Report.<sup>1</sup> Commending more consistent approaches and collaborative thinking, the Report argues: "Key to this point is learning the lessons from OHPA. All those involved in the project recognise that the work of OHPA, its board, and its staff have expanded the debate about what a modern and efficient system of adjudication should look like and how it should operate."

To maximise that learning, the remainder of this report outlines what each of the various workstreams achieved during the period in question.

### Programme Management

The build-up of OHPA (and, subsequently, its closedown) has been organised on strict programme management lines. A Programme Board was established from the three key parties – the Department of Health, the General Medical Council, and OHPA itself – with other representation from the General Optical Council, and the Administrative Justice and Tribunals Council. The board also included two civil servants with recent experience of having set up new organisations, Elizabeth Diamond from the Department of Health and Dr Elizabeth Gibbey from the Ministry of Justice. They gave us wise advice. Other elements of the programme governance included a Joint Implementation Group (made up of OHPA's policy leads and their GMC equivalents) and a Joint Coordination Group to provide assurance to OHPA's board and the council of the GMC.

<sup>1</sup> Department of Health, *Fitness to Practise Adjudication for Health Professionals: Assessing different mechanisms for delivery, Consultation report: November 2010*, p.10. (Published 2 December 2010.)

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The programme plan, OHPA's engagement with stakeholders, and the quality of the transitional team put together to deliver OHPA, were all specifically commended by the Office of Government Commerce in its Gateway review carried out in July 2010: "The programme is well structured and defined to deliver the policy ... Stakeholders have been identified and fully involved ... At the individual project and workstream level, business cases have already been completed or are well underway." The OGC continued, "We found that the main outcomes of the OHPA programme were well documented and understood. Furthermore, the relationship between those outcomes and the legislation and business processes are well documented."

The programme was knowledge-based and informed by a comprehensive research programme. This included a benchmarking exercise (to assess the different expectations of regulators and healthcare professionals themselves), end-to-end business mapping, workshops held with GMC staff, baseline research into current adjudicatory practices and workload across the professions, and legal advice and opinion (including a 'Challenge and Confirm Group' set up to review OHPA's draft rules).

For its part, the OHPA board set the direction for the programme and developed a wide-ranging suite of policies covering, amongst other things, financial instructions, delegation, and risk management. Members of the board also attended several Fitness to Practise hearings to inform their thinking about possible changes to the procedures. One lesson for the future may be that the decision to limit the size of the board in OHPA's secondary legislation (a chair, an executive member, and three non-executives) might have presented problems in the longer run as the organisation grew and developed. As it was, appointment of the board's audit and remuneration committees was inevitably restricted to a very small number of potential candidates.

## **Policy and Legal**

The key objectives for the policy workstream in 2010-11 were to deliver the Day One Procedural Rules (i.e. the rules under which the OHPA panels would have operated), the Fees Regulations, and the Secretary of State's Transitional Rules (i.e. the rules governing those cases already part-heard or about to be heard). All of this, plus an impact assessment and an equality impact assessment, had to be drafted, consulted upon, and in place by OHPA's projected start date of April 1 2011.

As a consequence of the tight timetable, and to minimise disruption to 'business as usual', the Day One rules were deliberately designed with as few differences from the current GMC rules as possible. It was intended to consult formally on these Day One rules at the beginning of August 2010, and a novel web-based consultation and analysis system had been designed for us by Redhouse Lane Communications. All the necessary elements were in place when the Government decided that it wished to consult on OHPA's future and the programme was placed in hibernation pending the outcome.

At the same time, it was intended to publish a paper on OHPA's 'ambitions': in other words, our longer term and much more radical reforms to the adjudication hearings and associated processes. It was expected formally to consult on rules based on the ambitions in the summer or autumn of 2011.

The ambitions paper has now been published on OHPA's website ([www.ohpa.org.uk](http://www.ohpa.org.uk)) but it may be helpful to outline the principal elements here.

The aims of the new rules were as follows:

- To deal with each case in ways that were proportionate to the complexity of the issues and to the resources of the parties;
- To seek informality and flexibility in the proceedings;
- To avoid delay, so far as was compatible with the proper consideration of the issues;

- To ensure (so far as was practicable) that all parties were able to participate fully in the proceedings; and
- To use specialist advice and expertise effectively.

To deliver these objectives OHPA would have consulted on the following elements:

- A Tribunal President or Senior Chair to give visible leadership to the chairs and to the panellists, to participate in their appointment and performance assessment, to set training, mentor and challenge, and to work with the chief executive to ensure the judicial and administrative arms of OHPA worked together. In turn, the President might have been supported by Deputies.
- More effective training and appraisal systems for panellists.
- The employment of full or part-time legally qualified chairs to handle case management matters, the issue of directions and orders for costs, and to chair the hearings.
- Active pre-hearing case management with clear directions to the parties as to time limits for the disclosure of evidence, lines of argument/skeleton arguments, hearing time estimates, and how expert evidence was to be handled.
- Oral hearings only where necessary to resolve and determine disputed evidence or argument.
- A two stage process, rather than the current three stages.
- The regulator bringing the proceedings to limit its case to allegations necessary for a determination, and to specify the sanction it believed would be appropriate.
- "Impact statements" carved into the proceedings, so that the panel recognised the impact the alleged conduct had had on patients.
- A broad use of the cost powers provided to OHPA.

- Disclosure of parties' case budgets and limits to the recoverable costs that parties would be entitled to incur, irrespective of their actual financial commitment.
- More efficient use of hearing rooms, and improved opportunities for professionals and lay members to act as panellists by organising hearings in the evenings and at weekends.
- Locally focused panellist recruitment and empanelment.

The drafting of OHPA's procedural rules necessitated the full-time involvement of a Legal Adviser. Further advice on the rules was provided by the 'Challenge and Confirm Group', to which reference has already been made. These 'critical friends' to the OHPA programme included some of the most respected lawyers and others working within professional regulation, all of whom gave their time without charge. The establishment of the 'Challenge and Confirm Group' was a further feature of the OHPA programme that the OGC identified as leading edge practice.

## HR

Had OHPA gone ahead, it would have taken around one-third of the GMC's budget and one-quarter of its staff. We enjoyed regular and fruitful meetings with those staff, but there were significant HR issues to be overcome if the transition to OHPA was to be seamless. Decisions about estates (see below) meant that there would have been no redundancies in the foreseeable future, and TUPE (Transfer of Undertakings (Protection of Employment) Regulations) principles would have applied. Nevertheless, at the time the programme was mothballed significant issues relating to pensions were still to be resolved. Not least, OHPA's plans had to take account of the needs of those other regulatory bodies who might have come within the OHPA umbrella in the future.

The recruitment of the GMC's existing cadre of panellists was to have been in two stages. In the first instance, it was expected that most panellists would simply have been invited to transfer to OHPA and, given that our Day One rules were to be based on the existing GMC rules, the training consequences would have been modest. In the longer run, bearing in mind OHPA's intention to re-cast its hearings as tribunals – many, perhaps all, presided over by a legally qualified chair – there would have been an intensive process of re-assessment and re-appointment, plus the appropriate training and support. We had hoped to train and appraise our panellists alongside others who have similar responsibilities in other parts of the administrative justice system, thereby broadening the learning. We also envisaged mentoring opportunities for panellists so that the formal training was regularly supplemented. It was anticipated that much of this activity would have been led by the Tribunal President, when appointed. OHPA also expected to recruit more locally to the adjudication venues to cut down on unnecessary travel and subsistence costs and to allow for a more flexible use of expensive hearing room resources.

Just before the Government's decision to consult on OHPA, the board had agreed a senior management structure involving a small team reporting to the chief executive. A deputy chief executive (chief operating officer) would have been based in Manchester where the majority of adjudications were expected to be held, as would the director of finance and corporate services. It was anticipated that the final member of the senior management team (a director of policy and communications) would have been based in London. In the event, advertisements for these positions were never posted.

Operating below the senior management team, there would have been two operations managers. Although final decisions had not been made, it was anticipated that at least some other functions (IT and HR, for example) would have been mainly provided on an outsourced basis, thus reducing OHPA's overheads.

During the reporting period a range of policies relating to HR matters was in the process of being drafted and agreed by the board.

## **Estates**

The OHPA board made an important strategic decision that its adjudications would be heard initially in two locations: in the GMC's existing hearings centre in Manchester and in a new location in Central London. The decision to opt for a London venue in addition to Manchester reflected what we believed to be the most customer-friendly approach given the proportion of cases emanating from the South-East (tribunals should be situated reasonably close to the parties), and the one likely to be most appealing to other regulators (most of whose hearings are currently in London), and one that could be justified on financial grounds. Critical to the last criterion was the identification of a hearings centre in London that could be run more efficiently than the GMC's current building.

We identified a public body with spare space with whom OHPA intended to share its London base. This followed an intensive property search, when a building and a radical approach to its usage were ascertained. OHPA would have shared both back office functions (facilities management, telephony and IT etc) and the frontline hearing room space itself. The consequences would have been a much more flexible and intensive use of space – both for OHPA and for the organisation with whom we were to share.

The design specification provided for expandable use of the available accommodation, with special facilities for vulnerable witnesses and others with special needs. These benefits would of course have been shared. A modern space-efficient approach was also to be deployed in respect of the necessary staff accommodation. Changes to the lay-out would also have been made in Manchester.

The OGC Gateway report commended OHPA's work on estates in the following terms: "The estates OBC [Outline Business Case] and Executive Summary documents were both excellent and models of good practice in articulating a case for the business and investment decision." It must be acknowledged, however, that – as the OGC itself said – there would have been disbenefits to the GMC of being "left with expensive premises and no tenants". But we note that the recent proposal of the GMC itself to relocate all its adjudications to Manchester will also have this effect.

At the very moment the OHPA programme was called into question by the Government's decision to consult on our future, we had been within days of signing an agreement with the other publicly-funded body in London with whom we were to enter into partnership.

## Operations

Ensuring that OHPA's procedures were fit for purpose from Day One was the business-critical objective of the operations workstream. It also fed directly into decisions that were to be taken about IT.

The work was heavily informed by the process mapping that OHPA commissioned from the firm, WCL. For reasons of commercial confidentiality, their report – which drew heavily upon data provided by the General Medical Council – cannot be made publicly available. However, it is right here to acknowledge the assistance that the GMC offered. We were also greatly indebted to those GMC adjudications staff – both in London and in

Manchester – who contributed to the series of user workshops that we held. Their enthusiasm for the changes that OHPA planned – and the ideas they put forward themselves for reforms to working methods – were a source of inspiration. They will also hold the GMC in good stead as it introduces its proposed tribunal system, much of which is likely to resemble the OHPA model.

All work on Operations came to a close in August 2010, as there was nothing useful that could be done during the consultation period.

## Communications and Research

Given the short time-span within which OHPA was expected to take over the GMC's adjudications, a comprehensive communications and engagement strategy was essential. A very important first step was a 'benchmarking' exercise, conducted on our behalf by Quadrant and ICM Research, and designed to measure views about adjudication procedures on the part of both healthcare professionals and those who regulate them. The intention was to re-commission this research as OHPA developed.

Following the decision to close OHPA, the benchmarking research has been published on OHPA's website.

The website itself is somewhat rudimentary, a planned re-vamp to host the policy consultations having been abandoned. Other elements in the communications strategy were also short-lived – including an electronic newsletter, just one issue of which was published. Engagement with the GMC's existing panellists – to which we attached great importance – was also brought to a sudden halt.

OHPA's research arm also did not develop as far as had been hoped. Nevertheless, path-breaking research into the metrics of adjudications across the healthcare regulators was carried out, and this would have been of much greater significance had, in time, OHPA taken on a

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wider range of adjudications involving other professionals in addition to doctors, optometrists and opticians. It is OHPA's view that a 'route map' including all the health and social care regulators could and should have been promulgated either as part of the Act that established OHPA, or published by the Department of Health alongside it. Much of what OHPA offered would only have been achieved when we benefited from the economies of scale that would have followed had all health and social care adjudications come within our remit. (For example, it might have been cost-effective to increase the number of hearing locations from two to four or five.) At that point, a formal transfer to the Courts and Tribunals Service could have proved the sensible way forward.

## **Finance**

Aside from the normal activities of any business, the key objectives of the finance workstream before the announcement of OHPA's closure were to develop a tight internal framework for procurement and cost control (standing financial instructions and standing orders etc) and agreement to the fees regulations to take effect from 1 April 2011. Work on the fees regulations (how much OHPA would charge, how frequently, and with what mix of fixed and variable costs) was only in its infancy when OHPA's future came under threat and the activity was brought to a close.

Given that OHPA was debarred under its legislation from borrowing commercially, it is clear that the GMC (and, subsequently, the GOC and the other regulators) would have had to provide the equivalent of working capital in advance. The fees regulations would have had to reflect this, plus the fact that OHPA's business would have been demand-led. On the other hand, the regulations should surely have sought to incentivise OHPA to use its resources economically and proportionately, although it is not immediately clear how this could have been achieved. In the longer run, OHPA would have had more than one regulator as its customer, and the fees would have had to mirror the relative caseloads.

## **IT**

The IT specification had not been agreed by the time OHPA was mothballed. This would have been the most significant investment necessary to set up the new service, although our discussions with potential suppliers had been encouraging both as to the technical feasibility of what we required and its likely cost. It had become clear that OHPA required its own bespoke IT system and could not – for reasons both technical and in recognition of our independence – simply piggy-back on the GMC's existing IT architecture. In any event, the activities of the operations workstream had revealed that the GMC system did not reflect the actual workflow or the processes that were followed.

Over the course of the OHPA programme, the expected costs of our IT had fallen significantly. It was anticipated that all services would have been outsourced.

## **Consultation and Closedown Activity**

OHPA responded fully and robustly to the Government's consultation paper on our future (a copy of the OHPA response is also on our website). Although we continue to believe that the original OHPA programme offered the best solution both financially and in terms of public confidence and protection, we had developed a stripped-down version of the proposals (termed OHPA-lite) in which OHPA could work through – rather than take over – the GMC's existing operation. A costed model and implementation paper were submitted to the Department at their request.

During the consultation period, we dispensed with the services of most of the interim team that had been assembled and just a small number of staff necessary to meet statutory and other obligations now remains. Particular attention is being paid to records management in light of our responsibilities under the Freedom of Information Act, the Data Protection Act, and our duties in regard to the preservation of our documentation for the purposes of the National Archives.

The OHPA board has been especially keen that the lessons from OHPA's work can be shared with the healthcare regulators and others. A slide-set presentation has been prepared and OHPA has contributed at a senior level to developments within the Council for Healthcare Regulatory Excellence and the General Medical Council. At closure all of OHPA's records will become the responsibility of the Secretary of State, but in the meantime we will continue to add items from our archive to the OHPA website whenever possible.

The board notes that the legislation to abolish OHPA is currently before Parliament but, if passed, is unlikely to receive Royal Assent until the third quarter of 2011-12 at the earliest. In the interim period, the board is satisfied that sufficient funding is and will be in place to enable OHPA to continue to meet its obligations as they fall due.

After due consultation with the Department of Health, the board has every expectation that OHPA will have sufficient resources to continue in operational existence for the foreseeable future. For these reasons, the board continues to adopt the going concern basis in preparing the report and financial statements.

## Financial Review

OHPA was financed by grant in aid from the Department of Health throughout 2010-2011. During this time OHPA was directly accountable for its own expenditure. In line with HM Treasury guidance, grant in aid is shown as a movement in its reserves.

Full accounts, prepared in accordance with the Health and Social Care Act 2008 and the accounts direction made by the Secretary of State, are published as part of this report.

## Staff

OHPA had no sick absence during 2010 – 2011.

## Data Security

To date there have been no reported data security incidents.

## Prompt Payment Policy

In light of the Government announcement that OHPA is to close, OHPA has not developed its own prompt payment policy. OHPA aspires to meet the terms of the Department of Health's own prompt payment policy, the terms of which anyway apply to those payments that the Department has continued to administer.

## Auditor

OHPA's annual financial statements are audited externally by the Comptroller and Auditor General (C&AG) in accordance with paragraphs 19(3) and (5) of Schedule 6 to the Health and Social Care Act 2008. For the 2010 – 2011 financial year the C&AG has estimated that the cost of work performed would be £5,000 and this amount has been provided for in the financial statements. The audit services provided by the C&AG's staff related only to statutory audit work.

So far as the Accounting Officer is aware, there is no relevant information of which OHPA's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have to make himself aware of any relevant information and to establish that the auditors are aware of that information.

**Stephen Shaw**

**10 May 2011**

## Part 2: Accounts 2010-2011

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# Remuneration Report

## Remuneration Policy

The remuneration of the chief executive and chair and the allowances of the non-executive board members, and their terms and conditions of employment, are determined in accordance with paragraph 10 of Schedule 6 of the Health and Social Act 2008 by the Secretary of State for Health, as agreed by the Appointments Commission on behalf of the Privy Council.

## Appointments

The Secretary of State for Health through the Appointments Commission appoints the chief executive on a permanent basis while the appointments of the chair and the non-executive members of the board are for fixed terms of three or four years.

## Service of contracts

The chief executive is employed as a permanent member of staff and joined on 10 May 2010. No further appointments of staff were carried out during the year.

## Termination

There is no compensation payable for loss of office to the non-executive board members. The Secretary of State determines whether any compensation should be paid to the chair of OHPA. The chief executive is entitled to a notice period of six months or payment in lieu.

## Chair and Board Members' remuneration

The remuneration of the chair and the allowances of the board members are shown in the table below. There were no benefits in kind.

OHPA reimburses travel and subsistence expenses necessarily incurred by OHPA members attending meetings or undertaking other tasks arising from their membership, in accordance with the conditions and at the rates set by the Appointments Commission.

|                                    | <b>Date Appointed</b> | <b>Date Appointment Ends</b> | <b>Salary/Allowance (£)</b> |
|------------------------------------|-----------------------|------------------------------|-----------------------------|
| <b>Walter Merricks (Chair)</b>     | 25/01/2010            | 24/01/2014                   | 100,000                     |
| <b>Pamela Charlwood (Member)*</b>  | 25/01/2010            | 24/01/2013                   | 7,765                       |
| <b>Andrew Colquhoun (Member)**</b> | 25/01/2010            | 24/01/2014                   | 7,765                       |
| <b>Dame Janet Finch (Member)</b>   | 25/01/2010            | 24/01/2014                   | 7,765                       |
|                                    |                       |                              | <b>123,295</b>              |

\* Member of the Audit and Risk Committee

\*\* Chair of the Audit and Risk Committee

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## Chief Executive's remuneration

The chief executive's total emoluments for the year to March 2011 were £134,374 (full year equivalent: £149,999).

## Pensions

The Secretary of State determined that remuneration payable to the chief executive is pensionable. The remuneration payable to the chair and non-executive members is not pensionable.

The pension of the chief executive is provided through the NHS pension scheme. For the 12 months to 31 March 2011, employer's contributions of £18,812 were payable to the NHS pension scheme at the rate of 14% of pensionable pay.

## Cash Equivalent Transfer Values

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 member's 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 pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefit accrued in their former scheme. The CETV figure and 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. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The pension figure shown above relates to the actual employer's contribution to the NHS pension scheme and not the CETV. As OHPA only joined the NHS pension scheme towards the end of the financial year, it has not been possible to report the CETV at year's end.

## Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the 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. For the reason explained above, it has not been possible to report the real increase in the value of CETV for the financial year.

The salaries, allowances and pension information have been subject to audit.

**Stephen Shaw**

**Accounting Officer**

**10 May 2011**

## Statement of the Office of the Health Professions Adjudicator and Accounting Officer's Responsibilities

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1. Under the Health and Social Care Act 2008 ("the 2008 Act"), the Secretary of State has determined that the Office of the Health Professions Adjudicator ("OHPA") prepare for each financial year a statement of accounts in the form and basis set out in 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 OHPA and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.
2. In preparing its accounts OHPA must take into consideration the accounting principles and disclosure requirements of the Government Financial Reporting Manual and in particular must:
  - observe the Accounts Determination issued by the Secretary of State;
  - apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
  - prepare the accounts on the going concern basis.
3. The Privy Council has designated the chief executive as Accounting Officer of OHPA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding OHPA's assets, are set out in *Managing Public Money* published by HM Treasury.

## Statement on Internal Control

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### Scope of responsibilities

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of OHPA's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

Accountability and reporting within OHPA is exercised through a governing body, the board, as set out in OHPA's operational framework. The board is led by the chair and also includes the chief executive and three non-executive members. The board plays a critical role, setting the organisation's strategic direction, overseeing its work, and advising and monitoring so that it achieves its objectives.

### The purpose of the system of internal control

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 only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of OHPA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. A system of internal control proportionate to OHPA's activity level has been in place for the year ending 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

### Capacity to handle risk

I acknowledge my overall responsibility as set out in the operational framework document for effective management of risk throughout OHPA. The OHPA board met on eight occasions during the year ending 31 March 2011. The Audit and Risk Committee met once during the year and will meet again in May 2011 to review OHPA's risk and risk management strategy during the period of closure. The OHPA board approved the risk register that formed part of the commencement documents. The OHPA board also approved the risk management strategy and strategic programme risk register.

### Risk and control framework

The Department of Health is the lead sponsor for the OHPA programme. Regular meetings have been held between the senior responsible officer for the programme in the Department and the OHPA team. These regular meetings are expected to continue until OHPA is closed.

### Programme control framework

While OHPA was active, the system of internal control was based on a programme management framework. The programme board met on a monthly basis. Its purpose was to manage delivery of the programme, and it was made up of senior representation from OHPA (who chaired the meeting), the GMC, Department of Health, and AJTC. There was also representation from the GOC (which was expected to transfer its adjudication function to OHPA at a later date) and two independent members who provided a challenge and scrutiny function. The programme board reviewed the programme plan and report, highlighting areas of risk and agreeing actions of mitigation.

OHPA board meetings were held on a monthly basis until the end of 2010. The last board meeting for the financial year was held in January 2011. The purpose of the OHPA board is to set the strategic direction for OHPA, and lead the development of the organisation. The OHPA programme board reported to the OHPA board on all aspects of programme planning, reporting and risk management.

OHPA director-level team meetings were held weekly to provide business updates on recent activity, and to identify urgent issues in the short and medium term. The director meetings were also used to ensure that the transitional team was fully informed about current developments within OHPA and the programme as a whole. These meetings were discontinued in the Autumn of 2010 following the Government decision to consult on the future of OHPA and the consequent run-down in interim staff.

Fortnightly transitional planning meetings with directors and the programme team had been held to review progress, risks and issues by providing updates on the individual workstream plans and reports, which in turn fed into an overall programme milestone plan and highlight report. The last of these meetings was held in July 2010.

Following the announcement of the Government's intention not to proceed with the OHPA programme, the system of internal control has been reduced to a level proportionate to the activities of an organisation in its closedown phase. The chief executive now oversees every aspect of OHPA's activities to ensure proper internal control measures are adhered to.

## **Financial control framework**

OHPA's Funding and Accountability Framework was agreed with the Department of Health for the transitional period. Whilst OHPA was developing its own system of internal financial controls, the Department administered a substantial proportion of the procurement and payment processes to staff and suppliers on its behalf. OHPA's standing financial instructions were approved by the board during the year and these have formed the basis for financial control.

## **Other control framework**

OHPA never proceeded beyond start up mode, and had scarcely begun to develop its own IT applications or infrastructure. OHPA appointed the chief executive as the SIRO (Senior Information Risk Owner). Information Security was the responsibility of the interim IT director until early Autumn 2010, and has since become the responsibility of the chief executive.

All of OHPA's electronic data and access to this data are managed securely through the Department of Health Information Services. The Department of Health provides all aspects of security audit, desktop, infrastructure and applications.

OHPA has its own email exchange that is maintained by Rackspace Ltd via the Department of Health. Whilst Rackspace Ltd provides a 'safe harbour' agreement facility (<http://www.export.gov/safeharbor/>), all documents, specifically but not exclusively those containing personal data, transmitted via email are archived to a dedicated Department of Health controlled drive that contains OHPA's file structure.

To date there have been no reported data security incidents at OHPA.

## **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control was informed initially by advice from the interim director of finance - and subsequently from the finance manager who has responsibility for the development and maintenance of the internal control framework - and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, and plans to address weaknesses and ensure continuous improvement of the system are in place.

**Stephen Shaw**

**Accounting Officer**

**10 May 2011**

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

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I certify that I have audited the financial statements of the Office of the Health Professions Adjudicator for the year ended 31 March 2011 under the Health and Social Care Act 2008. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Office of the Health Professions Adjudicator, Accounting Officer and auditor

As explained more fully in the Statement of the Office of the Health Professions Adjudicator and Accounting Officer's Responsibilities, the Office of the Health Professions Adjudicator and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care Act 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by

fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Office of the Health Professions Adjudicator's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Office of the Health Professions Adjudicator; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Management Commentary in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Office of the Health Professions Adjudicator's affairs as at 31 March 2011 and of its net expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care Act 2008 and the Secretary of State for Health directions issued thereunder.

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## Emphasis of matter - Going concern

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures in the financial statements made in note 1.2 'Going Concern' and note 11 Post Balance Sheet Events which address the Government's announcement that subject to Parliamentary approval for the necessary legislation they intend to abolish the Office of the Health Professions Adjudicator. This announcement indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Office of the Health Professions Adjudicator to continue as a going concern. The financial statements do not include the adjustments that would result if the Office of the Health Professions Adjudicator was unable to continue as a going concern.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State directions issued under the Health and Social Care Act 2008; and
- the information given in the Management Commentary within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report are not in agreement with the accounting records or returns; or

- I have not received all the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

Amyas C E Morse

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

Date: 17 May 2011

## Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2011

|  | Note | 2010/11<br>£       | 25 January to<br>31 March 2010<br>£ |
|--|------|--------------------|-------------------------------------|
| <b>Expenditure</b>                           |      |                    |                                     |
| Staff costs                                  | 3    | 1,355,392          | 247,925                             |
| Accommodation & managed services cost        | 4    | 73,077             | 18,882                              |
| Other expenditure                            | 5    | 254,063            | 346,434                             |
|  |      | <b>(1,682,532)</b> | <b>(613,241)</b>                    |
| <b>Net expenditure</b>                       |      |                    |                                     |
|  |      | (1,682,532)        | (613,241)                           |
| <b>Net expenditure after cost of capital</b> |      |                    |                                     |
|  |      | <b>(1,682,532)</b> | <b>(613,241)</b>                    |

At year end, all operations were continuing. The Department of Health has agreed to continue the funding of OHPA until closure.

The notes on pages 28 to 36 are part of the financial statements.

## Statement of Financial Position

As at 31 March 2011

|   | Note | 2010/11<br>£  | 2009/10<br>£   |
|---|------|---------------|----------------|
| <b>Non-current assets:</b>                        |      |               |                |
| Property, plant and equipment                     | 6    | -             | -              |
| <b>Current assets:</b>                            |      |               |                |
| Trade receivables and prepayments                 | 7    | 2,434         | 1,469          |
| Cash and cash equivalents                         | 8    | 75,157        | 312,920        |
| <b>Total assets</b>                               |      | <b>77,591</b> | <b>314,389</b> |
| <b>Current liabilities:</b>                       |      |               |                |
| Trade and other payables                          | 9    | (60,120)      | (106,050)      |
| Payables to Department of Health                  | 9    | (17,471)      | (208,339)      |
| <b>Total current liabilities</b>                  |      | <b>77,591</b> | <b>314,389</b> |
| <b>Non-current assets plus net current assets</b> |      | <b>-</b>      | <b>-</b>       |
| <b>Assets less liabilities</b>                    |      | <b>-</b>      | <b>-</b>       |
| <b>Reserves:</b>                                  |      |               |                |
| General Reserve                                   | 10   | -             | -              |
|   |      | <b>-</b>      | <b>-</b>       |

The financial statements on pages 24 to 36 were approved by the Board on 4 May 2011 and were signed on its behalf by:

Stephen Shaw

**Accounting Officer**

Date: 10 May 2011

The notes on pages 28 to 36 are part of the financial statements.

## Statement of Cash Flows

For the year ended 31 March 2011

|  | Note | 2010/11<br>£       | 25 January to<br>31 March 2010<br>£ |
|--|------|--------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                                    |      |                    |                                     |
| Net expenditure  |      | (1,682,532)        | (613,241)                           |
| Increase / (decrease) in trade payables  |      | (45,930)           | 106,050                             |
| Increase / (decrease) payables to<br>Department of Health                      |      | (190,868)          | 208,339                             |
| (Increase) / decrease in trade<br>receivable & prepayments                     |      | (965)              | (1,469)                             |
| <b>Net cash outflow from<br/>operating activities</b>                          |      | <b>(1,920,295)</b> | <b>(300,321)</b>                    |
| <b>Cash flows from investing activities</b>                                    |      |                    |                                     |
|  |      | -                  | -                                   |
| <b>Cash flows from financing activities</b>                                    |      |                    |                                     |
| Grant In Aid from Department of Health   | 2    | 1,682,532          | 613,241                             |
| <b>Net (decrease) / increase in cash and cash<br/>equivalent in the period</b> |      | <b>(237,763)</b>   | <b>312,920</b>                      |
| <b>Cash and cash equivalents at the<br/>beginning of the period</b>            |      | <b>312,920</b>     | <b>-</b>                            |
| <b>Cash and cash equivalents at the end of the period</b>                      |      | <b>75,157</b>      | <b>312,920</b>                      |

The notes on pages 28 to 36 are part of the financial statements.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2011

|  | Notes | General Reserve<br>£ |
|--|-------|----------------------|
| <b>Balance as at 25 January 2010</b>                                 |       | -                    |
| <b>Changes in Taxpayers' Equity from 25 January to 31 March 2010</b> |       |                      |
| Government grant from Department of Health                           |       | 613,241              |
| Recognised in Statement of Comprehensive Net Expenditure             |       | (613,241)            |
| <b>Balance as at 31 March 2010</b>                                   |       | -                    |
| <b>Changes in Taxpayers' Equity for 2010/11</b>                      |       |                      |
| Grant from Department of Health                                      | 2     | 1,682,532            |
| Recognised in Statement of Comprehensive Net Expenditure             |       | (1,682,532)          |
| <b>Balance as at 31 March 2011</b>                                   |       | -                    |

The notes on pages 28 to 36 are part of the financial statements.

## Notes to the Accounts

### 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (iFReM) issued by HM Treasury. The accounting policies contained in the iFReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the iFReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Office of the Health Professions Adjudicator (OHPA) for the purpose of giving a true and fair view has been selected. The particular policies adopted by OHPA for its reportable activities are as described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

#### 1.2 Going concern

OHPA receives funding from the Department of Health for its operating costs. The legislation to abolish OHPA is currently before Parliament but, if passed, is unlikely to receive Royal Assent until the third quarter of 2011-12 at the earliest. The Department of Health has confirmed that they will continue to finance OHPA through grant in aid until the legislation abolishing OHPA takes full and final effect. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

#### 1.3 Grant in aid

The net cash needs of OHPA are financed by grant in aid from the Department of Health, which is credited to the general reserve and is not shown as income. This is recognised in the financial period in which the amounts are received.

#### 1.4 Tangible non-current assets

Expenditure on non-current assets is capitalised. Non-current assets comprise software licenses, information technology equipment, office fixtures and fittings, and office leasehold improvements. The capitalisation threshold limits and depreciation policy are as explained below:

Expenditure on major information technology projects is capitalised. This includes expenditure directly incurred on hardware, software and appropriate consultants' installation costs.

Non-current assets are capitalised where the cost is £3,000 or over. However, for grouped purchases of IT equipment, IT software or fixtures and furniture, individual items with a cost of £500 or greater are capitalised where the total grouped purchase is £1,500 or more.

Assets in the course of construction are capitalised at purchase cost and then depreciated from the date that they become operational.

For the purpose of calculating the current value, revaluation is applied using indices prepared by the Office of National Statistics to the closing carrying value of material assets only (e.g. leasehold improvement) at the year ending 31 March. Revaluation losses at balance sheet date are written off against the proportion of the credit balance on the revaluation reserve. Any remaining losses are charged to the net expenditure account.

### **1.5 Depreciation**

Depreciation is charged on all non-current assets at rates calculated to write down the valuation of each asset to its estimated residual value evenly over its expected useful life. The asset lives currently estimated for each class of assets are:

|                         |             |
|-------------------------|-------------|
| Fixtures and fittings   | Five years  |
| Leasehold improvement   | Ten years   |
| Office and IT equipment | Three years |

### **1.6 Intangible assets**

Initial costs of software and licenses are capitalised and amortised over the useful life of the software, while annual licenses to use software or ensure continuous updates are charged to the net expenditure account as they are incurred. The minimum level for capitalisation of intangible fixed assets is £3,000. On initial recognition, assets are measured at cost, including any costs such as installation that are directly attributable to bringing the asset into working condition for its intended use.

The asset lives currently estimated for each class of assets are:

|                                   |             |
|-----------------------------------|-------------|
| Software development and licenses | Three years |
|-----------------------------------|-------------|

### **1.7 Taxation**

Expenditure in the net expenditure account is shown inclusive of Value Added Tax (VAT), which is irrecoverable for OHPA.

### **1.8 Employee benefit**

#### a. Pensions

OHPA became a member of the NHS Pension Scheme during the year. Any contract staff appointed until 31 March 2011 retained the pension scheme of their original employer or separate arrangements were made.

#### b. Annual leave and other short-term employee benefits

OHPA recognises employee entitlements to untaken annual leave and other short-term employee benefits when they accrue to employees. We provide for the estimated liability of leave earned but not taken by employees at 31 March.

### **1.9 Expenditure**

OHPA analyses its expenditure between staff costs, accommodation and managed service costs and other expenditure. We recognise expenditure when, and to the extent that, the goods or services for which they are incurred have been provided.

### **1.10 Financial instruments**

Financial instruments are recognised in the balance sheet when OHPA has become a party to the contractual provisions of the instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Financial instruments are offset when OHPA has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### Financial Liabilities

OHPA recognises a financial liability when it becomes a party to the contractual provisions of the financial instrument. The exception is any liability related to the purchase of goods or services in the normal course of OHPA's business. In these cases the financial liability is recognised when, and to the extent that, the goods or services are provided.

OHPA removes a financial liability from its balance sheet when it is extinguished, i.e. when the obligation in the contract is paid, is cancelled, or expires.

**2 Grant in aid**

|  | <b>2010/11</b>   | <b>25 January to<br/>31 March 2010</b> |
|--|------------------|--|
|  | <b>£</b>         | <b>£</b>                               |
| Grant in aid received - revenue expenditure        | 1,682,532        | 613,241                                |
| Grant in aid received - capital expenditure        | -                | -                                      |
|  | <b>1,682,532</b> | <b>613,241</b>                         |
| Grant In aid drawn down                            | 1,356,240        | 334,000                                |
| Payable to Department of Health                    | (17,471)         | (208,339)                              |
| Prepayments by Department of Health                | -                | 1,469                                  |
| Spend by OHPA                                      | 1,338,769        | 127,130                                |
| Spend by Department of Health<br>on behalf of OHPA | 343,763          | 486,111                                |
|  | <b>1,682,532</b> | <b>613,241</b>                         |

### 3 Staff numbers and related costs

#### (a) Staff costs comprise

|                             | Permanently<br>employed staff<br>£ | Board<br>members<br>£ | Others<br>£    | Total<br>£       |
|-----------------------------|------------------------------------|-----------------------|----------------|------------------|
| <b>For the year 2010/11</b> |                                    |                       |                |                  |
| Wages and salaries          | 338,360                            | 123,295               | 807,776        | 1,269,431        |
| Social security cost        | 34,233                             | 12,856                | -              | 47,089           |
| Pension cost                | 38,872                             | -                     | -              | 38,872           |
| <b>Total net costs</b>      | <b>411,465</b>                     | <b>136,151</b>        | <b>807,776</b> | <b>1,355,392</b> |

#### 25 January to 31 March 2010

|                        |               |               |                |                |
|------------------------|---------------|---------------|----------------|----------------|
| Wages and salaries     | 19,564        | 26,961        | 196,687        | 243,212        |
| Social security cost   | 800           | 3,085         | -              | 3,885          |
| Pension cost           | 828           | -             | -              | 828            |
| <b>Total net costs</b> | <b>21,192</b> | <b>30,046</b> | <b>196,687</b> | <b>247,925</b> |

For the 12 months to 31 March 2011, employer's contributions of £20,060 were payable to pension schemes for contract staff, at the rate of 13% of pensionable pay. See remuneration report on page 16 for the chief executive's pension.

**(b) Average number of persons employed**

The average number of whole-time equivalent persons employed during the year was as follows:

|                             | <b>Staff</b> | <b>Others</b> | <b>Total</b> |
|-----------------------------|--------------|---------------|--------------|
| <b>For the year 2010/11</b> |              |               |              |
| Directly employed           | 3            | -             | 3            |
| Employed through others     | 1            | 5             | 6            |
| <b>Total</b>                | <b>4</b>     | <b>5</b>      | <b>9</b>     |

**25 January to 31 March 2010**

|                         |          |          |           |
|-------------------------|----------|----------|-----------|
| Directly employed       | 2        | -        | 2         |
| Employed through others | 2        | 7        | 9         |
| <b>Total</b>            | <b>4</b> | <b>7</b> | <b>11</b> |

**4 Accommodation & managed services cost**

|  | <b>2010/11</b> | <b>25 January to<br/>31 March 2010</b> |
|--|----------------|--|
|  | <b>£</b>       | <b>£</b>                               |
| Accommodation<br>& managed services cost | 73,077*        | 18,882*                                |

\* The Department of Health provides this service to OHPA. It excludes Finance and HR.

**5 Other expenditure**

|                            | <b>2010/11</b> | <b>25 January to<br/>31 March 2010</b> |
|----------------------------|----------------|--|
|                            | <b>£</b>       | <b>£</b>                               |
| Website design and hosting | 20,860         | 35,700                                 |
| Recruitment cost           | -              | 133,732                                |
| Business process review    | 86,891         | 100,950                                |
| Branding                   | -              | 30,000                                 |
| Legal fees                 | 29,392         | -                                      |
| Consultancy fees           | 21,137         | 6,566                                  |
| Statutory accounts audit   | 5,000          | 5,000                                  |
| Administration expenses    | 90,783         | 34,486                                 |
|                            | <b>254,063</b> | <b>346,434</b>                         |

**6 Property, plant and equipment**

|                               | <b>2010/11</b> | <b>2009/10</b> |
|-------------------------------|----------------|----------------|
|                               | <b>£</b>       | <b>£</b>       |
| Property, plant and equipment | -              | -              |

There were no non-current assets purchased during the period.

**7 Trade Receivables and Prepayments**

|             | <b>2010/11</b> | <b>2009/10</b> |
|-------------|----------------|----------------|
|             | <b>£</b>       | <b>£</b>       |
| Receivables | 87             | -              |
| Prepayments | 2,347          | 1,469          |
|             | <b>2,434</b>   | <b>1,469</b>   |

**8 Cash and cash equivalent**

|   | <b>2010/11</b> | <b>2009/10</b> |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Balance as at 1 April                           | 312,920        | -              |
| Net change in cash and cash equivalent balances | (237,763)      | 312,920        |
| <b>Balance as at 31 March</b>                   | <b>75,157</b>  | <b>312,920</b> |

The following balances as at 31 March 2011 were held at:

|                               |               |                |
|-------------------------------|---------------|----------------|
| Commercial banks              | 75,157        | 312,920        |
| <b>Balance as at 31 March</b> | <b>75,157</b> | <b>312,920</b> |

**9 Trade Payables and other current liabilities**  
**Amounts falling due within one year**

|                             | <b>2010/11</b> | <b>2009/10</b> |
|-----------------------------|----------------|----------------|
|                             | <b>£</b>       | <b>£</b>       |
| Trade Payables              | 13,258         | 13,199         |
| HMRC                        | 12,635         | 14,680         |
| Accruals                    | 34,227         | 78,171         |
| Due to Department of Health | 17,471         | 208,339        |
|                             | <b>77,591</b>  | <b>314,389</b> |

**10 Income and Expenditure reserve**

|                 | <b>2010/11</b> | <b>25 January to</b> |
|-----------------|----------------|----------------------|
|                 | <b>£</b>       | <b>31 March 2010</b> |
|                 | <b>£</b>       | <b>£</b>             |
| Net Expenditure | (1,682,532)    | (613,241)            |
| Grant in aid    | 1,682,532      | 613,241              |
|                 | -              | -                    |

## 11 Events after the Reporting Period

In accordance with the requirements of IAS10, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

On 2 December 2010, the Government announced that – assuming Parliamentary approval for the necessary legislation – the OHPA programme will not continue. In light of this announcement, the board of OHPA has reviewed the appropriateness of the preparation of the financial statements on a ‘going concern’ basis.

The board notes that the legislation to abolish OHPA is currently before Parliament but, if passed, is unlikely to receive Royal Assent until the third quarter of 2011-12 at the earliest. In the interim period, the board is satisfied that sufficient funding is and will be in place to enable OHPA to continue to meet its obligations as they fall due.

Considering the above and after due consultation with the Department of Health, the board has every expectation that OHPA will have sufficient resources to continue in operational existence for the foreseeable future. For these reasons, the board continues to adopt the going concern basis in preparing the report and financial statements.

## 12 Related party transactions

OHPA is funded by the Department of Health through grant in aid. The Department of Health is regarded as a related party. During the period OHPA had various material transactions with the Department of Health, all of which were conducted at arm’s length prices.

None of OHPA’s board members undertook any material transactions with OHPA during the period, except for remuneration paid for their services and, in the case of non-executive members, reimbursement of home to office travel expenses.

## 13 Financial instruments

As the cash requirements of OHPA for the 2010/11 financial year were met through grant in aid provided by Department of Health, OHPA is not exposed to credit, liquidity or market risk.

**Liquidity Risk:** No significant exposure given that OHPA’s net resource requirement for the financial year is financed through grant in aid.

**Interest rate risk:** OHPA has no exposure to interest rate risk as it does not have any financial liabilities and financial assets that are held in a variable rate bank deposit account.

**Foreign currency risk:** OHPA has no dealings in foreign currency and is not subject to currency fluctuation risk.

**Receivables:** For the period, OHPA was fully funded by grant in aid. OHPA is not exposed to any credit risk.

**Payables:** Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. If trade terms are not specified, payment is made no later than 30 days from receipt of invoice. OHPA is not exposed to concentrations of credit risk to a single payable or group of payables.

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**14 IFRSs, amendments and interpretations in issue but not yet effective or adopted**

IASB, accounting policies, changes in accounting estimates and errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. The following have been considered as relevant and have not been adopted early by OHPA:

**IFRS 9 Financial instruments**

A new standard intended to replace IAS 39. The effective date is for accounting periods beginning on, or after, 1 January 2013.

**IFRS 7 Financial Instruments: Disclosure**

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after, 1 January 2011.

**IFRS 1 First-time adoption of IFRSs**

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after, 1 July 2010.

**IFRS 1 First-time adoption of IFRSs**

Updates disclosures required for interim financial statement. The effective date is for accounting periods beginning on, or after, 1 January 2011.

None of these new or amended standards and interpretations is likely to be applicable or is anticipated to have a future material impact on the financial statements of OHPA.

## Annex: Accounts Direction

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1. Under paragraphs 19(1), (2) and (3) of Schedule 6 to the Health and Social Care Act 2008 ("the 2008 Act"), the Secretary of State has the power to determine the form of accounts that the Office of the Health Professions Adjudicator ("OHPA") must keep, the form of the annual accounts in respect of each financial year that the OHPA must prepare, and the time period after the end of the financial year to which the accounts relate within which the OHPA must send copies of the annual accounts to the Secretary of State and the Comptroller and Auditor General.
2. This letter constitutes the Secretary of State's determination of these matters, and has effect from the date of this letter.
3. In preparing its accounts the OHPA must take into consideration the accounting principles and disclosure requirements of the Financial Reporting Manual.
4. The OHPA's annual accounts must:
  - give a true and fair view of the state of affairs as at year end and of the income and expenditure, total recognised gains and losses, and cash flows of the OHPA for the financial year then ended; and
  - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities that govern them.
5. The time period after the end of the financial year to which the OHPA's annual accounts relate within which OHPA must send copies to the Secretary of State and Comptroller and Auditor General is seven months for the first year end and two months thereafter.
6. This note is to be reproduced as an appendix to the published accounts.

28 July 2010



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ISBN 978-0-10-297226-9



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