

1 April 2009 to 31 March 2010

Health Professions Council
Annual report and accounts 2009–10

Health Professions Council

Annual Report and Accounts 2009–10

Presented to Parliament pursuant to Articles 44(2) and 46(7) of the Health Professions Order 2001 (as amended by the Health Care and Associated Professions (Miscellaneous Amendments and Practitioner Psychologists) Order 2009)

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Foreword from the Chair

It is my pleasure to present the 2009–10 annual report to you. The past year has been another busy and productive one. In July we saw the fruition of a number of years of preparation when over 15,000 practitioner psychologists joined the Register. The year ended with confirmation that the Hearing Aid Council would be abolished in 2010 and their register of private sector hearing aid dispensers transferred to the HPC, a move warmly welcomed by both the industry and consumer groups alike.

Over the course of the year we implemented government-led reforms to make the Council smaller and more strategic. Council members have now all been appointed against competencies through the public appointments process, ensuring that we have the breadth of skills and experience that we need to work effectively. Our smaller Council has undoubtedly created opportunities for greater participation and more in-depth debate.

Another key area of work this year has been the analysis of our audits of registrants' continuing professional development (CPD) activity. In March 2010 we published our first continuing professional development annual report, which showed that 77 per cent of registrants involved had successfully completed their profiles. We have designed a process that aims to guide and support registrants to meet our requirements and I am very pleased that the outcomes of the first four audits have shown that the majority of registrants are participating in the audits and successfully meeting our CPD standards.

The professions we regulate have always been committed to developing and scrutinising the evidence that supports their practice in diverse ways. This reflective process is crucial to the decisions that individual practitioners make on a daily basis. It is right that the HPC also works to build the evidence base of what it does and this has been a particular focus in the past year. For example, we commissioned research looking at the expectations and experience of members of the public who make complaints about our registrants, the outcomes of which have proved invaluable to our ongoing aim to improve our fitness to practise process. Similarly, we have embarked on a programme of research on revalidation, which we believe will add new knowledge and understanding to the field. These and other initiatives are ultimately aimed at increasing our understanding of the effectiveness of regulation itself and will guide us towards further improvements in public protection.

Muir Gray, a key figure in the promotion of evidence-based care, observed as long ago as 1999 that in the future, health care would “need to respond to the requirements of postmodern society, namely: concern about values as well as evidence”. It is my strong belief that the Health Professions Council has demonstrated that crucial combination in its efforts to promote safety and quality. This ongoing commitment will ensure we continue to perform at the forefront of professional regulation in the future. Thanks to you all for your contribution over the past year.

Anna van der Gaag
Chair

Introduction from the Chief Executive

This has been yet another year of growth, development and improvement at the Health Professions Council.

Last year the Register grew to more than 205,000 registrants by year end. The regulation of practitioner psychologists has increased still further the diversity of the HPC Register and our registrants now work in an increasingly wide range of settings including health and social care, education, prisons and commerce, performing a wide variety of different tasks. The regulation of practitioner psychologists and the regulation of hearing aid dispensers from 1 April 2010 would not have been possible without good partnership working with the British Psychological Society, the Association of Educational Psychologists and the Hearing Aid Council and I would like to thank them for all their hard work. In the coming years the Register may grow still further with the potential regulation of psychotherapists and counsellors and further groups of healthcare scientists. I am confident that the HPC remains well-placed to deliver cost effective, multi-professional regulation in order to protect members of the public.

Each of the professions renews its registration in two-yearly cycles and in late 2009–10 we introduced the facility for registrants to renew their registration online. This has been the result of feedback from stakeholders and many hours of hard work to ensure the system works and can accommodate the large numbers of registrants renewing their registration every year. The system allows registrants to renew their registration quickly and simply, reducing the risk of errors and postal delays. It also means that we can continue to provide high levels of customer service as the Register grows in size.

The work of our Education and Fitness to Practise Departments continues to grow apace. We now approve 585 programmes, delivered by 125 institutions. Over the last year, we considered 772 allegations and concluded 256 Conduct and Competence and Health Committee hearings. This is an increase from 483 allegations and 175 concluded hearings last year. Although an important way in which we can protect the public, our fitness to practise cases still only involve a very small minority of practitioners and just 0.38 per cent of registrants were subject to a complaint last year.

I am very pleased with our work and progress in the past year. I would like to thank our Council members, employees, partners and our many stakeholders for the hard work, support and input which makes this organisation a success.

Marc Seale

Chief Executive and Registrar

The Health Professions Council

The Council submits its seventh annual report together with the audited financial statements for the year ended 31 March 2010.

Legislative and regulatory background to the Health Professions Council

The Health Professions Council (HPC), a 'Body Corporate', was set up on 1 April 2002 by the Health Professions Order 2001. The HPC replaced the Council for Professions Supplementary to Medicine, which was disbanded at that time. The Council is one of nine UK statutory regulators for healthcare professionals. The Council currently regulates approximately 205,000 individuals. These are known as registrants and are members of the 14 professions regulated by the HPC. The number of registrants changes on a daily basis.

The Council is an independent organisation. It is self-funding. It is a public body but it is not part of the Department of Health or the NHS. Virtually all its financial costs are funded by fees from registrants. The fees are set out in the Health Professions Council (Registrations and Fees) Rules 2003. Any fee increase is subject to a consultation and must be approved by the Privy Council. In May 2005 the HPC purchased a subsidiary, 22–26 Stannary Street Limited, to acquire the adjoining land and buildings of 22–26 Stannary Street. During the year the building at 22–26 Stannary Street was transferred to the Council. In the financial year 2010–11, 22–26 Stannary Street Limited the company will be struck off.

On 1 July 2009, the HPC Register was opened to practitioner psychologists. The legislation that brought about the statutory regulation of this profession (a Section 60 Order) also brought about changes to the structure of the Council in order to move towards a smaller, more 'board-like' Council. This follows the recommendations of the government White Paper entitled Trust, assurance and safety - the Regulation of Health Professionals in the 21st Century. Following a recruitment campaign carried out by the Appointments Commission on behalf of the Privy Council, the newly restructured Council took office on 1 July 2009 and now comprises a Chair and 19 Council members (a parity of lay and Registrant members).

Council functions and objectives

The main functions of the HPC are to establish standards of education and training, conduct and performance for members of the relevant professions and to ensure the maintenance of those standards. In performing those functions, the principal objective of the HPC, as set out in the Health Professions Order 2001, is "to safeguard the health and well-being of persons using or needing the services of registrants".

Corporate governance arrangements and organisational structure

In accordance with the governance arrangements set out in the Health Professions Order 2001, the Council has four statutory committees. These are the:

- Conduct and Competence Committee;
- Education and Training Committee;
- Health Committee; and
- Investigating Committee.

The Council has also established four non-statutory committees. These are the:

- Audit Committee;
- Communications Committee;
- Finance and Resources Committee (which also meets as the Remuneration Committee); and
- Fitness to Practise Committee.

Composition of the Council

Members during the year

All Council members served throughout the year except as shown below:

Anna van der Gaag – President until 30 June 2009, Chair from 1 July 2009

Registrant members

Patricia Blackburn (alternate member until 30 June 2009)

Karen Bryan (until 30 June 2009)

Malcolm Cross (from 1 July 2009)

Helen Davis (until 30 June 2009)

John Donaghy

Morag MacKellar

William Munro (until 30 June 2009)

Penny Renwick (from 1 July 2009)

Pam Sabine (until 30 June 2009)

Jeff Seneviratne (until 30 June 2009)

Graham Smith (until 30 June 2009)

Eileen Thornton (alternate member until 30 June 2009)

Annie Turner

Diane Waller

Neil Willis

Stephen Wordsworth (until 30 June 2009)

Alternate members

Ozan Altay

Patricia Blackburn

Daisy Haggerty

Carol Lloyd

Alan Mount

Jacqueline Pearce

Gill Pearson

Doug Proctor

Jacqueline Sheridan

Eileen Thornton

Mark Woolcock

The requirement for alternate members of Council was removed with effect from 1 July 2009 by the Health Care and Associated Professions (Miscellaneous Amendments and Practitioner Psychologists) Order 2009.

Lay members

Paul Acres (until 30 June 2009)
Mary Clark-Glass
Robert Clegg (until 30 June 2009)
Sheila Drayton
Julia Drown (from 1 July 2009)
Christine Farrell (until 30 June 2009)
John Harper
Richard Kennett (from 1 July 2009)
Jeff Lucas
Arun Midha (from 1 July 2009)
Keith Ross
Deep Sagar (from 1 July 2009)
Barbara Stuart (until 30 June 2009)
Joy Tweed (from 1 July 2009)

Non-Council Committee members

The Health Professions Council Order 2001 enables non-Council members to be appointed to any committee of the HPC. The Council has appointed the following non-Council members to the Education and Training Committee.

Jo-anne Carlyle
Helen Davis
Stephen Hutchins
Stuart Mackay
Gillian Pearson
Jeff Seneviratne
Robert Smith
Jois Stansfield
Stephen Wordsworth

A Register of Interests in respect of all members is maintained. The register is published on the HPC website.

The Chief Executive and Registrar is Marc Seale.

Method of appointment or election of Council members

The full membership of the Council is 20 members: ten registrant members and ten lay members. The Chair is appointed from among those members and may be either a registrant or a lay member. There are currently no vacancies on the Council. The registrant and lay members are appointed by the Appointments Commission. There must be at least one lay member and one registrant member from each home country of the United Kingdom.

Committee membership

As set down in the Health Professions Order 2001, all committees are chaired by Council members. The majority of committee members are also Council members. However, the Council has appointed non-Council committee members to bring additional professional skills and expertise to committee decision-making. These members were appointed in accordance with the principles set out by the Office of the Commissioner for Public Appointments.

The Council has a number of executive departments operating under the leadership of the Chief Executive. These departments are:

- Communications;
- Education;
- Finance;
- Fitness to Practise;
- Human Resources;
- Information Technology;
- Operations;
- Policy and Standards;
- Registration; and
- Secretariat.

Council member and non-Council Committee member biographies

Council member biographies

Patricia Blackburn

Patricia Blackburn is a Commissioner for the Allied Health Professions with the Public Health Agency in Northern Ireland and has been in this role since being appointed in 2004. She is currently on secondment to the Department of Health, Social Services and Public Safety, as the Lead Allied Health Professions Officer for Northern Ireland. She previously worked as the Orthoptic Services Manager for the Down Lisburn Trust.

Patricia held the Chair of the newly formed Irish Branch of the British and Irish Orthoptic Society until 2007 and is Chair of the Central Advisory Committee for the Allied Health Professions to the Department of Health, Social Services and Public Safety in Northern Ireland. Patricia has previously carried out voluntary work for Soroptimist International of Belfast and was Chair of the Management Committee of East Belfast Homestart. Patricia is married and has four children.

Mary Clark-Glass

Mary Clark-Glass was formerly a lecturer in law and broadcaster in Belfast and has been involved in equality / human rights issues since the 1970s. She was Head of the Equal Opportunities Commission for Northern Ireland (1984–92), a Human Rights Commissioner (1984–90), a member of the probation board for Northern Ireland and she also served as a Commissioner on the Commission for Racial Equality for Northern Ireland. Mary is currently a General Medical Council associate and a member of the General Dental Council's Fitness to Practice Committee. Mary is a founder member of Northern Ireland's Women's Rights Movement and worked in a voluntary capacity over many years with Victim Support.

Malcolm Cross

Malcolm Cross is the Dean of Students and a Reader in Psychology at City University London. He was elected Chair Elect of the Division of Counselling Psychology of the British Psychological Society (BPS) in 2006 and took up the role of Chair of the Division in 2007 through to 2009. He has served as a committee member on a range of BPS committees over the past decade and has worked as a HPC Partner.

Malcolm combines a busy teaching schedule with pastoral work, research and writing. As well as researching the areas of learning and teaching, Malcolm is pioneering research into clients' negative experiences of counselling and psychotherapy and produced and presented a DVD on the subject entitled When Therapy Hurts – Negative Experiences of Counselling. Malcolm has authored and edited three books and produced numerous book chapters and peer-reviewed publications.

John Donaghy

John Donaghy is Principal Lecturer and Professional Lead in Paramedic Science, School of Health and Emergency Professions, University of Hertfordshire. Within this role John is responsible for overseeing the delivery of the paramedic programmes, in addition to advising the Head of School on new developments within pre-hospital health care. John's current academic and training role follows over thirty years' service in the London Ambulance Service, finishing as an IHCD Training Officer; he was one of the first graduate paramedics and is now undertaking a professional Doctorate in Education at the University of Hertfordshire. In addition, in his spare time John is a crew member for the Royal National Lifeboat Institution (RNLI) lifeboats, stationed at Tower on the River Thames.

Sheila Drayton

Sheila Drayton is an independent consultant with a background in health service education and management. She was formerly an Executive Director in an NHS Trust. Her main areas of interest are professional development, and the contribution of clinical leadership to patient safety and quality of care.

Sheila is a member of the General Teaching Council for Wales (GTCW) and a designated chair of GTCW's conduct committees. She was formerly a member of the United Kingdom Central Council for Nursing, Midwifery and Health Visiting and a deputy chair of the Nursing and Midwifery Council's Fitness to Practise Committees.

Julia Drown

Julia Drown is a member of the Nursing and Midwifery Council's Business Planning and Governance Sub-Committee and a member of the Appeals Committee of the Human Fertilisation and Embryology Authority. Previous appointments include being Chair of the National Perinatal Epidemiology Unit Report on Antenatal Screening for Group B Streptococcus Colonisation – Protocol Development for a Randomised Controlled Trial. She was the Member of Parliament for South Swindon (Labour, 1997–2005) and a Member of the House of Commons Health Select Committee. She has worked with Central and Local Government, and in the NHS. She has been a CIPFA Accountant, an NHS Senior Executive, and a County Councillor.

John Harper

John Harper is Senior Vice-Principal and Deputy Vice-Chancellor at the Robert Gordon University, Aberdeen, with particular responsibility for Academic Development and Quality. He is the former Dean of the Faculty of Health and Social Care and also a former member of the Scottish Executive NHS Modernisation Forum and of the Council for Professions Supplementary to Medicine. He is currently a member of several Scottish committees associated with teaching, learning and quality assurance.

Richard Kennett

Richard Kennett is a Chartered Accountant and worked for 36 years in the accountancy profession, majoring in company work, particularly audit and business advice, and in forensic accounting and dispute resolution. He retired from practice in June 2009. He is also a qualified Arbitrator and Mediator and is a member of a number of dispute resolutions panels.

He was the Specialist Accountant Member of the Audit Committee and Observer at the Finance and Resources Committee of the Health Professions Council from December 2005 until his appointment to the Council in June 2009.

Richard is also an Independent Member of the Audit Committee of the Water Services Regulation Authority (OFWAT), a Non-Executive Member of the Audit Committee of Hanover Housing Association, a member of the Tribunal Panel of the Accountancy and Arbitration Discipline Board and holds several non-executive directorships.

Jeff Lucas

Jeff Lucas is Deputy Vice-Chancellor (DVC) at the University of Bradford and Professor of Health Studies. He took up office as DVC in September 2004 having previously served as Pro-Vice-Chancellor Learning and Teaching and prior to that Dean of the School of Health Studies. In 1996 he became the inaugural Dean of Health Studies at Bradford and has served as the evaluator of the Bradford Health Action Zone, external assessor of the

Common Learning pilots at the NHS and independent evaluator of the Quality Assurance Agency work with the Department of Health.

In the region he served as Non-Executive Director of the West Yorkshire Strategic Health Authority where he represented the interests of West Yorkshire Universities and as interim Non-Executive on the new Yorkshire and Humber Strategic Health Authority. Jeff also edits the International Journal of Clinical Governance. He graduated from the University of London in Zoology and Physiology and has a PhD in Medicine from the Royal London Hospital.

Morag MacKellar

Morag MacKellar is Head of Nutrition and Dietetics, Forth Valley Primary Care, and Public Health Nutritionist for NHS Forth Valley. She is also a member of Stirling Community Health Partnership Committee, and Chair of the national multi-agency steering group Scottish Nutrition and Diet Resource Initiative. Morag contributes to a number of departmental and policy groups of the Scottish Government. She is a former Chairman of the Dietitians Board at the Council for Professions Supplementary to Medicine and was previously Chair of the British Dietetic Association. In addition she has been made a Fellow of the Association in recognition of her services to the dietetic profession.

Arun Midha

Arun Midha has held a number of public appointments over the past ten years. These have included being a lay member of the Postgraduate Medical Education and Training Board, the General Medical Council (where he was also the Council's Treasurer and Chair of Resources and a Trustee of the Council's pension scheme). He has also served as the independent Chair at the Renal Advisory Board in the Welsh Assembly Government, a lay chair of the NHS complaints panel in Wales, a Justice of the Peace, and has been a non-executive director of the Wales NHS Ambulance Trust. He is currently a member of the Welsh Language Board, the BBC Audience Council in Wales, a non-executive director of a Corporate Governance Board in the Welsh Assembly Government, a member on the Nursing and Midwifery Council's Audit, Risk and Quality assurance committee, a lay member of the Clinical Excellence Awards committee in Wales, and member of the Royal Pharmaceutical Society for Great Britain's Registration appeals panel. He also is an adjudicator of the Queens Anniversary Prizes for Further and Higher Education and a Governor of two Welsh medium schools.

Arun has held a number of executive appointments including the roles of Director of Strategy and Resources, Postgraduate Medical and Dental Education at Cardiff University and was the Assistant Director, Welsh Combined Centres for Public Health at the University of Wales College for Medicine. Arun graduated from Swansea University before studying for a diploma in social science at Exeter College, Oxford, an MBA at Cardiff University and a PhD at Swansea University.

Penny Renwick

Penny Renwick is the Associate Dean of Health, Psychology and Social Care at Manchester Metropolitan University involved in the provision of pre- and post-registration education of allied health professionals and nurses. She is a member of the Allied Health Professions Workforce Board for the NHS North West. She worked as a Visitor and Registration Assessor for the Health Professions Council from 2003.

Penny has a wealth of experience in the quality assurance of health professional education and is currently a Member of the Undergraduate Faculty and the Quality Assurance Committee for the Society of Chiropractors and Podiatrists.

Keith Ross

Keith Ross is a self-employed human resources and management consultant. He concentrates on human resources assignments and management roles mainly in the public sector – specifically in the health and education fields. Before becoming self-employed, Keith had a 20-year career in human resources in the Scottish Health Service and latterly was Director of Human Resources for a Scottish Health Board and an acute NHS Trust. He specialises in management of change and has spent two periods of one year at Heriot-Watt University in Edinburgh during periods of major structural change.

Deep Sagar

Deep Sagar is a management consultant who has extensive experience of governance and management across various sectors. His career was predominantly with multinationals including Coca-Cola and Unilever Bestfoods as a senior manager. He has been chair of NHS 24, non-executive director of the Expert Patients Programme and a committee member of the Law Society of Scotland. Deep's present roles include Chair of LEASE and of Turnstone Support Limited.

Eileen Thornton

Eileen Thornton is the Head of the School of Health Sciences at the University of Liverpool. She has been in healthcare education for a number of years, particularly physiotherapy. She has been actively involved with her professional body, serving on and chairing many committees relating to pre- and post-registration education, registration and professional conduct. She was the alternate member for physiotherapy on the Council since it began in its shadow form. During this time she has sat on committees and professional liaison groups involved in developing the standards, processes and procedures concerning registration, approval and monitoring, continuing professional development and wider education policy.

Annie Turner

Annie Turner is professor of occupational therapy at the University of Northampton and is an experienced external examiner and programme validator. She has acted as lead editor of five editions of a standard occupational therapy textbook and was involved in the writing of the current College of Occupational Therapists pre-registration curriculum framework. She has also been a member of the Quality Assurance Agency occupational therapy panel which developed the profession's benchmark statements, as well as a member of the College of Occupational Therapists' Council and the Education and Practice Board. Annie has undertaken consultancy both in the UK and internationally and has presented at a range of UK and international conferences.

Joy Tweed

Joy Tweed is a part time lecturer at the University of Westminster, where she teaches on the MSc in Integrated Governance in Health and Social Care. She also works as an Independent Consultant for the Health Scrutiny Support Programme, providing advisory support for local authority health overview and scrutiny committees. Joy has been a Non-Executive Director at Sutton and Merton Primary Care Trust since 2002 and currently chairs the Community Services Board.

Joy is a lay member for the disciplinary committee of the Royal Pharmaceutical Society. She has previously been an antenatal teacher for the National Childbirth Trust, Participation and Development Manager for the Children's charity Jigsaw4u and an Area Co-ordinator for the charity Action for Sick Children.

Anna van der Gaag (Chair)

Anna van der Gaag was elected President of Council in 2006 and became appointed Chair of the new Council in 2009. Until 2008 she was a member of the Council for Healthcare Regulatory Excellence and has recently been appointed a Public Appointments Ambassador for a joint initiative by the Government Equalities Office and Cabinet Office. In addition to her work with the HPC she is a research speech and language therapist and Honorary Research Fellow in the Faculty of Medicine, University of Glasgow. Prior to this she taught at the University of Strathclyde, was a senior researcher in the Rehabilitation Research Unit at the University of Oxford and has worked with the Centre for Integrated Healthcare Research at Queen Margaret University, Edinburgh. Anna has been involved in quality improvement initiatives with allied health professionals in the UK over three decades, and has published widely within the field. Her research and consultancy work has involved collaborations with NHS services and the voluntary sector and covers a range of areas including quality assurance, clinical audit, skill mix, user-involvement, e-learning and service evaluation.

Diane Waller

Diane Waller is Emeritus Professor of Art Psychotherapy, Goldsmiths, University of London, Visiting Professor in the Department of Psychological Medicine at Imperial College (where she chairs the International Research Centre for Arts Therapies), and Principal Research Fellow in the School of Applied Social Sciences, University of Brighton.

Diane chairs the HPC's Counsellors and Psychotherapists Professional Liaison Group and represents the HPC on various strategy groups and projects such as Skills for Health, Increasing Access to Psychological Therapies and New Ways of Working. She is the author of many books and papers on art and group psychotherapy, and active in both clinical and sociological research in these professions. She has worked extensively throughout Europe, especially in Bulgaria, former Yugoslavia, Hungary, Switzerland and Italy. In 2007 she received an OBE for Services to Healthcare.

Neil Willis

Neil Willis now works part time as the Laboratory Medicine Coordinator for Training and Development at the University Hospital of Wales, having retired as the Acute Biochemistry Services Manager in Medical Biochemistry. He was elected to the Council for Professions Supplementary to Medicine in 1999 was nominated first to the Shadow Health Professions Council and was the HPC registrant member for biomedical scientists until 2005 (he was also the Chair of the Investigating Committee). He is the Chairman of: the Cardiff branch (South East Wales) of the Institute of Biomedical Science, the Employer Liaison Panel at the University of Wales Institute Cardiff, the Cardiff Medical Centre Sports and Social Club, and the Cardiff Medical Centre Children's Charity. He is also Vice Chairman of the Cardiff Branch of Amicus. He has been a partner (visitor) for the HPC and is the external examiner for Biomedical Sciences for the University of Essex.

Non-Council Committee member biographies

The following members have been appointed to the Education and Training Committee.

Jo-anne Carlyle

Jo-anne Carlyle worked in the NHS for nearly 20 years before starting to work freelance in psychology and consulting. Her NHS experience was diverse including work at the Tavistock and Portman NHS Trust and Broadmoor and Rampton Special Hospitals, where she conducted innovative research and was involved in a range of teaching and training programmes. Jo-anne is now co-director of PSYCTC, a small company supporting psychological health and understanding in communities, groups and with individuals.

Jo-anne's broad interests include group relations models of learning, working with personality difficulties, work in the homelessness sector and with people with chronic and long term mental health problems. She has consulted to members of the National Theatre and co-run workshops in psychotherapy and the arts. She has presented her work nationally and internationally and has published both clinical and research studies.

Helen Davis

Helen Davis is head of the Orthoptic section of the Academic Unit of Ophthalmology and Orthoptics at the University of Sheffield. She is programme leader of the BMedSci in Orthoptics and joint author of the Diagnosis and Management of Ocular Motility Disorders text book, a core text for the undergraduate programme. She continues in clinical practice at Sheffield Teaching Hospitals Foundation Trust and her main research interest is in the assessment of binocular vision.

Stephen Hutchins

Steve Hutchins is a Senior Lecturer in Orthotics at the University of Salford. He is a registered Orthotist and a member of the British Association of Prosthetists and Orthotists (BAPO). He is also a member of the Research Forum for Allied Health Professions (RFAHP). His main interests are undergraduate and post-graduate training and education. He has significant clinical experience in the orthotic treatment of disorders affecting the lower limbs and has studied the biomechanical implications of orthotic intervention as well as undertaking research into the design of componentry for use in various lower limb orthotic devices.

Stuart Mackay

Stuart Mackay started his career as a diagnostic radiographer, qualifying in Liverpool and then working in a range of hospitals in and around London for ten years. He then moved into radiography education and completed an MSc and PhD. He has published and presented in the fields of inter-professional education, problem-based learning and medical imaging evaluation. A key aspect of his research work has been exploring how well-prepared radiography graduates were for practice.

Stuart has over 20 years' experience in higher education and was appointed Professor of Medical Imaging Education at the University of Salford in 2007. He has been a programme leader at undergraduate and postgraduate level and teaches, supervises and examines students from BSc to PhD level. He is currently chair of the Faculty of Health Research Governance and Ethics committee at the University of Salford.

Gillian Pearson

Gill Pearson is a dietitian with over 30 years' experience of working both in higher education and the NHS. Gill currently works as the Programme Manager of the Nutrition Programmes at the University of Surrey. She has experience of working in both the NHS

and higher education, teaching on undergraduate and postgraduate courses. She has been a dietetic manager of both community and acute hospital dietetic departments, both in England and Scotland.

Jeff Seneviratne

Jeff Seneviratne was a Consultant Clinical Scientist in Clinical Biochemistry in Manchester and Stockport. He now works part time as a Clinical Lead for the Greater Manchester Pathology Network, for which he also chairs the Clinical Biochemistry Network Advisory Group and Information Management and Technology Group.

He has been involved in the UK National Pathology Benchmarking Review since 1995 and was a member of the Department of Health's Pathology Modernisation Guidance Steering Group which produced 'Pathology the Essential Service' in 2002. He has been National Meetings Secretary of the Association for Clinical Biochemistry and was Secretary of the Association of Clinical Scientists. His current interests include harmonisation of units of measurement and reference values for common investigations.

Robert Smith

Bob Smith is currently the Professional Lead for Biological Sciences in the Department of Bioscience at Sheffield Hallam University. He is a Fellow of the Institute of Biomedical Science, a Member of the Royal Society of Chemistry and a Chartered Chemist.

During his career Bob has been involved with the development of immunoassay techniques for use in the analysis of hormones and the development of research laboratories for a US diagnostics company. Since 1990 Bob has lectured in clinical biochemistry, and in 1996 was awarded a PhD for research work in diabetes. He continues to have a research interest in the analysis of abused drugs and was included in the Bioscience Department submission for the 2008 Research Assessment Exercise. He is a member of the editorial board of the British Journal of Biomedical Science.

Jois Stansfield

Jois Stansfield is Professor of Speech Pathology at Manchester Metropolitan University, having previously been Head of Speech and Language Sciences at Queen Margaret University, Edinburgh. She has acted as an HPC Visitor and member of investigating and conduct panels. She has extensive experience of curriculum development and external examining at undergraduate and post graduate levels. She has contributed to a wide range of professional publications, most recently the Royal College of Speech and Language Therapists' curriculum guidelines and disability guidelines. Her research and teaching interests encompass learning disability, fluency disorders, speech and language therapy service delivery, ethics and clinical education. Her current clinical practice is with adults with learning disabilities.

Stephen Wordsworth

Stephen Wordsworth is Head of the School for Health and Social Care within the Faculty of Health at Birmingham City University. With over twenty years' experience in both practice and education, Stephen has worked as an Operating Department Practitioner (ODP) Programme Leader and Principal Lecturer and has gained extensive experience of healthcare education in a number of universities.

Stephen has been involved in, and led, a number of national projects on behalf of the former Association of Operating Department Practice (AODP). These include serving as chair of the national curriculum steering group, scope of practice and subject benchmark projects. Stephen was awarded the AODP Fellowship in 1999 and was

appointed to the professional body Executive Council in 2002 and served in the position of Deputy Education Officer. Stephen was appointed to the HPC Council in the first year of statutory regulation of operating department practitioners by the HPC. He has been involved in the Quality Assurance Agency / NHS Reviewer for Healthcare Programmes for Major Review and worked as a HPC partner from 2005 until his appointment to Council.

Council meeting attendance

Member	May 2009	June 2009	July 2009	September 2009	October 2009	December 2009	February 2010	March 2010
Paul Acres (1)	X	X						
Ozan Altay (A)								
Patricia Blackburn (A) (2)			√	√	X	√	√	X
Karen Bryan (1)	√	√						
Mary Clark-Glass	√	X	√	√	X	√	√	X
Robert Clegg (1)	√	√						
Malcolm Cross (3)			√	√	X	X	X	√
Helen Davis (1)	√	√						
John Donaghy	√	√	√	√	√	√	√	√
Sheila Drayton	X	√	√	X	√	√	X	√
Julia Drown (3)			√	√	√	√	√	√
Christine Farrell (1)	√	√						
Daisy Haggerty (A)								
John Harper	X	X	√	√	√	X	√	X
Richard Kennett (3)			√	√	√	√	√	√
Carol Lloyd (A)								
Jeff Lucas	√	√	√	√	√	√	√	X
Morag MacKellar	√	X	√	X	√	√	√	√
Arun Midha (3)			√	√	√	√	√	√
Alan Mount (A)								
William Munro (1)	√	√						
Jacqueline Pearce (A)								
Gill Pearson (A)		√						
Doug Proctor (A)								

Penny Renwick (3)			X	√	√	√	√	X
Keith Ross	√	X	√	X	√	√	√	√
Pam Sabine (1)	X	X						
Deep Sagar (3)			X	√	√	√	√	√
Jeff Seneviratne (1)	√	√						
Jacqueline Sheridan (A)								
Graham Smith (1)	√	√						
Barbara Stuart (1)	√	√						
Eileen Thornton (A) (2)			√	√	√	√	X	√
Annie Turner	√	√	√	√	√	√	√	√
Joy Tweed (3)			√	√	√	√	√	√
Anna van der Gaag	√	√	√	√	√	√	√	√
Diane Waller	√	√	√	√	√	√	√	√
Neil Willis	√	√	√	√	√	√	√	√
Mark Woolcock (A)								
Stephen Wordsworth (1)	√	√						

Key

√ Attended

X Apologies for absence received

(A) Alternate member. Alternate members only attended Council meetings if the corresponding registrant member was unavailable. The requirement for alternate members of Council was removed with effect from 1 July 2009 by a statutory instrument, the Health Care and Associated Professions (Miscellaneous Amendments and Practitioner Psychologists) Order 2009.

(1) Council member until 30 June 2009

(2) Alternate member of Council until 30 June 2009, then Council member from 1 July 2009

(3) Council member from 1 July 2009

Committee meeting attendance

Audit Committee

Member	June 2009	September 2009	December 2009	February 2010
Paul Acres (1)	X			
Patricia Blackburn (2)		X	√	√
Richard Kennett (1)	X			
Carol Lloyd (1)	√			
Jeff Lucas (2)		√	√	√
Doug Proctor(1)	√			
Deep Sagar (2)		√	√	√
Jeff Seneviratne (1)	√			
Graham Smith (1)	X			
Joy Tweed (2)		√	√	√

Key

√ Attended

X Apologies for absence received

(1) Member until 30 June 2009

(2) Member from 6 July 2009

Communications Committee

Member	May 2009	November 2009	February 2010
Paul Acres (1)	X		
Ozan Altay (1)	√		
Patricia Blackburn (2)		√	√
Mary Clark-Glass (1)	√		
Sheila Drayton (2)		√	√
Julia Drown (2)		√	√
Christine Farrell (1)	√		
Daisy Haggerty (1)	√		
Morag MacKellar	√	√	√
Arun Midha (2)		√	X
Annie Turner (1)	X		
Diane Waller (2)		√	√
Mark Woolcock (1)	X		
Stephen Wordsworth (1)	X		

Key

√ Attended

X Apologies for absence received

(1) Member until 30 June 2009

(2) Member from 6 July 2009

Conduct and Competence Committee (statutory to July 2009)

Member	April 2009
Mary Clark-Glass	√
Helen Davis	√
John Donaghy	√
Carol Lloyd	X
Doug Proctor	X
Keith Ross	√
Pam Sabine	X

Key

√ Attended

X Apologies for absence

Education and Training Committee

The Council appointed an interim Education and Training Committee for the period July to October 2009 to allow for time to recruit new members to the Committee following the change in the Council's constitution.

Member		May 2009	June 2009		July 2009	September 2009		November 2009	March 2010
Neil Willis (1)	Committee membership until 31 June 2009	√	√						
Sheila Drayton (1)		X	√						
Christine Farrell (1)		√	√						
Carol Lloyd (1)		√	√						
Pam Sabine (1)		X	√						
Barbara Stuart (1)		√	√						
Alan Mount (2)	Committee membership until 7 October 2009	√	√	Interim Committee until 7 October 2009	√	X	Committee membership from 7 October 2009		
Karen Bryan (2)		√	√		X	√			
Eileen Thornton		√	√		√	√		√	√
John Donaghy		√	√		√	√		√	√
John Harper		X	X		√	X		X	X
Jeff Lucas		√	√		X	√		√	√
Diane Waller		√	√		√	√		√	√
Helen Davis		√	√		X	√		√	√
Stephen Hutchins		√	√		√	√		√	√
Gill Pearson		√	√		√	√		√	√
Jeff Seneviratne		√	√		√	X		√	√
Arun Midha (3)					X	√		√	√
Penny Renwick (3)					√	x		√	√
Annie Turner (3)					X	X		√	√
Joy Tweed (3)					√	√		√	√
Mary Clark-Glass (4)								X	√
Deep Sagar (4)								X	√
Jo-anne Carlyle (4)								√	√
Stuart MacKay (4)								√	√
Robert Smith (4)								√	√
Steve Wordsworth (4)								√	X

Key

√ Attended

X Apologies for absence received

(1) Member until 31 June 2009

(2) Member until 7 October 2009

(3) Member until 7 July 2009

(4) Member from 7 October 2009

Finance and Resources Committee

Member	April 2009	June 2009	July 2009	September 2009	November 2009	February 2010	March 2010
Robert Clegg (1)	√	√					
Patricia Blackburn (1)	√	X					
Mary Clark-Glass	√	√	√	X	X	√	√
Malcolm Cross (2)			√	√	X	X	X
Sheila Drayton	X	√	√	X	√	√	X
Julia Drown (2)			√	√	√	√	√
John Harper	√	X	√	√	√	X	X
Richard Kennett (2)			√	√	√	√	√
Arun Midha (2)			√	√	√	√	√
William Munro (1)	√	√					
Daniel Ross (1)	√	√					
Keith Ross	X	√	X	√	√	√	√
Jacqueline Sheridan (1)	√	X					
Barbara Stuart	√	√					
Eileen Thornton (2)			X	√	√	X	X
Neil Willis	√	X	√	√	√	√	√

Key

√ Attended

X Apologies for absence received

(1) Member until 30 June 2009

(2) Member from 6 July 2009

Fitness to Practise Committee (non-statutory, from July 2009)

Member	October 2009	February 2010
Mary Clark-Glass	√	√
Malcolm Cross	X	X
John Donaghy	√	√
Julia Drown	√	√
Morag MacKellar	√	√
Penny Renwick	√	√
Keith Ross	√	√
Deep Sagar	√	√
Annie Turner	√	√
Neil Willis	√	√

Key

√ Attended

X Apologies for absence received

Health Committee (statutory to July 2009)

Member	April 2009
Ozan Altay	√
Patricia Blackburn	√
Sheila Drayton	√
Shah H Khan	√
Jackie Pierce	X
Annie Turner	X
Neil Willis	√

Key

√ Attended

X Apologies for absence received

Investigating Committee (statutory to July 2009)

Member	April 2009
Nigel Callaghan	√
Robert Clegg	X
Christine Farrell	√
Daisy Haggerty	√
Morag MacKellar	√
William Munro	X
Barbara Stuart	√
Diane Waller	√
Mark Woolcock	X

Key

√ Attended

X Apologies for absence received

Remuneration Committee

Member	March 2010
Mary Clark-Glass	√
Malcolm Cross	X
Sheila Drayton	√
Julia Drown	√
John Harper	X
Richard Kennett	√
Arun Midha	√
Keith Ross	√
Eileen Thornton	X
Neil Willis	√

Key

√ Attended

X Apologies for absence received

Form of financial statements

In accordance with Article 46(1) (b) of the Health Professions Order 2001, the financial statements have been prepared in a form directed by the Privy Council in its Accounts Direction, which complies with the HM Treasury guidance on the preparation of accounts for non-departmental public bodies, as if the Health Professions Council were a non-Departmental Public Body (NDPB) of the Department of Health. These accounts have been prepared under first time adoption of International Financial Reporting Standards (IFRS).

Management commentary

Key operating statistics and commentary

The table below shows the key operating statistics for the five years to 31 March 2010.

	2005–06	2006–07	2007–08	2008–09	2009–10
Total operating income £000s	10,988	10,512	11,625	13,549	14,873
Total operating expenditure £000s	10,106	10,502	11,578	12,928	15,004
Net operating surplus/(deficit) in £000s	882	9	47	621	(131)
Working capital in £000s	2,532	2,449	3,010	3,042	4,300
Total assets in £000s	9,409	9,852	10,397	10,638	11,313
Capital purchases in £000s	1,040	544	1,539	1,242	1,073
Average number of full-time-equivalent permanent employees	76	80	95	116	127
Number of registrants	169,235	177,230	178,393	185,689	205,311
Number of professions regulated	13	13	13	13	14
Number of fitness to practise allegations	316	322	424	483	773
Number of fitness to practise hearings	140	222	324	396	567

The number of permanent employees at 31 March 2010 was 131.

In the five years since 2005, net registrant numbers have risen by 21.3 per cent. The number of registrants at the end of the financial year is a combination of the opening balance, the number of UK and international registrations added during the year, readmissions to the Register, additions from any new professions regulated, and reduced by the number of registrants who deregister during the year.

Income growth during the past five years has come both from growth in registrant numbers within each profession and from the addition of a new profession regulated (practitioner psychologists). The largest other volume growth contributions have come from the following professions: occupational therapists, paramedics, physiotherapists and radiographers. Income growth during the past five years also came from across-the-board fee rises. Following an extensive consultation process with stakeholders, the Council approved a general fee rise which came into effect on 1 April 2009. The renewal fee has increased from £72 per year to £76 per year and only takes effect from the date each profession next renews. The previous fee rise occurred in June 2007.

Financial review

There was a retained deficit after tax of £84,201 (2008–09, Deficit £376,934) for the year, which is set out in these financial statements. The underlying cause of the deficit was an impairment write down of the land and buildings, following the phase two building refurbishment work and a decrease in the market value. Phase two relates to an additional floor being built on the premises at 22–26 Stannary Street. The total impairment was £798,233 (2008–09, £1,109,690) with £210,000 (2008–09, £207,800) going through the revaluation reserve. Without the impairment adjustment, the results as at 31 March 2010 would show a surplus of £461,351. Also, included within this surplus was an unrealised gain of £461,807 (2008-09 deficit (£349,051) relating to the increase in market value of the financial assets. At 31 March 2010 accounting reserves had increased to £943,475 (2008–09, £877,676).

Net investment income, including gains or losses on sale of investments, totalled £86,180 (2008–09, £208,512).

The Consolidated Statement of Financial Position shows Property, plant and equipment totalling £2,567,475 (2008–09, £2,809,905). These are primarily freehold land and buildings. Asset additions of £639,497 included £527,484 of freehold property (building refurbishment work). The freehold land and buildings were revalued at the year end to £2,350,000 which resulted in the impairment as detailed above. Also included in the Statement of Financial Position are intangible assets at cost, totalling £3,001,435 relating to various computer systems. Included within intangible assets are the registration system, fitness to practise case management systems and the finance management system. Intangible asset additions of £432,644 included £52,867 relating to the fitness to practise case management system and £374,822 relating to the registration system. The investment portfolio is managed by professional fund managers with a market value at 31 March 2010 of £1,926,067 (2008–09, £1,347,418). Cash at bank and on deposit rose to £5,649,422 (2008–09, £5,341,865). There was deferred income of £8,813,953 (2008–09, £7,106,069) comprising registration and renewal fees received in advance.

Risks and key relationships

The Health Professions Council maintains and regularly updates an organisation-wide ‘risk register’. The register catalogues the agreed key risks facing the organisation in the short-to medium-term, assigns a risk owner and converts the risk likelihood and significance into a risk score. Please refer also to the ‘The risk and control framework’ in the Accounting Officer’s statement on internal control.

Over the next five years, regarding income, there is uncertainty in several areas. These include:

- forecasting the volumes for the number of new professional groups applying to join the Health Professions Council Register, the number of international applicants, the number of readmissions and the rate of deregistration of registrants, including retirements and voluntary deregistrations by profession;
- forecasting the magnitude of future fee changes; and
- accurately forecasting the number of aspirant professional groups wanting to become regulated by the Health Professions Council and the time when those groups may join the Register.

Over the next five years, regarding spending, there is uncertainty in several areas. These include the following.

- Forecasting the cost impacts (timing and magnitude) of compliance with the Government paper published in early 2007 entitled Trust, Assurance and Safety – The Regulation of Health Professionals in the Twenty-first Century. For example, the White Paper made a recommendation that all health professionals should be revalidated. The White Paper also recommended that counsellors and psychotherapists and health care scientists should be regulated by the Health Professions Council, and referred to the need for the existing health-care regulators to consider the regulation of health-care assistants / support workers. Other potential costs for health-care regulators include; those relating to selective language testing, student / trainee registration, post-registration qualification record-keeping, harmonisation of regulation between the UK / European regulators and annual equality and diversity reporting to parliament.
- Forecasting the increase in the number of fitness to practise allegations and the total cost of fitness to practise hearings.
- Forecasting the cost impacts (timing and magnitude) of capital infrastructure projects, including software enhancements, software upgrades and building works. These are also influenced by the timing of the White Paper changes outlined above.

The Health Professions Council continues to value its relationships with a wide range of stakeholder groups. These groups include the general public, employers, government, education providers, unions, professional bodies, other regulators and registrants. These key relationships do not affect the Health Profession Council's long-term financial position.

The Health Professions Council has supplier contracts relating to services that are a key part of fulfilling its function as a regulator. These include instructing a legal firm to provide legal services relating to conducting fitness to practise hearings and obtaining ongoing legal advice from an external public law advisor. It also includes ensuring IT-system-support contracts and data back-up procedures are in place.

Health and safety

The total number of employee sick leave days reported in 2009-10 was 943 (849 days, 2008–09). The average number of sick days per full time equivalent employee in 2009–10 was 7.4 days (7.3 days, 2008–09). The Health Professions Council is committed to adhering to the Health and Safety at Work Act 1974 and other related UK and European requirements to ensure that employees, partners, Council members, Committee members and external visitors to the Health Professions Council premises continue to enjoy the benefits of a safe working environment. No health and safety incidents were reported during the year.

Corporate, social and environmental responsibility

The Council first approved a corporate and social responsibility (CSR) 'statement of intent' in 2007. Since then a cross directorate working group has pursued ongoing and new initiatives around the statement of intent's main themes: employees, stakeholders, money, suppliers, environment and community.

In 2009–10, activities relating to corporate and social responsibility have included the following.

- The HPC tendering process now includes asking potential suppliers about their commitment to CSR.
- Small-scale internal fundraising events have raised money for local, national and international charities.
- An employee attitude survey showed that over 80 per cent of employees were satisfied with their work / life balance.
- We undertook a survey of modes of transport used by employees to get to work.
- In 2009–10, 23 metric tones of paper were recycled. This represents a 52-cubic-metre reduction in landfill, and is equivalent to 428 trees.

The working group's approach is flexible and allows new ideas and initiatives to be explored whilst ensuring the Council's commitment to this area. The working group plans to continue improving existing facilities and to explore new ways to contribute to the organisation's corporate and social responsibility.

Equality and diversity

The Health Profession Council maintains a single equality and diversity scheme encompassing commitments we have made in order to ensure that we are an organisation that values diversity and promotes equality. The scheme was updated in October 2009, and contains policy commitments on diversity strands, arrangements for training and information on the collection and monitoring of demographic data. It also includes departmental action plans, which link the commitments in the scheme to our formal work planning process.

In the coming year we plan to enhance our equality impact assessment process by developing a toolkit for policy makers, and will continue to develop our scheme in line with best practice and legislative changes.

The Health Professions Council is an equal opportunities employer and provides employment opportunities and advancement for all suitably qualified persons regardless of age, disability, ethnic origin, gender, marital status, socio-economic background, religion or beliefs, or sexual orientation. In November 2009 the HPC was recognised as a positive place to work for disabled people when we were awarded the Jobcentreplus Two Ticks for Disability symbol.

Personal-data-related incidents

There were no personal-data-related incidents identified or reported during the year.

Remuneration report

The remuneration levels for the Chief Executive and Executive Management Team (EMT) are reviewed annually in March by the Remuneration Committee, after due consideration of annual performance and changes in the London labour markets. Regarding labour market benchmarking of Health Professions Council employee roles, an external rating agency is used to assess remuneration levels, based on the job description outlined for each type of role. For existing employees, the resulting remuneration changes come into effect from the start of the subsequent financial year and apply for the full financial year, or until the date of leaving, whichever comes first.

In the Health Professions Council's remuneration package, the most significant item is salary benefit. No performance bonuses are payable to any employee and no senior managers are on fixed-term contracts. For employees passing their six-month probationary period, they can elect to join the contributory pension scheme. The employer contribution levels in the current employment contract were 16.5 per cent for contracts pre-dating May 2007 and seven per cent basic salary for employee contracts dated May 2007 onwards. The employee contribution rate is set at a minimum of three per cent of basic salary.

The employment contract for senior (departmental) managers requires a termination notice period of three months to be given by the employee after successfully completing their probationary period. At 31 March 2010, there were no provisions relating to compensation for early termination of any employees and no significant awards were made in respect of early termination made to past senior managers. No Health Professions Council employee roles require the employee to have a health practitioner's background.

The Chief Executive and Registrar's total remuneration was £168,503 (2008–09, £164,878). This includes basic pay as well as pension contributions paid by the Council of £23,865 (2008–09, £23,352). The Chief Executive and Registrar is an ordinary member of the Friends Provident Pension Scheme (see note 5). His total pension fund value was £353,792 (2008–09, £218,252) and his age is 55. No other senior employee salaries are disclosed, as decision-making is vested in the Council members.

The Chair and Council members do not receive remuneration for their services but receive an attendance allowance when they attend Council and Committee meetings. The Chair also receives an additional amount for preparatory and administrative work up to 60 days per annum. No benefits in kind were provided to the Chair, Council and Committee members during the year.

Council and Committee member allowances, totalling £229,596 (2008–09, £244,725) were accrued and paid to 62 members (41 members in 2008–09). This includes five non-Council Committee Members. The attendance allowances accrued and paid directly to, or via their employer, those members earning at least £5,000 in annual value were as follows.

Council Member	Role	Accrued and paid directly	Employer
Anna van der Gaag	Chair	£50,995	Goldsmith University
Diane Waller	Council Member	£14,415	
Neil Willis	Council Member	£11,670	University College Northampton
Annie Turner	Council Member	£9,870	
Keith Ross	Council Member	£9,250	
Richard Kennett	Council Member	£8,630	
John Donaghy	Council Member	£8,630	
Joy Tweed	Council Member	£7,750	
Mary Clark-Glass	Council Member	£7,440	
Arun Midha	Council Member	£7,440	
Jeff Lucas	Council Member	£7,130	
Julia Drown	Council Member	£6,820	
Deep Sagar	Council Member	£5,840	
Morag Mackellar	Council Member	£5,580	
Penny Renwick	Council Member	£5,270	
Sheila Drayton	Council Member	£5,270	Drayton Associates Ltd

Council and Committee member expenses and fees

In 2006, following a review of how the Health Professions Council reimburses Council and Committee member allowance fees and expenses, it was found that the Council would have an obligation to pay the associated PAYE and National Insurance on expenses and National Insurance contributions on attendance allowance fees paid. The Council has updated their payment policy and procedure to reflect this. HMRC has agreed that £179,950 should be paid relating to years 2003–08. This includes any penalties and charges due. This has been provided for in the previous years accounts and was paid in April 2010. An accrual of £19,416 has been made relating to the financial year 2009–10.

Methods used to assess performance

The review system for Council members was agreed by the Council in 2006. The system provides a mechanism for annual self-appraisal; a mechanism for appraisal of the Chair; and an opportunity for members of Council to discuss their experiences of the Health Professions Council with the Chair. The system is competency-based, in common with many systems used for review of board members. Members complete a self-appraisal form and meet with the Chair for discussion and feedback and identification of any training needs. The Chair then presents a paper to Council, outlining general themes and conclusions from the process.

Audit information

The Accounting Officer for the Council confirms that he has taken steps to ensure the auditors are aware of all information pertinent to the audit and has ensured that such information he was aware of was notified to and made available to the auditors. The Accounting Officer confirms that there is no relevant audit information he is aware of that has not been communicated to the auditors.

Auditors

The management commentary and remuneration report of the annual report and financial statements are audited by the Health Professions Council's external auditors, the National Audit Office.

Under the Article 46 (5) of the Health Professions Order 2001, the Comptroller and Auditor General are required to examine, certify and report on the annual accounts.

The Health Professions Council's internal auditors are PKF (UK) LLP.

By order of the Council

Anna van der Gaag
Chair

Marc Seale
Chief Executive and Registrar
Accounting Office

Signature

Signature

Date 7 July 2010

Date 7 July 2010

Statement of responsibilities of the Council and its Chief Executive in respect of the accounts

Under the Health Professions Order 2001, the Health Professions Council has directed the Health Professions Council to prepare for each financial year a statement of accounts in the form and on the 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 the Health Professions Council and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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
- 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 financial statements, and
- Prepare the financial statements on a going concern basis.

The Privy Council has appointed the Chief Executive as Accounting Officer of the Health Professions Council. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for the Accounting Officer is answerable, for keeping proper records and for safeguarding the Health Professions Council's assets, are set out in the Health Professions Order 2001 published by the Privy Council.

Accounting Officer's statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives, whilst safeguarding the Health Profession Council's assets for which I am responsible, in accordance with the responsibilities assigned to me by the Privy Council.

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 the Council'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. The system of internal control has been in place in the Health Professions Council for the year ending 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

The governing Council vests the responsibility of its risk management process in its Executive Management Team, which is responsible for formulating methods of mitigating identified risks and for formulating a business-continuity plan. The Executive Management Team is responsible for ensuring that employees and visitors to the Health Professions Council premises are suitably briefed and trained where necessary. The Health Professions Council uses the ongoing services of a risk management consultancy firm to ensure health and safety awareness and training. Regarding the 22–26 Stannary Street building project, a further specialist consultant was used to ensure health and safety compliance relating to the project.

Safeguarding personal and other sensitive data

The Health Professions Council operates a range of measures to help safeguard personal and other sensitive data. A review of these measures was made by the Audit Committee during the year. Broadly, the measures include:

- information-security training for employees;
- operating different types and levels of system-access rights;
- creating audit trails of record changes;
- use of unique user-codes and passwords to access systems, laptops and PCs;
- the use of electronic firewalls and virtual private networks;
- regular data-security-penetration testing by specialist external parties;
- the use of data-protection agreements and employee agreements containing data-confidentiality clauses;
- the use of locked safes and locked filing cabinets;
- secure, offsite record storage;
- redaction (removal of sensitive fitness to practise information from documents) before publication on websites;
- the use of shredding machines and confidential waste disposal arrangements;
- physical destruction of computer hard disks prior to recycling by the manufacturer;
- the use of standalone PCs and smartcards;
- the use of post-transaction verification messages; and
- the use of CCTV and physical access controls relating to the buildings and IT infrastructure.

The risk and internal control framework

Current risks are identified and evaluated as to their significance and probability of occurrence by the Executive Management Team with input from the internal and external auditors. All such risks are assigned a risk owner who is responsible for managing and mitigating the risk. Risk management is an ongoing process. The Audit Committee formally reviews the latest Risk Register information during the year. The Committee takes into account feedback from the auditors and it provides feedback to the Executive. Risks identified in the Risk Register are considered and referenced in the work plans for each department and highlighted in significant projects.

Risk mitigation occurs in a variety of ways. For example:

- monitoring regular management information (exception reporting);
- obtaining suitable insurance cover;
- investment diversification;
- ensuring certain administrative procedures such as regular password changes and the segregation of duties;
- providing employee training
- monitoring legislative changes for their impact on the Health Professions Council's operations; and
- maintaining a system of accountability.

To elaborate, it includes:

- ensuring consideration of the Council's strategic objectives in reacting to change brought about by UK legislation and other external pressures;
- reviewing and updating operating procedures;
- ensuring suitable systems and physical infrastructures are in place;
- ensuring employees are adequately briefed and trained in order to respond to change;
- ensuring that corporate governance best practice, as appropriate to the Council, is maintained and updated to meet changing requirements;
- constructing comprehensive budgeting and forecasting models to produce an annual budget and five-year plan which are reviewed and agreed by the Council;
- ensuring regular reviews by the Council and the Finance and Resources Committee of monthly and annual financial performance against forecasts;
- ensuring ongoing audits by the internal and external auditors, and specialist information technology / service security providers;
- obtaining external specialist advice on legislative compliance in a range of areas;
- setting performance targets to measure financial and other performance, including individual goals and objectives for departments and managers;
- clearly defining and monitoring procedures for the authorisation and control of revenue and expenditure;
- operating within the dictates of the Financial Regulations, financial policies and procedures;
- ensuring clear documentation of operating procedures and processes to maintain International Organisation for Standardisation (ISO) accreditation; and
- regular quality audits of the Health Professions Council's processes by the British Standards Institute that are risk-based.

Internal controls are created and maintained by the Executive Management Team. The internal controls are routinely reviewed by the internal and external auditors and commented on in their audit findings reports. These audit findings reports are presented

on a regular basis to the Audit Committee. The Audit Committee reviews the audit findings and associated management responses in those reports. The Committee creates action points for the Executive to improve internal controls, as appropriate. The minutes of the Audit Committee are routinely provided to the Council to note. If necessary, internal control issues are escalated by the Audit Committee to the Council. Achievement of the Audit Committee action points is monitored at subsequent Audit Committee meetings and addressed as appropriate, in audit findings reports from the auditors.

As the Accounting Officer, I routinely attend Council meetings, Audit Committee meetings and Executive Management Team meetings. I am also the designated senior officer in the whistle-blower policy for employees to approach, if they have concerns regarding malpractice (significant internal control concerns).

Review of effectiveness

As the 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 is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letters and other reports. I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the Council and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. The process is outlined under the heading 'The risk and internal control framework' above.

During 2009-10 the key risks which we addressed were:

- Change in governance procedures saw new council members appointed through the public appointment process against competencies in place of the previous election process.
- Opening the register to Practitioner Psychologists
- Preparation to open the register to Hearing Aid Dispensers,
- Preparation for the new online renewal system
- Budget setting assumptions including the risk of: increased volume and complexity of Fitness to Practise cases and the number and mix of fee paying registrants.

Internal auditors

The Council appointed PKF (UK) LLP as the Health Professions Council's internal auditors in May 2006. During the 2010 financial year, internal audits were carried out in a number of key areas, namely review of the high level controls in relation to management of HPC's investigations processes, health & safety management review including risk assessment policy and procedures, financial systems, corporate governance and risk management.

I conclude from my review that there are no significant weaknesses to report.

Marc Seale

Chief Executive and Registrar
Accounting Officer

Signature

Date 7 July 2010

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Health Professions Council for the year ended 31 March 2010 under Article 46(5) of the Health Professions Order 2001. These comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Financial Position, the Council Statement of Financial Position, the Consolidated Cash Flow Statement; the Council Cash Flow Statement; the Consolidated Statement of Changes in Reserves; the Council Statement of Changes in Reserves 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 being audited.

Respective responsibilities of the Council and its Chief Executive and auditor

As explained more fully in the Statement of responsibilities of the Council and its Chief Executive the Chief Executive as Accounting Officer is 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 the financial statements in accordance with law and 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 Health Professions Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Health Professions Council and the overall presentation of the financial statements.

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 Health Professions Council's affairs as at 31 March 2010 and of its deficit, changes in reserves and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health Professions Order 2001 and the Privy Council directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Privy Council directions issued under the Health Professions Order 2001 and
- the information given in the 'Composition of the Council' and 'Management Commentary' sections of 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 are not in agreement with the accounting records or returns; or
- I have not received all of 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

14 July 2010

Consolidated income and expenditure account for the year ended 31 March 2010

	Notes	2010 £	2009 £
Income			
Fee income	3	14,868,732	13,550,077
Other income		4,601	(1,008)
Total operating income		<u>14,873,333</u>	<u>13,549,069</u>
Staff costs	5	5,236,391	4,723,318
Depreciation and amortisation		376,097	346,581
Other expenditure		9,391,791	7,857,694
Total operating expenditure	7	<u>15,004,279</u>	<u>12,927,593</u>
(Deficit) / Surplus for the year after operational costs		<u>(130,946)</u>	<u>621,476</u>
Investment income	4	86,180	208,512
Profit / (Loss) on disposal of investments		53,441	(14,864)
Unrealised gains / (losses) on investments	12	461,807	(349,051)
Impairment of freehold land and buildings	11	(545,555)	(848,896)
Cost of capital	6	(51,158)	(64,844)
Deficit after notional credit and investment income		<u>(126,231)</u>	<u>(447,667)</u>
Reversal of notional charge	6	51,158	64,844
Deficit on ordinary activity before taxation		<u>(75,073)</u>	<u>(382,823)</u>
Taxation	8	(9,128)	5,889
Retained deficit for the year		<u>(84,201)</u>	<u>(376,934)</u>

The operating deficit for the year arises from the Council's continuing operations.

The notes on pages 47 to 67 form part of these financial statements.

Consolidated statement of financial position as at 31 March 2010

	Notes	2010 £	2009 £	1 April 2008 £
Non-current assets				
Property, plant and equipment	9	2,567,475	2,809,905	3,262,954
Intangible assets	10	963,616	784,331	493,261
Total non-current assets		<u>3,531,091</u>	<u>3,594,236</u>	<u>3,756,215</u>
Current assets				
Trade and other receivables	14	206,726	354,207	213,204
Financial assets	12	1,926,067	1,347,418	1,528,047
Cash and cash equivalents	15	5,649,422	5,341,865	4,899,109
Total current assets		<u>7,782,215</u>	<u>7,043,490</u>	<u>6,640,360</u>
Total assets		<u>11,313,306</u>	<u>10,637,726</u>	<u>10,396,575</u>
Current liabilities				
Trade and other payables	16	(1,555,878)	(2,653,981)	(2,139,282)
Deferred income	17	(8,813,953)	(7,106,069)	(6,869,190)
Total current liabilities		<u>(10,369,831)</u>	<u>(9,760,050)</u>	<u>(9,008,472)</u>
Assets less liabilities		<u>943,475</u>	<u>877,676</u>	<u>1,388,103</u>
Reserves				
Revaluation reserve		3,946	213,946	421,746
General reserve		939,529	663,730	966,357
		<u>943,475</u>	<u>877,676</u>	<u>1,388,103</u>

The notes on pages 47 to 67 form part of these financial statements.

Approved and authorised for issue on behalf of the Council and signed on its behalf:

Anna van der Gaag
Chair

Marc Seale
Chief Executive and Registrar
Accounting Officer

Signature

Signature

Date 7 July 2010

Date 7 July 2010

Council statement of financial position as at 31 March 2010

	Notes	2010 £	2009 £	1 April 2008 £
Non-current assets				
Property, plant and equipment	9	2,567,475	1,908,052	2,142,954
Intangible assets	10	963,616	784,331	493,261
Investments in subsidiaries	13	-	750,000	750,000
Total non-current assets		<u>3,531,091</u>	<u>3,442,383</u>	<u>3,386,215</u>
Current assets				
Trade and other receivables	14	206,726	2,198,727	1,395,883
Financial assets	12	1,926,067	1,347,418	1,528,047
Cash and cash equivalents	15	5,649,422	5,341,865	4,899,109
Total current assets		<u>7,782,215</u>	<u>8,888,010</u>	<u>7,823,039</u>
Total assets		<u>11,313,306</u>	<u>12,330,393</u>	<u>11,209,254</u>
Current liabilities				
Trade and other payables	16	(1,555,878)	(2,336,940)	(1,847,508)
Deferred income	17	(8,813,953)	(7,106,069)	(6,869,190)
Total current liabilities		<u>(10,369,831)</u>	<u>(9,443,009)</u>	<u>(8,716,698)</u>
Assets less liabilities		<u>943,475</u>	<u>2,887,384</u>	<u>2,492,556</u>
Reserves				
Revaluation reserve		3,946	213,946	421,746
General reserve		939,529	2,673,438	2,070,810
		<u>943,475</u>	<u>2,887,384</u>	<u>2,492,556</u>

The notes on pages 47 to 67 form part of these financial statements.

Approved and authorised for issue on behalf of the Council and signed on its behalf:

Anna van der Gaag
Chair

Marc Seale
Chief Executive and Registrar
Accounting Officer

Signature

Signature

Date 7 July 2010

Date 7 July 2010

Consolidated cash flow statement as at 31 March 2010

	2010 £	2009 £
Cash flows from operating activities		
(Deficit) / Surplus from operating activities	(130,946)	621,476
Depreciation and amortisation	376,097	346,581
Disposal of Property, Plant and Machinery	3,637	521
Decrease / (Increase) in trade and other receivables	147,481	(141,003)
(Decrease) / Increase in creditors	(1,082,797)	533,308
Increase in deferred income	1,707,884	236,879
Net cash inflow from operating activities	<u>1,021,356</u>	<u>1,597,762</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(639,497)	(739,327)
Purchase of intangible assets	(432,648)	(502,492)
Purchase of financial assets	(230,283)	(498,165)
Proceeds from sale of financial assets	113,441	329,743
Investment income	86,181	208,512
Gain/(Loss) on disposal of financial assets	53,441	(14,865)
Net cash flows from investing activities	<u>(1,049,365)</u>	<u>(1,216,594)</u>
Taxation	(24,434)	(12,719)
Cash flows from financing activities		
Grant income from the Department of Health	360,000	74,307
	<u>360,000</u>	<u>74,307</u>
Net increase in cash and cash equivalents in the period	<u>307,557</u>	<u>442,756</u>
Cash and cash equivalents at the beginning of the period	<u>5,341,865</u>	<u>4,899,109</u>
Cash and cash equivalents at the end of the period	<u>5,649,422</u>	<u>5,341,865</u>

The notes on pages 47 to 67 form part of these financial statements.

Council cash flow statement as at 31 March 2010

	2010 £	2009 £
Cash flows from operating activities		
(Deficit) / Surplus from operating activities	(2,785,462)	677,835
Depreciation and amortisation	357,721	320,787
Disposal of Property, Plant and Machinery	3,637	521
Decrease / (Increase) in trade and other receivables	1,992,001	(802,844)
(Decrease) / Increase in creditors	(765,756)	508,041
Increase in deferred income	1,707,884	236,879
Net cash inflow from operating activities	<u>510,025</u>	<u>941,219</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(128,166)	(82,784)
Purchase of intangible assets	(432,648)	(502,492)
Purchase of financial assets	(230,283)	(498,165)
Proceeds from sale of financial assets	113,441	329,743
Investment income	86,181	208,512
Gain/(Loss) on disposal of financial assets	53,441	(14,865)
Net cash flows from investing activities	<u>(538,034)</u>	<u>(560,051)</u>
Taxation	(24,434)	(12,719)
Cash flows from financing activities		
Grant income from the Department of Health	360,000	74,307
	<u>360,000</u>	<u>74,307</u>
Net increase in cash and cash equivalents in the period	<u>307,557</u>	<u>442,756</u>
Cash and cash equivalents at the beginning of the period	<u>5,341,865</u>	<u>4,899,109</u>
Cash and cash equivalents at the end of the period	<u>5,649,422</u>	<u>5,341,865</u>

The notes on pages 47 to 67 form part of these financial statements.

Statement of changes in reserves

Group	Revaluation reserve £	General reserve £	Total reserves £
Balance at 31 March 2008	421,746	1,003,000	1,424,746
Change in accounting policy	-	(36,643)	(36,643)
Balance at 1 April 2008	421,746	966,357	1,388,103
Net loss on revaluation of property, plant and equipment	(207,800)		(207,800)
Deficit for the year		(376,934)	(376,934)
Grant income received		74,307	74,307
Balance at 31 March 2009	213,946	663,730	877,676
Net loss on revaluation of property, plant and equipment	(210,000)	-	(210,000)
Deficit for the year	-	(84,201)	(84,201)
Total recognised income and expense for the year	(210,000)	(84,201)	(294,201)
Grant income received	-	360,000	360,000
Balance at 31 March 2010	3,946	939,529	943,475

Council	Revaluation reserve £	General reserve £	Total reserves £
Balance at 31 March 2008	421,746	2,107,453	2,529,199
Change in accounting policy	-	(36,643)	(36,643)
Balance at 1 April 2008	421,746	2,070,810	2,492,556
Net loss on revaluation of property, plant and equipment	(207,800)		(207,800)
Surplus for the year		528,321	528,321
Grant income received		74,307	74,307
Balance at 31 March 2009	213,946	2,673,438	2,887,384
Net loss on revaluation of property, plant and equipment	(210,000)	-	(210,000)
Deficit for the year	-	(2,093,909)	(2,093,909)
Total recognised income and expense for the year	(210,000)	(2,093,909)	(2,303,909)
Grant income received	-	360,000	360,000
Balance at 31 March 2010	3,946	939,529	943,475

Notes to the financial statements for the year ended 31 March 2010

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the 2009–10 Government Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Health Professions Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Health Professions Council are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Adoption of IFRS

In preparing these consolidated financial statements, the Council has not elected to apply any of the transitional arrangements permitted by IFRS1 'First-time Adoption of International Financial Reporting Standards'.

The Council has made estimates under IFRS at the date of transition, which are consistent with those estimates made for the same date under UK GAAP unless there is objective evidence that those estimates were in error. Accordingly, the Council has not reflected any new information in its opening IFRS Statement of Financial Position but will reflect that new information in its income and expenditure account for subsequent periods.

Judgments made by the Council in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed below.

Standards, amendments and interpretations to published standards not yet effective

On 31 March 2010 the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for, and have not been applied in the preparation of, the opening Statement of Financial Position.

- IAS 27: Consolidated and Separate Financial Statements (Amended) (effective as of 1 July 2009)
- IFRIC Interpretation 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective as of 1 July 2008 – not yet endorsed by the EU)
- Amendments to IFRS1 and IAS27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for accounting periods beginning on or after 1 January 2009). These amendments are still to be endorsed by the EU

The Council anticipates that the adoption of these standards and interpretations will not have a material impact on the opening Statement of Financial Position.

Consolidation

The Subsidiary has been consolidated using the acquisition method. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. All financial statements are made up to 31 March 2010.

Going concern

The officers of the Council have reviewed the operations and cash flow forecasts for the period 31 March 2011. The Council considers that it is appropriate to prepare the Statement of Financial Position on a going concern basis.

Investments in subsidiaries

Fixed asset investments in subsidiary undertakings are shown at cost less provisions for impairment in value. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income and expenditure account in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income and expenditure account unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses in respect of both land and buildings recognised after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair-value of a revalued building does not differ materially from its carrying amount. The fair value of freehold properties is determined with a full valuation carried out by professionally qualified Chartered Surveyors on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors, with a minimum interval of five years, more frequently if open market values are considered to be volatile. The latest valuation was in April 2010. Property capital costs incurred between valuations are capitalised at cost.

Any revaluation surplus is credited to the assets revaluation reserve included in the accumulated funds section of the Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income and expenditure account, in which case the increase is recognised in the income and expenditure account. A revaluation deficit is recognised in the income and expenditure account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the buildings and the net amount is restated to the revalued amount of the buildings. Upon disposal, any revaluation reserve relating to the particular building being sold is transferred to the General Funds.

Plant and equipment are stated at historic cost of acquisition less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life. Individual assets costing £1,000 or more are capitalised and subsequently depreciated. Items costing less than £1,000, other than computers and related equipment, are written off to the income and expenditure account in the year of acquisition.

Property, plant and equipment are depreciated using the straight-line method based on estimated useful lives. The annual rate of depreciation for each class of depreciable asset held at 31 March 2010 is:

- Freehold buildings – over 50 years.
- Office furniture and equipment – over four years.
- Computer equipment – over three years.

The carrying value of non-current assets is assessed annually and any impairment is charged to the income and expenditure account. The estimated useful life and residual values of non-current assets are also assessed annually.

Intangible assets

Intangible assets are stated at historic cost of acquisition less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated

amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

The registration IT system, finance software and fitness to practise case management system are amortised over three years using the straight-line method based on estimated useful life.

Financial instruments

Financial assets

The Council classifies its financial assets into one of the categories below, depending on the purpose for which the asset was acquired.

Financial assets at fair value through profit or loss. These comprise an investment in a managed fund comprising a mixed portfolio of listed securities, government securities and cash deposits. The fair value of the investments is based on the closing quoted bid price at the accounting dates. Gains and losses arising from changes in market value are included within other operating income or expense.

Trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services but also incorporate other types of contractual monetary assets. They are initially recognised at fair-value plus associated transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at invoiced value or amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents. These include cash in hand, deposits held at call with banks and bank overdrafts.

Financial liabilities

The Council classifies its financial liabilities as follows.

Trade and other payables. These are initially recognised at fair-value and then carried at invoiced value or amortised cost. These arise principally from the receipt of goods and services.

Provisions. A provision is recognised in the Statement of Financial Position when the Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at the HMT discount rate of 2.2 per cent.

Pensions

The Council contributes to a defined contribution pension scheme on behalf of its employees. Council contributions are expensed to the income and expenditure account on an accruals basis.

The Council previously operated or supported two defined benefit pension scheme arrangements on behalf of its employees and former employees. The first scheme is a final salary scheme closed in June 1995. The second scheme is a defined benefit occupational pension scheme supported by a levy on the Council and other external contributing bodies. This scheme was closed to new entrants in July 2006. Both schemes required contributions to be made to separately administered funds. There is an ongoing potential liability on the Council to meet its share of the current obligations of these two schemes where periodic actuarial valuations are undertaken. The earlier scheme currently indicates a small surplus and the later scheme currently indicates a deficit. Contributions made to the schemes are expensed to the surplus and deficit when the liability is identified. An identified surplus is credited to surplus and deficit when receivable.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised.

There are no other unfunded employee benefit arrangements.

Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes or duty. Income arising from the provision of services is recognised when and to the extent that the Council obtains the right to consideration in exchange for the performance of its contractual obligations.

Fee income comprises registration fees, readmission fees, renewal fees, scrutiny fees and preregistration fees. Scrutiny, registration and readmission fees are charged and collected upon application for registration. Renewal fees are collected in advance and are recognised as deferred income in the Statement of Financial Position until they become period income. The renewal cycle for each of the 14 professions covers two years and registrants are charged on the anniversary of the renewal cycle for their profession. Registrants have a choice of whether to pay two years upfront or on a bi-annual basis.

Interest income is recognised on an accruals basis. Other income, including dividends, is recognised when receivable.

Grant income

Grants and grants-in-aid received are accounted as financing contributions and credited directly to reserves.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign currency

The presentational and functional currency of the Council is pound sterling.

In preparing the financial statements of the Council, transactions in currencies other than the Council's functional currency (foreign currencies) are recorded at the rates

of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the Statement of Financial Position date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items is included in the income and expenditure account for the period.

Taxation

Income tax expense or taxation recoverable represents the sum of the tax currently payable or recoverable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income and expenditure account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Council's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income and expenditure account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notional charge

In accordance with HM Treasury guidance, a notional charge for the cost of capital employed in the period is included in the income and expenditure account along with an equivalent reversing notional income to finance the charge. The charge for the period is calculated using HM Treasury's discount rate of 3.5 per cent applied to the average value of capital employed during the period. Because of the significance of deferred income in contributing to the value of capital employed, the charge is shown as a notional credit.

2 First-time adoption of IFRS	General reserve £	Revaluation reserve £	Total £
Stakeholder equity at 31 March 2009 under UK GAAP	702,286	213,946	916,232
Adjustment for: Holiday pay accrual – IAS 19 Employee benefits	(38,556)	-	(38,556)
Stakeholder equity at 1 April 2009 under IFRS	<u>663,730</u>	<u>213,946</u>	<u>877,676</u>
			£
Net expenditure for 2008–09 under UK GAAP			(375,021)
Adjustment for: Holiday pay accrual – IAS 19 Employee benefits			(1,913)
Net expenditure for 2008–09 under IFRS			<u>(376,934)</u>
 3 Fee income (by profession)		2010 £	2009 £
Arts therapists		192,002	134,998
Biomedical scientists		1,728,638	1,661,100
Chiropodists / podiatrists		919,395	887,511
Clinical scientists		335,829	320,473
Dietitians		509,064	429,201
Occupational therapists		2,346,945	2,230,139
Operating department practitioners		700,742	618,973
Orthoptists		97,712	102,089
Paramedics		1,117,072	1,024,029
Physiotherapists		3,346,369	3,300,962
Prosthetists / orthotists		72,160	64,819
Practitioner psychologists		576,107	-
Radiographers		1,967,994	1,885,001
Speech and language therapists		958,703	890,782
		<u>14,868,732</u>	<u>13,550,077</u>

4 Investment income	2010	2009
	£	£
Bank deposit interest	22,684	137,729
Investment deposit interest	78	4,331
Fixed interest securities	21,032	13,344
Quoted equities	42,386	53,108
	<u>86,180</u>	<u>208,512</u>
5 Staff costs	2010	2009
	£	£
Wages and salaries	3,996,768	3,559,087
Social security costs	424,062	375,347
Pension costs	313,942	326,984
Other payroll expense including recruitment and temporary staff	501,619	461,900
	<u>5,236,391</u>	<u>4,723,318</u>

The average number of full time equivalent (FTE) permanent employees, fixed-term contractors (non-agency staff) and temporary / agency contractors during the year was as follows.

Department FTEs	2010		2009	
	Temporary /agency contractors	Temporary / agency contractors	Permanent and fixed-term contractors	Permanent and fixed-term contractors
Chief Executive's Office	0	0.1	2	2
Education	0.5	0.4	12	10
Communications	0.7	0.7	9	9
Facilities	0	0.2	6	6
Finance	0.5	0.9	7	7
Fitness to Practise	1.7	1.3	31	25
Human Resources (including Partners)	0	0.2	5	5
Information Technology	0	0	6	5
Operations	0	0	6	7
Policy and Standards	0.2	0.1	4	4
Registration	2	0.8	35	32
Secretariat	0	0.2	4	4
Total	<u>5.6</u>	<u>4.9</u>	<u>127</u>	<u>116</u>

Pension funding arrangements

The Council for Professions Supplementary to Medicine (CPSM) Scheme

This final salary scheme was closed in June 1995 and has no active members. On 28 March 2002, all members of the CPSM Scheme were served with a statutory notice of closure. At March 2010, the Scheme had 9 (2009, 9) deferred members (members whose benefits are not yet in payment) and 7 (2008, 7) members with pensions in payment. The benefits are secured by insurance policies issued by The Scottish Life Assurance Society ("Scottish Life").

Winding-up the Scheme is reliant on Scottish Life securing pensions which increase in-line with the requirements of the Scheme rules. The rules provide for a minimum pension increase of three per cent per annum. In addition, in relation to service after 1997, if increases in the Retail Prices Index (RPI) exceed three per cent, then increases must be provided at the rate of increase in RPI, subject to a cap of five per cent.

The last actuarial valuation was provided on 23 April 2001. The latest non-actuarial valuation (solvency quotation) by Scottish Life in February 2008 indicated that the assets of the fund were sufficient to meet the future requirements of the Scheme. In 2007, the Health Professions Council appointed a firm of pension lawyers to work with the trustees to resolve the outstanding issues pertinent to winding-up the Scheme, including how any new surplus would be distributed.

The Capita Federated FlexiPlan Scheme

This Scheme is a defined benefit, occupational pension scheme. Its target was to provide final-salary benefits at retirement, but Capita notified the Health Professions Council in January 2007 that with effect from 10 July 2006, the provision of target benefits was withdrawn due to difficulties in the funding position of the Scheme. The Scheme is now a money-purchase arrangement with guaranteed rates of interest of two per cent per annum for contributions received after 31 March 2003 and four per cent for contributions received before that date. At retirement, a member's pension will be the annuity that can be purchased on the open market by the member's Capital Account.

The Capita Federated FlexiPlan scheme is a multi-employer scheme comprising at least 70 active employers at 31 March 2010. Entrust Pension Recovery Ltd ("Entrust") was appointed as the corporate trustee in May 2007 and KPMG appointed as the scheme administrators and actuaries to the trustees in July 2008. The Scheme is covered by the Pension Protection Fund (PPF) for which a levy is payable. The Scheme is now in the process of being wound up and all employers' contributions were stopped at the end of January 2010.

The most recent actuarial valuation of the Scheme indicated that the value of the Scheme's assets were less than the value of the Scheme's liabilities. The amount of deficit is not known as there is an issue relating to a technical point in the Scheme. To resolve this, the Scheme's administrators are seeking clarification by application to court. The case is due to be heard in the latter part of 2010. To date, no consistent and reasonable basis for splitting the assets and liabilities of the plan across the more than 350 employers who have historically participated in the Scheme has been identified and therefore the Health Professions Council is exempt from the full requirements of FRS17. The Scheme is therefore treated on a defined-contribution accounting basis in these financial statements. However, when the future net deficit is

identified in scheme valuation (scheme liabilities greater than scheme assets), the Health Professions Council is likely to bear its share of funding this deficit on a basis yet to be determined.

The Friends Provident Scheme

This is a designated stakeholder, defined contribution scheme open to Health Professions Council employees from May 2008. At 31 March 2010, there were 60 active members (employees) in the pension scheme.

6 Notional charge	2010	2009
	£	£
Cost of capital	<u>51,158</u>	<u>64,844</u>

Notional cost of capital is calculated as 3.5 per cent (2008-9, 3.5%) of the average capital employed by the Council in the year.

7 Operating expenditure includes:	2010	2009
		£
Depreciation	122,734	135,159
Amortisation	253,363	211,422
Loss on disposal of fixed asset	3,685	481
Auditors' remuneration:		
• External audit – Baker Tilly UK Audit LLP	6,450	51,821
• External audit – National Audit Office	36,800	5,700
• Internal audit – PKF (UK) LLP	34,407	27,004

During the year the Health Professions Council received the following non-audit services from its previous auditor, Baker Tilly.

	2010	2009
	£	£
Corporation taxation advice	13,900	11,248
VAT advice regarding deregistration		4,541
Review of the opening balance for IFRS	12,650	3,163

8 Taxation	2010	2009
	£	£
Current tax:		
UK corporation tax on profits of the year	9,224	24,530
Adjustment in respect of prior years	(96)	(30,419)
Total current tax charge/(credit)	<u>9,128</u>	<u>(5,889)</u>
Deferred taxation:		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>9,128</u>	<u>(5,889)</u>
Factors affecting tax charge/ (credit) for year:		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below:		
Deficit on ordinary activities before tax	<u>(75,076)</u>	<u>(382,823)</u>
Deficit on ordinary activities multiplied by standard rate of corporation tax in the UK – 28% (2008-9, 28%)	(21,021)	(107,190)
Effect of:		
Non-taxable income	(4,157,641)	(3,806,330)
Write-off of unrealised losses on investments not taxed	(129,306)	97,734
(Profit)/ loss on disposal of investments	(14,963)	4,162
Expenses not deductible for tax purposes	4,343,688	3,847,545
Benefits of small companies starting rate relief	(3,075)	(8,177)
Capital allowances (in excess of) / less than depreciation	(34,755)	(3,214)
Adjustment in respect of prior years	(96)	(30,419)
Tax losses eliminated	26,297	-
Current tax charge/ (credit) for the period	<u>9,128</u>	<u>(5,889)</u>

9 Property, plant and machinery	Freehold land	Freehold properties £	Assets under construction £	Office furniture and equipment £	Computer equipment £	Total £
Group						
Cost or valuation						
At 1 April 2009	755,000	1,765,000	116,853	369,846	644,065	3,650,764
Additions	-	16,153	511,331	47,742	64,271	639,497
Disposals	-	-	-	-	(93,450)	(93,450)
Revaluation	(20,000)	(778,184)	-	-	-	(798,184)
Transfer	-	628,184	(628,184)	-	-	-
31 March 2010	735,000	1,631,153	-	417,588	614,886	3,398,627
Depreciation						
At 1 April 2009	-	-	-	336,177	504,682	840,859
Charge for the year	-	35,300	7,378	21,262	58,796	122,736
Disposals	-	-	-	-	(89,765)	(89,765)
Reversal on revaluation	-	(35,300)	(7,378)	-	-	(42,678)
31 March 2010	-	-	-	357,439	473,713	831,152
Net book value:						
At 31 March 2010	<u>735,000</u>	<u>1,631,153</u>	<u>-</u>	<u>60,149</u>	<u>141,173</u>	<u>2,567,475</u>
At 31 March 2009	<u>755,000</u>	<u>1,765,000</u>	<u>116,853</u>	<u>33,669</u>	<u>139,383</u>	<u>2,809,905</u>

Freehold properties

The valuations of freehold land and buildings were made on 9 April 2010 by Stiles Harold Williams, Chartered Surveyors, on an open-market-value basis, in accordance with the Statement of Asset Valuation Practice No 4 and the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards 6th Edition.

Park House, comprising the land and buildings of 184 Kennington Park Road, London SE11 4BU and the adjoining land and buildings of 20 Stannary Street and 22–26 Stannary Street was valued at £2,350,000. The historic cost of the Park House property was

£1,659,254 (2009, £1,659,254) and accumulated depreciation based on cost was £444,818 (2009, £411,633).

Stiles Harold Williams did not believe that there was a material difference between existing use value and the market value of the property.

9 Property, plant and machinery
(continued)

	Freehold land	Freehold property £	Assets under construction £	Office furniture and equipment £	Computer equipment £	Total £
Group						
Cost or valuation:						
At 1 April 2008	980,000	2,110,000	-	387,804	592,045	4,069,849
Additions	-	539,690	116,853	18,544	64,240	739,327
Disposals	-	-	-	(36,502)	(12,220)	(48,722)
Revaluation	(225,000)	(884,690)	-	-	-	(1,109,690)
31 March 2009	755,000	1,765,000	116,853	369,846	644,065	3,650,764
Depreciation						
At 1 April 2008	-	-	-	347,835	459,060	806,895
Charge for the year	-	52,994	-	24,844	57,321	135,159
Disposals	-	-	-	(36,502)	(11,699)	(48,201)
Reversal on revaluation	-	(52,994)	-	-	-	(52,994)
31 March 2009	-	-	-	336,177	504,682	840,859
Net book value:						
At 31 March 2009	755,000	1,765,000	116,853	33,669	139,383	2,809,905
At 31 March 2008	980,000	2,110,000	-	39,969	132,985	3,262,954

9 Property, plant and machinery (continued)	Freehold land	Freehold properties £	Office furniture and equipment £	Computer equipment £	Total £
Council					
Cost or valuation:					
At 1 April 2009	520,000	1,215,000	369,846	644,065	2,748,911
Additions	235,000	606,153	47,742	64,271	953,166
Disposals		-	-	(93,450)	(93,450)
Revaluation	(20,000)	(190,000)	-		(210,000)
31 March 2010	735,000	1,631,153	417,588	614,886	3,398,627
Depreciation:					
At 1 April 2009	-	-	336,177	504,682	840,859
Charge for the year	-	24,300	21,262	58,796	104,358
Disposals	-	-	-	(89,765)	(89,765)
Revaluation	-	(24,300)	-	-	(24,300)
31 March 2010	-	-	357,439	473,713	831,152
Net book value:					
At 31 March 2010	735,000	1,631,153	60,149	141,173	2,567,475
At 31 March 2009	520,000	1,215,000	33,669	139,383	1,908,052

Freehold properties

The valuations of freehold land and buildings were made on 9 April 2010 by Stiles Harold Williams, Chartered Surveyors, on an open market value basis, in accordance with the Statement of Asset Valuation Practice No 4 and the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards 6th Edition.

Park House, comprising the land and buildings of 184 Kennington Park Road, London SE11 4BU and the adjoining land and buildings of 20 Stannary Street was valued at £1,525,000. The historic cost of the Park House property was £1,659,254 (2009, £1,659,254) and accumulated depreciation based on cost was £444,818 (2009, £411,633). During the year, 22/26 Stannary Street Limited transferred its property to HPC. The property was valued at £825,000.

Stiles Harold Williams did not believe that there was a material difference between Existing use value and the market value of the property.

Computer equipment

Computer equipment additions included new laptops and upgrading switches.

9 Property, Plant and machinery (continued)	Freehold land	Freehold properties £	Office furniture and equipment £	Computer equipment £	Total £
Council					
Cost or valuation:					
At 1 April 2008	610,000	1,360,000	387,804	592,045	2,949,849
Additions		-	18,544	64,240	82,784
Disposals		-	(36,502)	(12,220)	(48,722)
Revaluation	(90,000)	(145,000)	-	-	(235,000)
31 March 2009	520,000	1,215,000	369,846	644,065	2,748,911
Depreciation:					
At 1 April 2008	-	-	347,835	459,060	806,895
Charge for the year	-	27,200	24,844	57,321	109,365
Disposals	-	-	(36,502)	(11,699)	(48,201)
Revaluation	-	(27,200)	-	-	(27,200)
Impairment charges	-	-	-	-	-
31 March 2009	-	-	336,177	504,682	840,859
Net book value:					
At 31 March 2009	520,000	1,215,000	33,669	139,383	1,908,052
At 31 March 2008	610,000	1,360,000	39,969	132,985	2,142,954

10 Other intangible assets	Finance system	Fitness to practise case management system	Registration system	Total
	£	£	£	£
Group and Council				
Cost or valuation:				
At 1 April 2009	58,929	-	2,509,858	2,568,787
Additions	4,959	52,867	374,822	432,648
31 March 2010	63,888	52,867	2,884,680	3,001,435
Amortisation:				
At 1 April 2009	10,931	-	1,773,525	1,784,456
Charge for the year	20,810	-	232,553	253,363
31 March 2010	31,741	-	2,006,078	2,037,819
Net book value:				
At 31 March 2010	32,147	52,867	878,602	963,616
At 31 March 2009	47,998	-	736,333	784,331

10 Other intangible assets (continued)	Finance system	Registration system	Total
	£	£	£
Group and Council			
Cost or valuation:			
At 1 April 2008	39,924	2,026,371	2,066,295
Additions	19,005	483,487	502,492
31 March 2009	58,929	2,509,858	2,568,787
Amortisation:			
At 1 April 2008	-	1,573,034	1,573,034
Charge for the year	10,931	200,491	211,422
31 March 2009	10,931	1,773,525	1,784,456
Net book value:			
At 31 March 2009	47,998	736,333	784,331
At 31 March 2008	39,924	453,337	493,261

11 Impairment of freehold property	2010	2009
	£	£
Net expenditure account	545,555	848,896
Revaluation reserve	210,000	207,800
Depreciation	42,678	52,994
Total impairment	<u>798,233</u>	<u>1,109,690</u>

12 Financial assets	2010	2009
	£	£
Group and council		
Listed investments as at 1 April	1,347,418	1,528,047
Additions	230,283	498,165
Disposals	<u>(113,441)</u>	<u>(329,743)</u>
	1,464,260	1,696,469
Unrealised gain/(loss) on investments	<u>461,807</u>	<u>(349,051)</u>
At 31 March	<u>1,926,067</u>	<u>1,347,418</u>
Historical cost value at 31 March	1,600,943	1,721,865

All listed investments are managed on a pooled basis in a nominee account by Rensburg Sheppards, professional funds managers on behalf of the Council. Within the portfolio, UK and offshore investments are listed on the London Stock Exchange.

No investments are held which account for more than five per cent of the investment portfolio (2009, nil)

13 Investments in subsidiary	2010
	£
Council	
Cost	
At 1 April 2009 and 31 March 2010	<u>1,043,279</u>
Asset impairment	
At 1 April 2009	293,279
Impairment	<u>750,000</u>
At 31 March 2010	<u>1,043,279</u>
Net book value	
At 31 March 2010	<u>-</u>
At 31 March 2009	<u>750,000</u>
At 31 March 2008	<u>750,000</u>

The Council's investment is a 100 per cent holding in 22–26 Stannary Street Limited, a company registered in England and Wales. During the year 22–26 Stannary Street Limited transferred the property at 22–26 Stannary Street to the Health Professions Council. The property was transferred at its revalued amount of £825,000. After this transfer had been made the company held no assets and therefore the investment in the company of £750,000 has been impaired and written down to nil net book value. The creditor intercompany balance in the Health Professions Council accounts of £1,809,912, has been written-off to the income and expenditure account during the year. During the next financial year 22–26 Stannary Limited is due to be struck off at Companies House.

14 Trade receivables			Group			Council
	2010	2009	1 April 2008	2010	2009	1 April 2008
	£	£	£	£	£	£
Prepayments	172,488	302,360	132,307	172,488	302,360	132,307
Other receivables	34,238	51,847	80,897	34,238	51,847	27,662
Amounts due from subsidiary undertakings	-	-	-	-	1,844,520	1,235,914
	<u>206,726</u>	<u>354,207</u>	<u>213,204</u>	<u>206,726</u>	<u>2,198,727</u>	<u>1,395,883</u>

The ages of all debtors are current and there are no amounts past due but not impaired. The main element of other debtors relate to employee season-ticket loans. There are no impaired financial assets.

15 Cash and cash equivalents	Group and Council 2010	Group and Council 2009
	£	£
Balance at 1 April	5,341,865	4,899,109
Net change in cash	<u>307,557</u>	<u>442,756</u>
Balance at 31 March	<u>5,649,422</u>	<u>5,341,865</u>

The following balances at 31 March were held at:

	2010	2009
	£	£
Commercial banks and cash in hand	3,630,786	3,841,865
Short term investments	2,018,636	1,500,000
Balance at 31 March	<u>5,649,422</u>	<u>5,341,865</u>

16 Trade payables and other current liabilities	2010	2009	Group 1 April 2008	2010	2009	Council 1 April 2008
	£	£	£	£	£	£
Corporation tax	9,224	24,530	43,139	9,224	24,530	43,139
Other taxation and social security	166,005	111,952	108,843	166,005	111,952	108,843
Other payables	426,049	975,915	708,139	426,049	975,915	518,504
Accruals	954,600	1,541,584	1,279,161	954,600	1,224,543	1,177,022
	<u>1,555,878</u>	<u>2,653,981</u>	<u>2,139,282</u>	<u>1,555,878</u>	<u>2,336,940</u>	<u>1,847,508</u>

97 per cent by value of purchase invoices were paid within 30 days and no interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

17 Deferred income	2010	2009	Group 1 April 2008	2010	2009	Council 1 April 2008
	£	£	£	£	£	£
Registration fees in advance	330,833	262,884	175,734	330,833	262,884	175,734
Renewal fees in advance	8,483,120	6,843,185	6,693,456	8,483,120	6,843,185	6,693,456
	<u>8,813,953</u>	<u>7,106,069</u>	<u>6,869,190</u>	<u>8,813,953</u>	<u>7,106,069</u>	<u>6,869,190</u>

18 Related-party transactions

The Council's sponsor is the Privy Council Office, with whom no transactions took place. The main entity with which the Health Professions Council has dealt with during the year was the Department of Health. A grant was received from the Department of Health in September 2009, totaling £360,000 (2009, £74,307) towards research in respect to revalidation.

There were various transactions with Council members and non-Council Committee members during the year. Council members and non-Council Committee members receive an attendance allowance when they attend Council or Committee meetings. Such allowances, totaling £229,596 (2008–09, £244,725), were accrued and paid to 62 members, including five non-Council Committee members (41 members in 2008–09).

Transactions with subsidiary companies which are greater than 90 per cent owned by the Health Professions Council are not disclosed, as consolidated financial statements of the Health Professions Council are publicly available.

19 Post-statement-of-financial-position events

The financial statements are authorised to be issued from the date it is intended to send the certified financial statements to the Privy Council. For the Health Professions Council, this date is 14 July 2010. There are no other items to note.

20 Financial instruments

The details of the various categories of financial assets are outlined in note 12 (Financial Assets) and note 14 (Trade receivables). The details of the various categories of financial liabilities are outlined in note 16 (Trade payables and other current liabilities).

Exposure to credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and because the other party to incur a financial loss is not considered to be significant. The Health Professions Council does not use financial instruments that increase its own credit risk profile and has no external debt exposure. It uses a variety of risk mitigations including credit rating assessments to assess credit risk of counter parties including suppliers and financial institutions.

21 Currency and liquidity risk

The Council currently has no borrowings and relies primarily on fees for its cash requirements and is therefore based on its reserves policy, the Council considers there is no significant exposure to liquidity risk. All material assets and liabilities are denominated in sterling, so it is not exposed to currency risk.

The Health Professions Council adhered to its reserves policy at all times during the year. The policy is to maintain a reserve level that is a minimum of three months' operating expenditure. Due to registration renewal cycles and the payment methods of registrant fees, the Health Professions Council holds a significant amount of cash in short-term money-market accounts and investment holdings to cover the expenditure expected to be incurred over the payment period.

22 Interest rate risk

Registrants pay fees in advance for up to two years. Surplus funds are held as follows to maximise returns.

Business reserve – all unused funds are transferred from the Council's current account to a business reserve account each night to maximise interest earned.

Money market – surplus funds are held in a combination of short-term money-market and special interest-bearing accounts. Competitive rates are sought on money-market investments and the special interest-bearing account earns a preferential interest rate compared to the instant access interest rate.

Investment fund – at 31 March 2010 fixed interest investments accounted for 19.26 per cent (2009, 20.74%) of the fund and generate a yield of 5.1 per cent (2009, 6.91%). The remainder of the fund is invested in a diversified portfolio of equities and bonds where there is always a risk of diminution in value.

The Finance and Resources Committee are routinely provided with information outlining the prevailing interest rates for money-market and special interest-bearing account

investments. The interest rate risk is not considered to be significant in terms of the Health Professions Council relying on interest income to a sizeable extent to fund its operations.



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