

Office of the Health
Professions Adjudicator
Annual Report and Accounts
2011-2012



Office of the Health Professions Adjudicator (OHPA)

Annual Report and Accounts 2011-2012

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

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

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

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

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Introduction by the Chair of OHPA

“The Office of the Health Professions Adjudicator represents the high water mark for securing an independent adjudicator. This model could clearly be seen as attractive in law reform terms, but ... the Government has come to a firm decision not to pursue the proposal ...”

Law Commission, Regulation of Health Care Professionals, Regulation of Social Care Professionals, A Joint Consultation Paper, March 2012

To my great regret, the Government announced in late 2010 that it was not to go ahead with the OHPA programme. This annual report covers a period when the legislation giving effect to our abolition (what is now the Health and Social Care Act 2012) was proceeding through Parliament.

Given the Government’s decision, we have made every effort to minimise expenditure during 2011-2012 – subject only to our statutory duties – and it would not be consistent with that approach for me to say more than a few words in this introduction. In any event, in our two previous annual reports I have set out in some detail the background to the establishment of OHPA and our plans to reform Fitness to Practise adjudications. Here it is appropriate simply to note that much of what OHPA intended was endorsed in a report by the Council for Healthcare Regulatory Excellence (*Modern and Efficient Fitness to Practise Adjudication*, September 2011) and has informed the General Medical Council’s own plans to establish its Medical Practitioners Tribunal Service.

OHPA’s legacy will be a substantial one, and I am proud of the contribution that colleagues and I have been able to make to the reform of Fitness to Practise procedures and the protection of the public. Nevertheless, the decision to abolish OHPA means that progress in this area will be much slower than would otherwise have been the case – with uncertain consequences for the Exchequer and for registrants, and, most importantly, for public confidence in the discipline of healthcare professionals.

Walter Merricks CBE
June 2012

Management Commentary

Introduction

The Office of the Health Professions Adjudicator was established by the Health and Social Care Act 2008. The secondary legislation requires that OHPA is managed by a board consisting of a chair, an executive member, and a maximum of three non-executive board members. The chair, Walter Merricks, the executive member, Stephen Shaw, and the three non-executives, Pamela Charwood, Andrew Colquhoun, and Dame Janet Finch, were in place throughout 2011-2012.

Following the Government's announcement that OHPA was to be abolished, the board met formally on just two occasions during the year in question. However, there were three further teleconferences at which board business was discussed.

For the whole of the reporting period, the board reduced its activities to those necessary to ensure that statutory and other responsibilities were fully met and that the lessons from the OHPA project were spread as widely as possible. Amongst other things, we responded to consultation papers from the General Medical Council and General Optical Council, published three papers on OHPA's initial thinking on Fitness to Practise adjudications and the research on which it was based, and submitted written evidence to the House of Commons Health Committee annual accountability hearing with the GMC.

The closure of OHPA has been organised on programme management lines. Regular Accountability Meetings have been held with the Department of Health at which the closedown plan has been tabled and considered. OHPA's management accounts have also been routinely shared with the Department.

The legislation to abolish OHPA received Royal Assent on 27 March 2012 and, in consultation with the board, the Department of Health has set 30 June 2012 as the organisation's closing date. In light of these events, the board believes OHPA can no longer be considered as a going concern. For this reason, the board has adopted a basis other than going concern in preparing this report and financial statements. However, after consultation with the Department, the board is satisfied that sufficient funding is and will be in place to enable OHPA to continue to meet its obligations as they fall due until the actual date of closure.

Financial Review

OHPA was financed by grant in aid of £498,686 from the Department of Health throughout 2011-2012 (£1,682,532 in 2010-2011). During this time OHPA was directly accountable for its own expenditure. In line with HM Treasury guidance, grant in aid is shown as a movement in its reserves.

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

Staff

OHPA had no sick absence during 2011-2012.

Data Security

To date there have been no reported data security incidents.

Prompt Payment Policy

In light of the Government announcement that OHPA is to close, OHPA has not developed its own prompt payment policy. OHPA met the terms of the Department of Health's own prompt payment policy during the financial year.

Auditor

OHPA's annual financial statements are audited externally by the Comptroller and Auditor General (C&AG) in accordance with paragraphs 19(3) and (5) of Schedule 6 to the Health and Social Care Act 2008. For the 2011-2012 financial year the C&AG has estimated that the cost of work performed would be £5,000 and this amount has been provided for in the financial statements. The audit services provided by the C&AG's staff related only to statutory audit work.

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

Stephen Shaw

13 June 2012

Accounts 2011-2012

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Remuneration Report

Remuneration Policy

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

Appointments

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

Service of contracts

The chief executive is employed as a permanent member of staff and was in post throughout the financial year. No further appointments of staff were carried out during the year.

Termination

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

Chair and Board Members' remuneration

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

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

Following passage of the Health and Social Care Act 2012, the appointments of all board members will be terminated on 30 June 2012.

	Date Appointed	Date Appointment Ends	Salary/Allowance 2011/12 (£)	Salary/Allowance 2010/11 (£)
Walter Merricks (Chair)	25/01/2010	30/06/2012	100,000	100,000
Pamela Charlwood (Member)*	25/01/2010	30/06/2012	7,765	7,765
Andrew Colquhoun (Member)**	25/01/2010	30/06/2012	7,765	7,765
Dame Janet Finch (Member)	25/01/2010	30/06/2012	7,765	7,765
			123,295	123,295

* Member of the Audit and Risk Committee

** Chair of the Audit and Risk Committee

Chief Executive's remuneration

The chief executive's total emoluments for the year to March 2012 were £149,999 (2010-11 was £149,999).

The organisation will close on 30 June 2012 and a provision of £61,097 has been made in the accounts for the expected payment in lieu of notice and statutory redundancy costs. See note 9.

At the year end OHPA had only one employee. As a consequence, the requirement under the Government Financial Reporting Manual on all public sector entities to disclose the ratio of highest paid director to median staff remuneration does not apply.

Pensions

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

The pension of the chief executive is provided through the NHS pension scheme. For the 12 months to 31 March 2011, employer's contributions of £21,000 (2010-11 was £18,812) were payable to the NHS pension scheme at the rate of 14 per cent of pensionable pay. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions and in note 1.8.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension

benefits in another pension scheme or arrangement when the member leaves the scheme and chooses to transfer the benefit accrued in their former scheme. The CETV figure and other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own costs. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The CETV for the chief executive's pension as at 31 March 2012 was £138,677 (£32,284 as at 31 March 2011). The increase was partly as a result of previous pension benefits transferred into the scheme during the year.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement), and uses common market valuation factors for the start and end of the period. The real increase in the chief executive's CETV funded by OHPA for the year ending 31 March 2012 was £18,366. This excludes the apparent increase due to inflation, as well as transferred in contributions and contributions paid by the chief executive.

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

Stephen Shaw

Accounting Officer

13 June 2012

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

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

Governance Statement

Personal responsibility

As accounting officer, I am personally responsible for this Governance Statement which sets out how I have discharged my duty to manage OHPA's resources during the year in question. Given that OHPA has never become operational, and that our budget has accordingly been very small by comparison with other public bodies, a key objective has been to ensure that all controls were strictly proportionate to any likely risk. Complex and expensive processes could not be considered appropriate and might in themselves constitute an unwise use of public money. Nevertheless, I have attached great significance to the maintenance of sound systems of internal control to ensure the safeguarding of the public funds and assets for which I have been responsible.

Governance framework

Accountability and reporting within OHPA is exercised through a governing body, the board, as set out on OHPA's operational framework. The board is led by the chair and also includes myself as chief executive and the three non-executive members. The board has played a critical role in developing OHPA's strategy and intended programme of work, and in overseeing our activities.

In consideration of OHPA's likely abolition the board met formally on just two occasions during 2011-12 (all members were in attendance). However, we also held three teleconferences at which board business was discussed, and there were regular exchanges by phone or email. The board believes that its procedures and general approach have been entirely appropriate given OHPA's reduced budget and functions while properly complying with the Corporate Governance Code (*Corporate governance in central government departments: Code of good practice 2011*).

The board's audit and risk committee met once during the year in question (all members were in attendance).

OHPA continued to follow its approved standing financial instructions throughout the year.

In addition to those internal arrangements, regular Accountability Meetings were held with our sponsors in the Department of Health. Management accounts were shared with the Department on a monthly basis.

Together, I believe these arrangements have provided a high degree of assurance and complied with the Corporate Governance Code.

Other controls

In my capacity as chief executive of OHPA I also act as the SIRO (Senior Information Risk Owner) and was responsible for Information Security throughout the year. All of OHPA's electronic data and access to this data are managed securely through the Department of Health Information Services. The Department of Health provides all aspects of security audit, desktop, infrastructure and applications.

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

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

Risk assessment

As I have emphasised, the systems of internal control are designed to be proportionate to OHPA's much reduced level of activity and are subject to ongoing review.

As chief executive, I personally oversee every aspect of OHPA's activities to ensure proper internal control measures are adhered to. My aim has been to manage risk to a reasonable level rather than to provide absolute assurance that all risk of failure has been eliminated.

Review of effectiveness

At year end I have reviewed the effectiveness of our systems of governance and internal control. This review has been informed by advice from the finance manager who has responsibility for the development and maintenance of the internal control framework – and comments made by the external auditors and by members of the OHPA board. I am content that OHPA's systems and structure are both effective and entirely appropriate to a very small organisation that is to close by the middle of 2012.

Stephen Shaw

Accounting Officer

13 June 2012

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 Office of the Health Professions Adjudicator for the year ended 31 March 2012 under the Health and Social Care Act 2008. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Office of the Health Professions Adjudicator's affairs as at 31 March 2012 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care Act 2008 and Secretary of State directions issued thereunder.

Emphasis of Matter - Going concern

Without qualifying my opinion, I draw attention to Note 1.2 and Note 15 of the financial statements. Following the enactment of the Health and Social Care Act 2012 on 27 March 2012, the Office of the Health Professions Adjudicator will formally cease all activities and close on 30 June 2012. As a consequence the accounts have been prepared on a basis other than going concern.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

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

Date: 21 June 2012

Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2012

	Note	2011/12 £	2010/11 £
Expenditure			
Staff costs	3	500,461	1,355,392
Accommodation & managed services cost	4	15,442	73,077
Other expenditure	5	25,057	254,063
		(540,960)	(1,682,532)
Net expenditure		(540,960)	(1,682,532)

At year end, all operations were continuing but will cease on 30 June 2012. The Department of Health has agreed to continue the funding of OHPA until closure on 30 June 2012.

The notes on pages 19 to 28 are part of the financial statements.

Statement of Financial Position

As at 31 March 2012

	Note	2011/12 £	2010/11 £
Non-current assets:			
Property, plant and equipment		-	-
Current assets:			
Trade receivables and prepayments	6	-	2,434
Cash and cash equivalents	7	48,872	75,157
Total assets		48,872	77,591
Current liabilities:			
Trade and other payables	8	(30,049)	(60,120)
Payables to Department of Health	8	-	(17,471)
Provisions	9	(61,097)	-
Total current liabilities		(91,146)	(77,591)
Non-current assets plus net current assets		(42,274)	-
Assets less liabilities		(42,274)	-
Reserves:			
General Reserve	10	(42,274)	-
		(42,274)	-

The financial statements on pages 15 to 28 were approved by the Board on 16 May 2012 and were signed on its behalf by:

Stephen Shaw

Accounting Officer

Date: 13 June 2012

The notes on pages 19 to 28 are part of the financial statements.

Statement of Cash Flows

For the year ended 31 March 2012

	Note	2011/12 £	2010/11 £
Cash flows from operating activities			
Net expenditure		(540,960)	(1,682,532)
Increase / (decrease) in trade payables		(30,071)	(45,930)
Increase / (decrease) payables to Department of Health		(17,471)	(190,868)
Increase / (decrease) in provision		61,097	-
(Increase) / decrease in trade receivable & prepayments		2,434	(965)
Net cash outflow from operating activities		(524,971)	(1,920,295)
Cash flows from investing activities			
		-	-
Cash flows from financing activities			
Grant In Aid from Department of Health	2	498,686	1,682,532
Net (decrease) / increase in cash and cash equivalent in the period		(26,285)	(237,763)
Cash and cash equivalents at the beginning of the period		75,157	312,920
Cash and cash equivalents at the end of the period		48,872	75,157

The notes on pages 19 to 28 are part of the financial statements.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2012

	Notes	General Reserve £
Balance as at 1 April 2010		-
Changes in Taxpayers' Equity for 2010-11		
Grant from Department of Health		1,682,532
Recognised in Statement of Comprehensive Net Expenditure		(1,682,532)
<hr/>		
Balance as at 31 March 2011		-
<hr/>		
Changes in Taxpayers' Equity for 2011-12		
Grant from Department of Health	2	498,686
Recognised in statement of Comprehensive Net Expenditure		(540,960)
<hr/>		
Balance as at 31 March 2012		(42,274)

The notes on pages 19 to 28 are part of the financial statements.

Notes to the Accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FRM) issued by HM Treasury. The accounting policies contained in the FRM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Office of the Health Professions Adjudicator (OHPA) for the purpose of giving a true and fair view has been selected. The particular policies adopted by OHPA for its reportable activities are as described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

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

1.2 Going concern

The Health and Social Care Act received Royal Assent on 27 March 2012. The Department of Health as the sponsoring body for OHPA issued a commencement order for the closure of OHPA on 17 May 2012. It is now known that OHPA will formally close all activities and cease to exist with effect from 30 June 2012 and as a result these accounts have been prepared on a basis other than going concern as OHPA is no longer a going concern. Activities between 1 April 2012 and 30 June 2012 will be limited to that related to closure. The effect of preparing the accounts on this basis is shown in note 15.

1.3 Grant in aid

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

1.4 Tangible non-current assets

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

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

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

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

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

1.5 Depreciation

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

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

1.6 Intangible assets

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

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

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

1.7 Taxation

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

1.8 Employee benefit

a. Pensions

OHPA is a member of the NHS Pension Scheme. The pension of the chief executive is provided through this scheme while any contract staff employed until 31 March 2012 retained the pension scheme of their original employer or separate arrangements were made.

Pension Costs

The chief executive is the only employee, past or present, to have been covered by the provisions of the NHS Pension Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

i) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings. On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

ii) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

b. Annual leave and other short-term employee benefits

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

1.9 Expenditure

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

1.10 Financial instruments

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

Financial Liabilities

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

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

2 Grant in aid

	2011/12	2010/11
	£	£
Grant in aid received – revenue expenditure	498,686	1,682,532
Grant in aid received – capital expenditure	-	-
	498,686	1,682,532
Grant in aid drawn down	498,686	1,356,240
Payable to Department of Health	-	(17,471)
Spend by OHPA	498,686	1,338,769
Spend by Department of Health on behalf of OHPA	-	343,763
	498,686	1,682,532

3 Staff numbers and related costs

(a) Staff costs comprise

	Permanently employed staff £	Board members £	Others £	Total £
For the year 2011/12				
Wages and salaries	176,851	123,295	80,406	380,552
Social security cost	21,702	13,046	-	34,748
Pension cost	24,064	-	-	24,064
Termination costs	61,097	-	-	61,097
Total net costs	283,714	136,341	80,406	500,461
For the year 2010/11				
Wages and salaries	338,360	123,295	807,776	1,269,431
Social security cost	34,233	12,856	-	47,089
Pension cost	38,872	-	-	38,872
Total net costs	411,465	136,151	807,776	1,355,392

For the 12 months to 31 March 2012, employer's contributions of £3,064 (£20,060 in 2010-11) were payable to pension schemes for contract staff, at the rate of 13% of pensionable pay. See remuneration report on pages 8–9 for the chief executive's pension.

(b) Average number of persons employed

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

	Staff	Others	Total
For the year 2011/12			
Directly employed	1.2*	-	1.2
Employed through others	-	1	1
Total	1.2	1	2.2

* Another member of staff was employed for the first two months of the year making the average number of whole-time equivalent persons employed during the year to be 1.2.

For the year 2010/11

Directly employed	3	-	3
Employed through others	1	5	6
Total	4	5	9

4 Accommodation & managed services cost

	2011/12	2010/11
	£	£
Accommodation & managed services cost	15,442*	73,077*

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

5 Other expenditure

	2010/11	2010/11
	£	£
Website design and hosting	3,643	20,860
Business process review	-	86,891
Legal fees	-	29,392
Consultancy fees	4,050	21,137
Statutory accounts audit	5,000	5,000
Administration expenses	12,364	90,783
	25,057	254,063

6 Trade Receivables and Prepayments

	2011/12	2010/11
	£	£
Receivables	-	87
Prepayments	-	2,347
	-	2,347

7 Cash and cash equivalent

	2011/12	2010/11
	£	£
Balance as at 1 April	75,157	312,920
Net change in cash and cash equivalent balances	(26,285)	(237,763)
Balance as at 31 March 2012	48,872	75,157

The following balances as at 31 March 2012 were held at:

Commercial banks	48,872	75,157
Balance as at 31 March 2012	48,872	75,157

8 Trade Payables and other current liabilities

Amounts falling due within one year

	2011/12	2010/11
	£	£
Trade Payables	2,306	13,258
HMRC	-	12,635
Accruals	27,743	34,227
Due to Department of Health	-	17,471
	30,049	77,591

9 Provision

Amount provided in year

	2011/12	2010/11
	£	£
Provision for termination costs	61,097	-
	61,097	-

The provision relates only to payment in lieu of notice and statutory redundancy payable to the Chief Executive as a result of OHPA's closure.

10 Income and Expenditure reserve

	2011/12	2010/11
	£	£
Net Expenditure	(540,960)	(1,682,532)
Grant in aid	498,686	1,682,532
	(42,274)	-

11 Events after the reporting period

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

The board notes that the legislation to abolish OHPA received Royal Assent on 27 March 2012. The Department of Health as the sponsoring body for OHPA issued a commencement order for the closure of OHPA on 17 May 2012. The Department of Health, following consultation with the board, has set 30 June 2012 as the closing date for OHPA.

Considering the above and after due consultation with the Department of Health, the board has concluded that OHPA is no longer a going concern. Nonetheless, OHPA will have sufficient resources to carry out its closure activities until 30 June 2012. For these reasons, the board has adopted a basis other than going concern in preparing the report and financial statements.

12 Related party transactions

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

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

13 Financial instruments

As the cash requirements of OHPA for the 2011-12 financial year were met through grant in aid provided by Department of Health, OHPA is not exposed to credit, liquidity or market risk.

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

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

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

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

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

14 Early adoption of IFRSs, amendments and interpretations

OHPA have not adopted any IFRSs, amendments or interpretations early.

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

IAS 8, accounting policies, changes in accounting estimates and errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the accounting period. There are a number of IFRSs, amendments and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this accounting period. The following have not been adopted early by OHPA:

- IFRS 7 Financial Instruments: Disclosure amendment to allow for better comparisons between financial statements. The effective date is for accounting periods beginning on or after 1 January 2013. Also an amendment to improve the disclosure requirements in relation to transferred financial asset which is effective for accounting periods beginning on or after 1 July 2011.
- IFRS 9 Financial Instruments: A new standard intended to replace IAS39. The effective date is for accounting periods beginning on or after 1 January 2015.
- IFRS 13 Fair Value Measurement: IFRS 13 applies when other IFRSs require or permit fair value measurements. The new requirements are effective for accounting periods beginning on or after 1 January 2013.

- IAS 1 Presentation of Financial Statements: Amendment to the existing standard to improve disclosures to users of the accounts. The effective date is for accounting periods beginning on or after 1 June 2012.
- IAS 19 Employee Benefits: The amendments will improve the recognition and disclosure requirements for defined benefit plans and modify the accounting for termination benefits. The new requirements are effective for accounting periods beginning on or after 1 January 2013.
- IAS 32 Offsetting Financial Assets and Financial Liabilities: Amendments to clarify the application of offsetting requirements. The amendments are effective for accounting periods beginning on or after 1 January 2014.

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

15 Going concern

The effect of preparing an account on a basis other than going concern is to base the value of assets on net realisable value. OHPA does not have any assets other than cash. Other than the provision for termination costs, which will be realised in 2012, there has been no effect on the preparation of the accounts other than disclosure.

Annex: Accounts Direction

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

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