

Professional Standards Authority for Health and Social Care

# Professional Standards Authority Business Plan 2018/19

SG/2018/85





# **Professional Standards Authority for Health and Social Care**

## **Business Plan 2018/2019**

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## Foreword by Chief Executive

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

The Authority has four sources of income. The largest element comes from the regulators we oversee. How this part of our funds is determined is set out in our fee regulations and is subject to decision by the Privy Council. The second source of income is fees paid by occupational registers for accreditation. The third source is payment from the Department of Health in England or other UK governments for policy advice and the fourth payment for commissions for advice or reviews from governments or regulators in other countries. On the expenditure side we are committed to avoiding cross-subsidy between these four areas of work and I draw attention to our business principles which are on page 8 of this Business Plan.

The Board of the Authority and the executive team aim to ensure that the funding arrangements work effectively for the Authority and our partners, that our processes are transparent, that we seek efficiencies and that we remain focussed on our responsibilities as set out in our legislation. Our right-touch performance review process aims to reduce the burden of oversight on well-performing regulators. We are consulting on a revision of our Standards of Good Regulation to ensure they represent best practice in regulation.

Our consideration of final fitness to practise determinations is a significant element of our cost to the regulators. Our costs, like those of the regulators are primarily driven by volume. This business plan predicts 4,000 cases to be reviewed by us in 2018/19. We have improved the focus and efficiency of our decision-making process and have invested in the expertise of our small staff team.

We will continue to grow the Accredited Registers programme. We have 23 registers accredited so far and three more applications expected in the coming year. We are consulting on a new fee model as the current arrangements do not fully cover our costs.

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



Harry Cayton CBE  
Chief Executive

# 1. Introduction

- 1.1 This document sets out the business plan of the Professional Standards Authority for Health and Social Care (the Authority) for the period 1 April 2017 to 31 March 2018.
- 1.2 The Authority operates as a self-funded independent body with statutory duties accountable to Parliament through the Privy Council.
- 1.3 The Authority is funded through:
  - Fees collected from the regulatory bodies that it oversees, which will fund the costs of its regulatory and standards functions
  - Income arising from the accreditation of voluntary registers. This activity aims to be on a cost-recovery basis in the long term, but in the set up years require some continuing Government funding
  - Income for advice and investigations that are specifically commissioned by the Secretary of State and/or the Devolved Administrations. These commissions, now Section 223 of the 2012 Act has commenced, are funded by fees set by the Authority
  - Income from other activities, for example, fees from the provision of advice and advisory services to governments, regulatory bodies and other similar organisations in the UK and abroad.
- 1.4 The Authority is required by the Health and Social Care Act 2012 to consult with the regulatory bodies advising them of its proposed budget requirement. The consultation in relation to the fees for 2018/19 was sent to the regulatory bodies in September 2017. This corporate business plan, which was prepared in parallel with the consultation document, accordingly incorporates the relevant details from the consultation document along with details pertinent to the other work streams and the finances relating to them.
- 1.5 The Authority's accounts, which have been segmented to reflect the four work streams set out above are subject to scrutiny by the National Audit Office, and our Annual Report and Accounts are laid before the UK Parliament and the parliaments and assemblies in Scotland, Wales and Northern Ireland.
- 1.6 The Authority has a board of eight: seven non-executive members and the chief executive. One non-executive member is appointed from each of Scotland, Wales and Northern Ireland.

## 2. Strategic objectives for the Professional Standards Authority 2018/19

2.1 The Authority's corporate strategic objectives which were agreed by the Board at its strategic planning meeting in May 2017 are set out below:

### 1. Increasing the influence of the Authority's work to improve regulation and registration and promote the health, safety and well-being of patients, service-users and other members of the public

2.2 We will do this by:

- Building our relationships with stakeholders
- Engaging with parliaments and assemblies
- Improving our dissemination of learning
- Promoting our publications
- Strengthening our internal communications.

### 2. Improving customer service externally and internally

2.3 We will do this by:

- Engaging with the regulators
- Working with the accredited registers
- Communicating effectively with parliaments and assemblies
- Understanding our commissioners and clients
- Redesigning our internal support services and ICT
- Being mindful of equality and diversity.

### 3. Continuing process improvements in line with right-touch thinking

2.4 We will do this by:

- Keeping the performance review rigorous and proportionate
- Focussing on cost effectiveness in scrutiny of s29 and s40b cases
- Redesigning applications and renewals for accredited registers
- Digitising finance and administration processes
- Reviewing and updating HR policies
- Improving our project management skills.



#### **4. Creating the capacity, agility and resilience to respond to and influence significant change**

2.5 We will do this by:

- Gathering and using intelligence effectively
- Being more efficient in our use of internal resources
- Being more active in our use of external resources
- Valuing and developing our staff team
- Developing the role of the directors
- Ensuring business continuity.

## 3. Governance

### Board

- 3.1 The Authority's Board comprises seven non-executive members and one executive member. No non-executive members of our Board may be or ever have been a member of a profession regulated by any of the nine regulators we oversee so that we are independent of the health and social care professions and regulators.
- 3.2 The Board is the Authority's highest decision-making forum, where significant strategic and operational matters are discussed and consequential decisions taken.
- 3.3 The Authority's Board has corporate responsibility for ensuring that it fulfils its statutory duties and for promoting the efficient and effective use of its resources.
- 3.4 To this end, and in pursuit of its wider corporate responsibilities, the Board:
- Sets the overall strategic direction of the Authority within statute and the policy and resources framework
  - Ensures that any statutory or administrative requirements for the use of public funds are complied with; that the Authority operates within the limits of its statutory authority, and in accordance with any other conditions relating to the use of public funds
  - Ensures that the Authority receives and reviews regular financial information concerning the management of the Authority; is informed in a timely manner about any concerns about the activities of the Authority; and provides positive assurance that appropriate action has been taken on such concerns
  - Demonstrates high standards of corporate governance at all times, including establishing an audit committee to help the Authority to address the key financial and other risks facing it
  - Appoints the Chief Executive to the Authority and, sets performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

### Chair of the Board

- 3.5 The Chair has a leadership responsibility on the following matters:
- Leading the Board in formulating our strategy
  - Ensuring that the Board, in reaching decisions, takes proper account of any relevant guidance
  - Promoting the efficient, economic, and effective use of resources, including staff
  - Encouraging high standards of propriety
  - Ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions made and, where appropriate, the discussions of the Board.

- Ensuring that the work of the Authority is reported annually to Parliament as required by Statute.

### **Committees and working groups of the Board**

- 3.6 The Board has delegated specific duties to committees which consequently report back to the Board.

#### ***Audit and Risk Committee***

- 3.7 The Board has an Audit and Risk Committee to support it in its responsibilities for risk control and governance. The committee reviews the comprehensiveness of assurances in meeting the Board's and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.
- 3.8 The minutes of the Committee's meetings are formally reported to the Board, as is the Committee's opinion on the risk register and the changes made to it.
- 3.9 The Committee reviews its Terms of Reference and work programme annually and reports any changes that it proposes to the Board. Each year, it formally reports to the Board on:
- Its work during the previous financial year
  - The assessment of information governance arrangements
  - The internal audit reports submitted to it
  - The views and opinions of the auditors.
- 3.10 The Committee sets its own work programme for the coming year and this influences the work programme set by the internal auditors.

#### ***Scrutiny Committee***

- 3.11 The Scrutiny Committee receives reports on the operation of our scrutiny and oversight of the nine health and care professional regulatory bodies and provides quality assurance of Section 29 decisions and the accredited registers programme and the performance reviews of the regulators.

#### ***Remuneration Committee***

- 3.12 The Remuneration Committee meets once a year, or more frequently if necessary, to deal with remuneration issues if they arise.
- 3.13 The Authority does not have a Nominations Committee. The Remuneration Committee would undertake this role should the need arise.

#### ***Accounting Officer***

- 3.14 Following the change in our funding arrangements the Board has appointed the Chief Executive as Accounting Officer. His relevant responsibilities as the Accounting Officer, include his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records. Although we are not a Non-Departmental Public Body he observes the requirements set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by HM Treasury and published in 'Managing Public Money'.
- 3.15 The Chief Executive is an employee of the Authority. The Chief Executive's principal functions, duties and powers are:

- To ensure the Authority fulfils its statutory duties
  - To prepare and issue standards of good regulation
  - To arrange for the publication of policy advice and guidance
  - To send to parliament an annual report on the performance of the regulators we oversee
  - To keep proper accounts and proper records in relation to the accounts, to prepare a statement of accounts in respect of each financial year, and to send a copy of the annual accounts to the Comptroller and Auditor General and for these to be prepared in accordance with UK generally accepted accounting principles and government accounting
  - To operate and manage the Authority in accordance with the strategy set by the Board.
- 3.16 The Chief Executive has responsibility for providing effective leadership on all matters relating to statutory and administrative duties. This includes the implementation of the strategy, leading on all operational matters, promoting the efficient and effective use of staff and other resources, encouraging high standards of propriety and representing the Authority in public.

## 4. Business principles

- 4.1 The Authority started operating with four work streams in 2012 and has, in the intervening period, increased the rigour of separation between them. We nevertheless recognise that our stakeholders will be looking for transparency with regards to how we operate.
- 4.2 We set out below the principles that we work to:
- Regulatory and standards setting work: All fees from the regulatory bodies are applied solely to our statutory functions of regulatory oversight and improvement as set out in our legislation. Any surplus or deficit generated against our budget as approved by the Privy Council will be used in the calculation of the following year's fee
  - Accredited Registers: All fees for accreditation or renewal from occupational registers are applied solely to provide and develop the accredited registers programme. Any surplus generated will be retained for the benefit of the programme
  - Commissions from Government(s): The pricing of commissions and consultancy contracts will cover all costs associated with the work. Any surplus arising will be deployed at the Board's discretion to support our organisational objectives in the public interest
  - Advice to other organisations: The pricing of commissions and consultancy contracts will cover all costs associated with the work. Any surplus arising will be deployed at the Board's discretion to support our organisational objectives in the public interest.
- 4.3 Surpluses will be applied according to these principles after the requirements of our reserves policy have been met.
- 4.4 To ensure transparency we will:
- Publish our annual accounts and fully disclose our audited financial statements
  - Show clearly our income and expenditure in relation to each of the Authority's four functions
  - Publish an auditor's statement setting out our compliance with these business principles.
- 4.5 In conjunction with these principles our Board has established a reserves policy.
- 4.6 The Authority has agreed to hold reserves of three months' total operating costs of circa £1 million, within which it draws a distinction between:
- A restricted element associated with regulatory and standards work
  - An unrestricted element associated with all the Authority's work
  - The intention is that over time the restricted element will amount to two months' total operating costs
  - The present make-up of the reserves does not conform to this two thirds / one third split

- The level and make-up of our reserves will be reported through our Annual Report
- Any money taken from reserves during the year will need to be replaced in the following year(s).

4.7 Our annual accounts for 2016/17 can be found at:

[http://www.professionalstandards.org.uk/docs/default-source/publications/annual-reports/professional-standards-authority-review-of-professional-regulation-amp-registration\(annual-report-amp-accounts-english\).pdf?sfvrsn=10](http://www.professionalstandards.org.uk/docs/default-source/publications/annual-reports/professional-standards-authority-review-of-professional-regulation-amp-registration(annual-report-amp-accounts-english).pdf?sfvrsn=10)

4.8 In 2017 as part of our internal audit work programme, our internal auditors, Grant Thornton undertook a review of our operations looking at how we complied with our business principles and reserves policy. The review, identified one action that merited attention for the Authority that it should review the recording of time spent on commissions, concluded:

*'In the period April 2016 – March 2017, based on the work performed to date, and subject to the completion of the outstanding work, we found the Authority has adhered to the set of business principles and reserves policy it has set out... Our work did not identify any fundamental or significant errors in relation to the application of the principles or reserves policy, based on the work carried out.'*

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

### 5.1 The Authority has been established to:

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

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

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

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

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



## 6. Regulatory oversight and standard setting – our work in 2018/19

### **Governance and Operations**

- 6.1 The work of this team contributes to our four strategic objectives.
- 6.2 The team works to ensure that the Authority is an independent, effective, value for money organisation. They look to support the Board, executive and staff in maintaining the functionality and smooth operation of the organisation.

### **Work for 2018/19**

- 6.3 The focus for the team during 2018/19 will be to continue to support the general operation of the Authority while looking to identify efficiencies and savings.

### **Business as usual**

- 6.4 The team provides what is commonly referred to as corporate services, including finance, human resources, information and communications technology, information security, information requests, governance, performance reporting, risk management, external audit, internal audit, corporate complaints, external business relationships, accommodation and facilities, health and safety, business continuity, procurement and office administration.
- 6.5 The focus of our business as usual operations in 2018/19 will be to deliver:
  - A stable operating platform
  - Customer service and support to the front office
  - Incremental improvements and efficiencies.

### **Developments**

- 6.6 The detailed development programme for 2018/19 will be planned towards the end of the current financial year, once the current works are concluded.
- 6.7 The areas that we will look to address are include:
  - Any slippage from our ambitious 2017/18 programme of improvement works
  - Capital works, including a replacement of our section 29 database
  - The quality, recruitment and retention of our staff team.

### **Section 29 database replacement**

- 6.8 Our section 29 database consists of two components that are nearing end of their working life (SharePoint 2010 and SequalServer 2008) and require us to either upgrade or replace in 2018/19.
- 6.9 After a thorough analysis we have concluded that it will be significantly more cost effective to replace the database and avoid ever increasing Microsoft licencing charges.
- 6.10 To this end we propose to replace the section 29 database during 2018/19, funding the work from our reserves and recouping the cost from fees over a five year period so as to reduce the impact on the regulators.

## Scrutiny and Quality

- 6.11 The Scrutiny and Quality Directorate undertakes the work that has the greatest direct interface with the regulatory bodies. During 2017/18 we will continue to undertake the work necessary for the Authority to fulfil its statutory duties.
- 6.12 The work of this team contributes to our four strategic objectives.

## *Fitness to practise*

- 6.13 The Authority has a statutory power to challenge decisions made by the regulators' FTP panels by way of an appeal to the High Court.
- 6.14 The Authority's power to lodge an appeal is subject to strict statutory time-limits. Our process for reviewing all final FTP panel decisions therefore has to ensure that we can conduct sufficiently detailed reviews of cases and, where necessary, arrive at formal decisions to lodge an appeal, within the statutory time limit.
- 6.15 Under the process, each case is subject to an initial review. Cases in which there are concerns that the decision may not be sufficient to protect the public are then referred for a detailed case review by a legally qualified member of the team. If concerns remain after the review, the case is referred to a section 29 case meeting to consider whether or not the Authority should refer the case to court. The Authority has a team of seven people examining the cases. In 2016/17 they considered 4,285 cases per year (an average of over 600 cases each). In 2009, four people reviewed just over 900 cases (an average of around 230 each). This represents significant efficiency gains and is the result of refining our processes. It is notable that the number of cases increased in 2016/17 by 15% on the previous year (and by 6% over the previous high in 2014/15). This has been absorbed by the team without additional staffing resources.
- 6.16 The workload in the early months of 2017/18 suggests that the increase is continuing and that the Authority may have to deal with more than 4,500 cases in this year. We will keep resources under review.
- 6.17 We are aware that some regulators (including the NMC which has by far the highest number of cases) are introducing processes which may mean that fewer cases will be subject to review under the s.29 process. The NMC is forecasting that this will significantly reduce the number of their cases susceptible to our review to 1,500. However, it is clear that it is difficult to forecast how the new processes will work in practice or how quickly the impact will be felt. We therefore, consider that, for 2018/19, it is prudent to assume a smaller reduction than the NMC has suggested. We therefore estimate that the section 29 case load will be 4,000 cases (a reduction of 11% on our forecast for 2017/18). It is also, however, likely that we will need to scrutinise closely the way in which those processes are working which may mean that additional resources will be needed on the performance review side. We would welcome further information from regulators in response to this consultation about any significant changes in caseload which they consider to be likely.

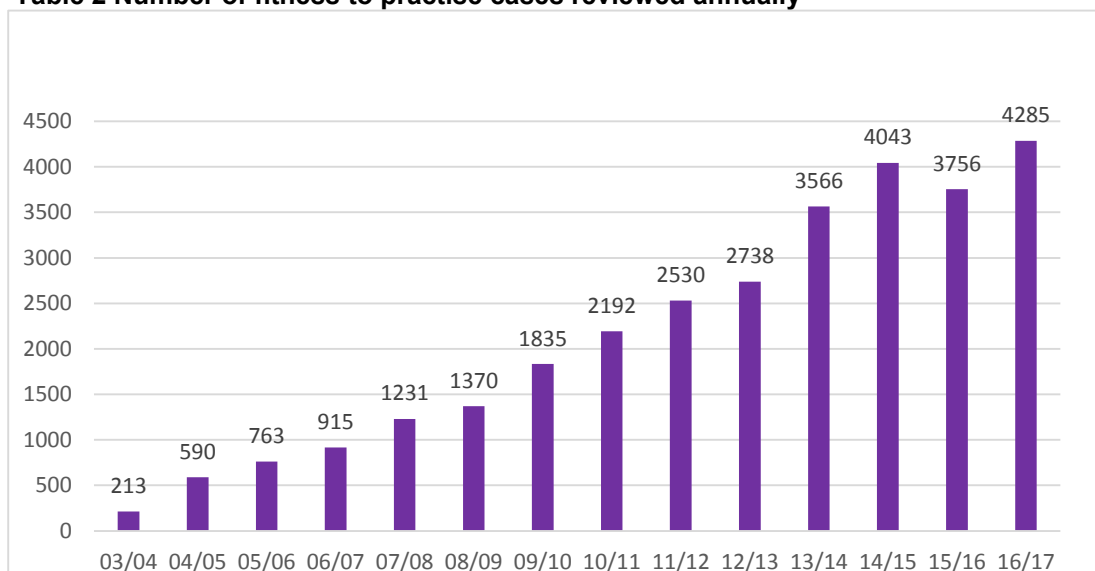
## *Legal advice*

- 6.18 At a case meeting, we have an external lawyer present to act as Legal Advisor to the decision-makers. In 2016/17 we amended our practice so that this advice is now generally provided by counsel instructed on a direct access basis.

Exceptions will apply where the case is particularly complex or where an appeal will be heard in Scotland. This has reduced the cost of case meetings.

- 6.19 The number of case meetings fluctuates. Last year, we noted an increase in the number. In the first seven months of 2017, we held 24 case meetings, compared with 35 meetings held in the equivalent period in 2016. Seven of those were in respect of GMC appeals under s.40B of the Medical Act. We continue to consider very carefully whether cases are likely to be serious enough for a case meeting.
- 6.20 Where we decide to refer a case to court, we instruct external lawyers after the case meeting to oversee the preparation of the Grounds of Appeal and to lodge the appeal on the Authority's behalf. The Authority benefits from being able to access solicitors under the NHS Resolution scheme and from the rates negotiated under that scheme. In 2017 a re-tender was held and the rates have increased by around 5%. This continues to be good value for money compared with the open market. The Authority works closely with firms to ensure that costs in individual cases are kept under close review.

**Table 2 Number of fitness to practise cases reviewed annually**



- 6.21 The actual case number in 2016/17 was 285 (7%) over the prediction in our consultation paper of 4,000, an increase of 14% on the figures for the previous year.
- 6.22 We are currently predicting that during 2017/18 we will review 4,500 cases. This will be an increase of 5% over the 2016/17 figures.
- 6.23 In 2016/17, the GMC began to exercise its new powers to appeal decisions of its panels which are not sufficient to protect the public. At the time of writing, the GMC has exercised this power in 20 cases. Three cases have been heard by the courts. We have agreed a protocol with the GMC in respect of exchanging information and documentation about these cases in a timely manner.
- 6.24 As an initial approach, the Authority decided that it should undertake a detailed case review and hold a case meeting in respect of every case referred by the GMC. Since this was a new jurisdiction which might have an impact on our own s.29 jurisdiction, it was important that the Authority should be appropriately represented in the early stages. This has, inevitably, incurred costs for the Authority in the first year.

- 6.25 In the light of its experience and recent cases, the Authority has recently revised its approach to these appeals. While the Authority will continue to conduct detailed case reviews in every case referred by the GMC, we will not automatically hold a case meeting. Our view is that we will only need to do so where the detailed case review suggests that there are concerns which the GMC has not addressed (for example, in respect of under-prosecution), where there are implications for the Authority's own jurisdiction or there are other strong reasons suggesting that the Authority can add value by its involvement.
- 6.26 We would expect this new approach to limit the additional costs to the Authority caused by this new jurisdiction, while ensuring that the Authority is properly able to fulfil its own statutory functions.
- 6.27 It may be that the jurisprudence arising out of the GMC's cases may affect the way in which the Authority approaches its own jurisdiction and we will keep this under review.
- 6.28 Our provision for legal costs takes into account our estimates of the caseload as stated above includes the new GMC jurisdiction which has resulted in the Authority having to decide whether or not to join legal action initiated by that regulator.

#### *Performance review*

- 6.29 The 2018 performance review cycle will commence in April 2018, and the schedule for assessment and review will be consistent with previous cycles.
- 6.30 As in 2016 and 2017, the 2018 performance review process will bring together information and data from the regulators, third parties, our audits when appropriate, final fitness to practise decisions and appeals and our assessments against the Standards of Good Regulation into individual reports about each regulator. Each regulator will continue to have a member of the performance review team assigned as a liaison, and the performance review reports will be published after their completion throughout the 2018 cycle. We will continue to ensure that the data we collect to help inform our reviews is proportionate, and expect to reduce the dataset we request from the regulators at the start of the 2018 cycle. A high-level overview, drawing on the individual reports where appropriate, will be published in our Annual Report.
- 6.31 Additionally, we may undertake at least one full initial stages audit, using the current casework framework, for one regulator during 2018. This will depend on the resources available, as well as our assessment of the necessity of carrying such audits in addition to the performance review process.
- 6.32 We expect our review of the Standards of Good Regulation to be completed by the end of 2017/18. In 2018/19, we expect to announce the new Standards and work with the regulators to implement them and make any changes to the performance review system so that the new Standards are in place for the 2019/20 review cycle.

#### *Complaints and concerns*

- 6.33 We continue to work to inform the public about what we can and cannot do with respect to concerns or complaints they have about the regulatory bodies. Each year we receive a correspondence about the regulators directly from members of the public.

- 6.34 On our website we now have a 'share your experience' button, to make it easier for people to share their experiences of regulators with us. This information will be considered when we undertake the performance reviews. We have also made clearer our limited role and remit, especially in relation to complaints about registrants.
- 6.35 We will continue our policy of sending certain concerns raised with us about a regulator to the regulator and asking for its comments. We then share the regulator's comments and our thoughts on those comments with the individual who raised the concern with us.
- 6.36 We do not anticipate that the number of concerns we have to deal with will markedly change during 2018/19 and we expect that a proportion of these concerns will remain resource-intensive, due to the nature of the concerns raised and the steps we take to address them.

#### *Supporting the quality of appointments to regulators' councils*

- 6.37 We will continue to assist the Privy Council in the exercise of their appointment powers in respect of the councils of the regulatory bodies. In 2016/17 we advised on 13 processes, and so far in 2017/18 we have provided advice on 16. We do not anticipate that the workload will change during 2018/19.
- 6.38 As reported last year, we have brought the work to support this in house. This has reduced the cost of this work.

#### *Impact of new legislation*

- 6.39 The impact of new legislation on our work and our financial requirements are difficult to quantify.
- 6.40 The changes to the regulation of social work in England will have an impact on our work in the longer term. The new social work regulator in England will fall within our remit and will pay fees on the same basis as the other regulators. We do not, at this stage, expect this to have an impact on the Authority's work in 2018/19. We have taken steps to ensure that government officials are aware of our fee consultation process and timetable in 2018.

#### *Standards and policy*

- 6.41 The work of the Standards and Policy team ensures that the Authority meets its legislative responsibilities to promote the health, safety and wellbeing of patients, service users and the public; to promote good practice in regulation and to promote cooperation between regulators.
- 6.42 The work of this team contributes to our four strategic objectives.
- 6.43 The team keeps the regulators and others informed about the latest research on regulatory matters and works with academics to ensure that research assisting the development of regulation is undertaken. The knowledge and information held by the team enables the Authority to look to the development of its own regulatory processes and standards. It underpins our approach to the development of best practice and improvements in regulation. It also enables the Authority to comment on how it believes future legislation should be drafted and to comment on proposals made by government and others.

- 6.44 The team are responsible for maintaining a strategic, forward looking view of the regulation of people who work in health and social care in the general context of health and care services. We maintain an overview of the work of the nine professional regulators we oversee. We build the knowledge and evidence base we use to inform our views. We formulate and articulate the principles which underlie our approach to our work. We do this so that the Authority is able to provide assurance and advice to Parliament, the Health Committee and others; and to ensure that the work of the regulators now and in the future, is carried out as effectively as it can be, without unnecessary regulatory burdens, to the benefit of the health, safety and well-being of the public.
- 6.45 The team also leads on communication issues including the maintenance, accessibility and content of our website.

### *Work for 2018/19*

- 6.46 The team will advise on any proposed new legislation and changes to legislation (including changes to the regulation of social work in England), monitoring and analysing the impact of the proposals on the effectiveness of the regulators and the Authority, on the protection of the public; looking to ensure and uphold standards and maintain confidence in the professions and the systems of regulation.
- 6.47 The team will prepare the evidence the Authority provides to the Parliamentary Health Committee.
- 6.48 We anticipate that the team will consider about 30 consultations and requests for briefings.
- 6.49 We will encourage sharing and developing knowledge about regulation and its effects and to stimulate debate by organising and hosting a symposium, academic conference and seminars, and by continuing to facilitate the growing network of academics interested in regulation.
- 6.50 We will seek the public's views on our work and that of the regulators we oversee through our public engagement activity and by carrying out consumer focussed research into issues that arise during the year. Consumer focus work, which is commissioned from specialist companies, is undertaken in order to assess the impact of the regulators' work to protect the public and to increase confidence in the professions and regulation. This work helps us to fulfil our statutory responsibilities to inform and consult.
- 6.51 We will continue to develop our thinking on professional regulation and registration risk, to stimulate discussion and debate, especially in relation to the ideas we set out in our policy papers *Rethinking Regulation*, *Regulation Rethought* and *Right-touch Reform*. We will also continue to explore the effects of regulation and other influences on personal behaviour, seeking to identify what works well and why. We will do this by encouraging others to undertake research through our academic network, by facilitating discussion at our academic conference and by conducting research into and analysis of the data we hold on fitness to practise cases. We will also encourage others with research interests to use the data we hold on past fitness to practise cases.
- 6.52 We will learn from others and continue to share our own regulatory knowledge and expertise, raising the profile of professional regulation in the UK by speaking at and attending conferences and events in the UK and internationally, horizon

scanning, submitting papers to relevant journals and through analysis of published sources.

- 6.53 We will ensure that the Authority engages effectively in each of the four countries of the UK so that our work takes proper account, where relevant, of the diverging health and care systems in England, Scotland, N Ireland and Wales and developments in Europe. We will also input to their developments where they are relevant to our role.
- 6.54 We will monitor Parliamentary affairs and respond to Parliamentary questions as required. We will continue to advise the Health Committee when requested.
- 6.55 We will respond to media and other enquires and proactively promote the work of the Authority through our website and publications. We will also respond to recommendations made by the Welsh Language Commissioner.

## 7. Budget for regulatory and standards setting work

### Staff costs

- 7.1 During 2017/18 we have undertaken a job evaluation, grading and pay exercise so as to invest in the quality, recruitment and retention of our staff team. As part of this exercise we have reviewed our roles, responsibilities and the staffing levels within each team. As a consequence of this, the Remuneration Committee approved the introduction of new pay grades to bring our reward policy closer in line with the regulatory sector. We have lessened the financial impact of this exercise on our stakeholders by identifying savings in other areas of our budget. We are now confident that we have the correct staffing structure to enable the Authority to fulfil its duties in the medium term to long term.
- 7.2 Within the 2018/19 budget we have allowed for a 5% vacancy rate.

### Human resources

- 7.3 The staffing establishment as budgeted for is:

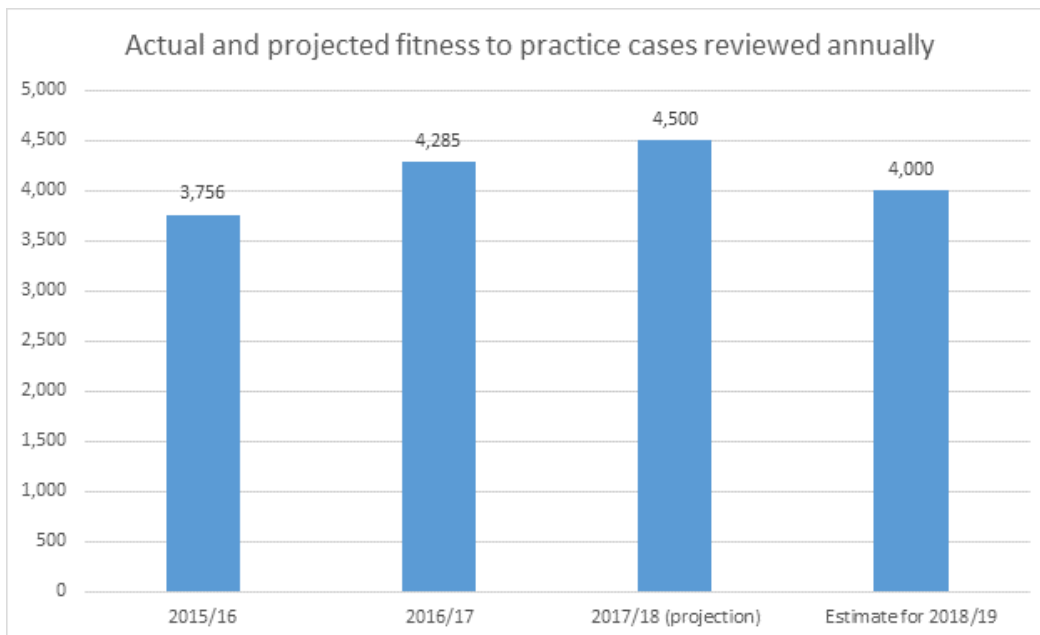
Posts	2018/19	2017/18
Chief executive	1	1
Directors	3	3
Assistant directors	3	3
Heads of functions	4	4
Managers	5	6
Technical specialists	4	4
Officers and advisers	15	14
Administrators	3	3
<b>Total</b>	<b>38</b>	<b>38</b>

- 7.4 This equates to 35.65 full time equivalents.

### Fitness to practise cases

- 7.5 In our previous consultation document we had taken an average of the last three years case numbers, including the projection for the current year in order to give an estimate of the future number. Doing so for 2017/18 would give an estimate of 3,972, which is lower than the actual figure for 2016/17. Moreover, this would not reflect the trend in the first four months of 2017/18, where our case load is currently running approximately 10% higher than in the previous year, suggesting a case load of around 4,700 if this continues. The NMC has told us that its new powers to settle cases before a final hearing may mean that the case load reduces later in the year. Taking this into account are currently projecting a caseload of around 4,500 in 2017/18.





- 7.6 The NMC suggests that there may be a reduction their case load in 2018/19. We recognise, however, that such forecasts are not based on actual experience and we therefore consider that it would be prudent to assume a caseload of around 4,000 for 2018/19.

### Section 29 legal costs

- 7.7 Expenditure on legal advice and representation in relation to our Section 29 role is a significant cost to the Authority. It is difficult to estimate; the volume of work can only be estimated (and only if the regulators can themselves estimate reasonably accurately), and while the Authority can recover a proportion of its legal costs this element (if an appeal is successful) cannot be accurately predicted. In addition, the recoveries are not normally agreed or paid immediately after the case is decided, and it can be some months before the Authority receives them.
- 7.8 There is also the prospect of the Authority being required to pay the costs incurred by other parties should a case be lost.
- 7.9 The methodologies for dealing with Section 29 costs and recoveries are set out in detail in the notes to our annual accounts.
- 7.10 For 2018/19 we have included a recovery rate of 21% of the total expenditure<sup>1</sup>. We have decided to take the average of the last 3 years as an appropriate figure, recognising that there will be fluctuations and that this appears to be an appropriate way of estimating the likely exposure.
- 7.11 The change takes account of the risk of the Authority having to meet the costs of other parties and the changes to the way in which we undertake our legal work.

<sup>1</sup> This % relates to the total expenditure as opposed to the 'recoverable' expenditure, for which we always aim for 75% recovery.

## Accommodation

- 7.12 The Authority is a tenant of the National Audit Office and has a Memorandum of Occupation in place through to 31 October 2022 with a rent review at 1 April 2019. The Authority currently sublets some of its accommodation to two other bodies:
- The Independent Reconfiguration Panel (IRP) has an annual lease currently through to April 2019
  - The Leadership Academy (the Academy) has an annual lease currently through to April 2018 which it reconsiders each October.

## Capital

- 7.13 The capital provision is for expenditure on assets other than computer software. This has been kept at the same level as 2017/18.

## Investment income

- 7.14 The budget for 2018/19 includes an estimate for income received in respect of the monies received in the previous year and held on deposit as well as money held as reserves.

## Corporation Tax

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

## Reserves

- 7.17 The Authority acknowledged in its first consultation on fees in 2015-16 that it was likely to need to build up a financial reserve in order to manage the financial risks it may face.
- 7.18 The timing of the determination of the fees is not fully within the control of the Authority and should there be a delay in the receipt of the fee income the Authority will face cash flow problems and could have difficulty in meeting its expenditure requirements and statutory duties.
- 7.19 The cash flow issues are linked to the receipt of the fee income. If the consultation process is not concluded by the Privy Council in time for the determination to be made by the beginning of March, then the Authority will face the prospect of having no income at the start of the financial year.
- 7.20 The Authority may also have to address financial shortfalls arising during the fiscal year. The budget for any given year has to be estimated prior to the commencement of the consultation exercise, which being lengthy has to commence early in the preceding year, thus there could be occasions when the Authority has to address unexpected expenditure during the year after the fee has been determined - for example costs arising from an increase in its workload, the need to undertake an investigation or changes to legislation.
- 7.21 While the Authority has the power to consult on an additional fee during the year, the time that this would take makes it an impractical means of addressing such issues. Seeking additional fees also means that the regulatory bodies would be

asked to provide funding that they had not budgeted for, resulting in pressure on their own budgets.

- 7.22 To accommodate unexpected expenditure peaks and cash flow deficiencies, and to reduce the prospect of needing to seek additional fees, the Board agreed that the Authority should keep an agreed level of financial reserves, sufficient to ensure that its statutory functions can continue to operate.
- 7.23 Having reserves that can be called upon will also eliminate the need to pay arrangement fees and interest on any monies borrowed.
- 7.24 The policy is set out below:
- The Authority has agreed to hold reserves of three months' total operating costs of circa £1m, within which it draws a distinction between;
  - A restricted element associated with regulatory and standards work
  - An unrestricted element associated with all the Authority's work
  - The intention is that over time the restricted element will amount to two months' total operating costs
  - The present make-up of the reserves does not conform to this two thirds / one third split
  - The level and make-up of our reserves will be reported through our Annual Report
  - Any money taken from reserves during the year will need to be replaced in the following year(s)
  - Should there be a need to draw upon the restricted element of the reserves we will report this to the regulatory bodies at an appropriate point.

#### **Funding of reserves in 2018/19**

- 7.25 At the end of 2016/17 the Authority held total reserves amounting to £1.8m. This was comprised of non-cash assets and funds from the fee income and from the Department of Health. As a consequence of having this funding the Authority had no need to request funding for reserves through the fees in 2016/17.
- 7.26 In addition to the cash reserves of £1m the Authority held further funding received from the Department of Health and Devolved Administrations in previous years.
- 7.27 As mentioned in Section 6 the cost of the new database will be initially funded from our reserves and the cost recovered from regulators over a five-year period to reduce the impact. The cost associated with writing off the old database will be recovered from reserves.

#### **End of year over/under spends**

- 7.28 Any underspend from the 2017/18 budget not required for reserves will be used to reduce the total fee income needed for 2018/19.
- 7.29 Due to the timing of the fee consultation occurring mid-way through the financial year we have had to project any likely over or underspend that will be available for reserves or other purposes.
- 7.30 We are currently predicting that we will have no underspend in 2017/18.

- 7.31 If an underspend is possible then when we put our proposal to the Privy Council in December 2017 we will be able to reduce the budget set out in this document prior to making that submission.

### Accounting policies and depreciation

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

<http://www.professionalstandards.org.uk/docs/default-source/publications/annual-reports/annual-report-and-accounts-2015-2016.pdf?sfvrsn=4>

### Budgetary requirements 2017/18

Total funding requirement	2018/19 £'000	2017/18 £'000
Net operating expenditure (excluding depreciation for assets purchased during the year and costs associated with writing off existing database)	3,927	3,834
Capital expenditure	105*	75
Reserves	-	-
<b>Total funding requirement</b>	<b>4,032</b>	<b>3,909</b>
Underspend transferred from previous year	-	-
<b>Total funding requested</b>	<b>4,032</b>	<b>3,909</b>

\*Including £30k (1/5<sup>th</sup>) of the costs of the new database

### Expenditure breakdown

Net operating expenditure requirement	2018/19 £'000	2017/18 £'000
<b>Expenditure</b>		
Staff costs	2,610	2,397
Other administrative costs	1,577	1,708
<b>Income</b>		
Operating income	(260)	(271)
<b>Net operating expenditure*</b>	<b>3,927</b>	<b>3,834</b>

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

<b>Capital expenditure requirement</b>	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Information technology	65	65
Fixtures and fittings	10	10
<b>Capital expenditure</b>	<b>75</b>	<b>75</b>

### Administrative costs

	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Members' remuneration	82	82
Legal and professional fees	715	752
Premises and fixed plant	512	527
Training and recruitment	58	63
Communications and conferences	75	75
Establishment expenses	64	67
External audit fee (**)	20	20
Other costs	47	71
Depreciation	4	51
<b>Total administrative costs</b>	<b>1,577</b>	<b>1,708</b>

### Operating Income

	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Section 29 cost recoveries	115	129
Sub-tenancy income	134	134
Other operating income	11	8
<b>Total operating income</b>	<b>260</b>	<b>271</b>

### Key performance indicators

<b>Area of work</b>	<b>Key performance indicators</b>
Section 29 decisions	100% of relevant decisions considered within statutory deadline.
Public concerns about Regulatory bodies	100% of concerns acknowledged within five working days.
Data and Information security	All (100%) Subject Access Requests dealt with within statutory deadlines.  All (100%) Freedom of Information Act requests dealt with within statutory deadlines.
Financial Governance and Annual Accounts	To pay undisputed invoices: 60% in five days, 100% in 10 days.
Human resources	Staff sickness no more than 2% Staff turnover to be less than 10%.

Complaints about the Authority	100% of complaints acknowledged in five days Response to all complaints to be completed within 28 days.
Information and communications technology	85% of helpdesk calls to be closed within 1 day.

## Risks

Description	Response action
Reputational impact of stakeholders disputing the Authority's 'expert' status	Robust, evidenced based approach to x3 directorate's work Proportionality applied to all activities / outputs Stakeholder engagement at staff and Board level Social media strategy with quarterly updates to Directors Group and exception reporting
Poor internal communication and lack of skills / knowledge management leads to loss of organisational memory, duplication of work and poor decisions	Directorate, managers and staff have regular meetings Internal briefing documents introduced Increased use of learning seminars etc. for staff awareness Recruitment and retention policy in use which enables longer notice periods Staff handovers arranged whenever possible Detailed induction expanded to include more information about the work of the directorates Delegations for CEO absence from the office strengthened / circulated All policies are stored on drives and accessible Intranet to be launched
General Data Protection Regulation represents a chance to review and improve our approach to information governance and sharing	GDPR set as standing item on quarterly information review sessions Recommendations to be included in annual assessment of information risk management to Audit and Risk Committee Staff presentation undertaken Training planned for all staff in 2017/18 Preparedness plan produced and agreed with Audit and Risk Committee Subject to be included in internal audit programme for 2018/19 (review to be scheduled for April ahead of implementation in May)
G&O Directorate Development Plan presents opportunity to	Directorate Development Plan created and agreed with staff and Directors Group

<p>improve operations; clarity of annual business cycle, meaningful data to be provided to the business (support services), transparent and efficient processes, capacity used to best effect, and roadmaps for service development</p>	<p>Phased approach planned; initial capture of the current arrangements and then a drive for improvements later in the year  Progress reporting in detail to Directors Group and in summary to Audit and Risk Committee  Phase 1 complete; initial outputs created; annual calendar, MI reports, flowcharts / processes / procedures for all activity, FTE matrix, and individual service development plans  Phase 2 concluding; final outputs being revised following operational delivery and efficiency reviews  Close-down report planned to detail outcomes</p>
<p>Formal testing of the Business Continuity Plan fails to assure the Board that contingency arrangements are sufficient</p>	<p>Business Continuity Plan updated, agreed with Directors Group, published to relevant individuals and communicated to staff  Formal test project completed under ownership of ICT, highlighting successes in terms of evacuation and communications, but inability to create the necessary ICT environment  Test analysis report (with recommendations for remedial action) in detail to Directors Group and in summary to Audit and Risk Committee  Remedial action planned into capital programme for 2017/18 and 2019/20  Subject included in internal audit programme for 2017/18 with a positive report resulting, suggesting only a small number of best practice incremental improvement points</p>
<p>Replacement of Section 29 database could disrupt day to day legal operations in 2018/19 and ultimately result in failure to fulfil our statutory function</p>	<p>Timelines for procurement agreed  Funding approach proposed (use of reserves and then recharged to Regulators over x5 years)  Resource implications considered; additional technical ICT project manager to be recruited  Phased approach to implementation proposed, with current database retained during 2018/19  Progress reporting in detail to Directors Group and in summary to Audit and Risk Committee</p>

<p>There may be a mismatch between the volume of work (Section 29 cases) and the resources available leading to deadlines being missed</p>	<p>Work can be reprioritised Processes can be amended Leave is monitored The structure of the team is being reviewed Flexibility to outsource work in place Process around GMC Section 40 work amended to save time Process around GMC Section 40 work amended to save time</p>
<p>Review of the Standards of Good Regulation gives the chance to improve our ability to assess the performance of the regulators</p>	<p>Review of Standards of Good Regulation underway; first consultation completed, second consultation to be drafted Progress reporting to Board</p>



## 8. Accredited Registers

### Background

- 8.1 The Accredited Registers programme sets standards for registers of health and care practitioners not regulated by law. The Authority works to strengthen the quality of care and patient safety by setting standards for the registers and accrediting those that meet them. Register holders are required to have proportionate methods in place for the removal of practitioners from their register.
- 8.2 The work of this team contributes to our four strategic objectives.
- 8.3 The accreditation programme is in its fifth year. The programme now includes 23 registers and 80,000 registrants. The programme has a registered trademark and a defined communication strategy for the programme to encourage uptake and generate awareness.
- 8.4 While the intention is that the accreditation programme will eventually be undertaken on a full cost-recovery basis, it was recognised from the outset that this would be difficult to achieve for several reasons. These reasons include the somewhat small number of organisations eligible and able to apply, their limited income and the time that it would take for them to prepare for and achieve accreditation.
- 8.5 The Department of Health has agreed in principle to the Authority using £312k from reserves (made up of historical Grant in Aid funding from the Department) to support the programme while it moves into balance, as part of a financial sustainability plan. The Authority will consult on changes to fees during 2017/18.

### Financial separation from our standards and regulatory function

- 8.6 The income and expenditure for the work associated with the accreditation of registers is accounted for separately from the oversight of statutory regulators and other income streams. The programme operates on a cost recovery basis supported by a subvention from the Department of Health.
- 8.7 The Accredited Registers programme financial information is maintained as a separate segment of the corporate accounts. This includes income and expenditure records as well as the annual budget, including the staffing costs of the Accreditation team, the recharged costs of Authority personnel involved in the decision-making panels, the cost of other support staff and other costs such as travel, communications and legal advice.
- 8.8 In order to avoid cross charging across the different work streams, full recharging of all costs is in place. Where the costs are directly attributable to the AR team, these are individually budgeted for. This includes, for example, the staff time of the team, the costs of AR publications and marketing. Where the programme draws upon corporate resources including back office staff and general corporate expenditure such as the production of the annual report, this is recharged at the rate of 10%. This figure being the proportion of AR staff in relation to the staffing establishment and therefore represents the proportion that AR makes to corporate expenditure such as accommodation, the Annual Report, Board expenditure and corporate functions such as ICT.
- 8.9 The staff employed to work on the accreditation programme are employees working solely on this specific area of the corporate business.

### Work to be done in 2018/19

- 8.10 During the year, we will continue to process applications for annual review of accreditation from the current Accredited Registers. We will process new applications as submitted.
- 8.11 We will revise our accreditation renewal process following our recent consultation to streamline processes. We will continue to receive and review feedback from the public about their interaction with Accredited Registers.
- 8.12 We will initiate a review of the *Standards for Accredited Registers* to ensure these remain fit for purpose, and update these based on feedback received.
- 8.13 We will hold a conference for Accredited Registers to share learning and promote good practice and will hold meetings with organisations interested in applying for accreditation.
- 8.14 We will seek to carry out pilots with key stakeholders to examine how the accredited registers can contribute to the safety, health and wellbeing of the public and support the workforce.
- 8.15 As part of our communications strategy, we will continue to work with key stakeholders to raise awareness of the programme and build on the *Let's Work Together* campaign. We will engage with relevant health and care organisations to allow them to obtain maximum benefit from our assurance of the wider workforce.
- 8.16 We will review our accreditation and renewal fee model and will consult upon any proposed changes.

### Income and expenditure with application forecasts

	2017/18 Forecast £'000	2018/19 Proposed £'000	2019/20 Proposed £'000
<b>Income</b>			
New applications	25	45	45
Renewal*	209	250	294
Other Income (eg deferred income, clusters)	3	0	0
<b>Total</b>	<b>237</b>	<b>295</b>	<b>339</b>
<b>Expenditure</b>			
Pay costs	228	235	237
Non pay costs	195	188	190
<b>Total</b>	<b>423</b>	<b>423</b>	<b>427</b>
<b>Reserve/deficit carried forward</b>	<b>39</b>	<b>(147)</b>	<b>(275)</b>
<b>Net surplus/deficit</b>	<b>(147)*</b>	<b>(275)*</b>	<b>(363)*</b>

\* DH will agree to the use of 312K from reserves to support AR programme

## Key performance indicators

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

## Risks

Description	Response action
AR does not produce sufficient income to cover the costs	<p>DH has now agreed to funding for 2017/18 onwards (involving a draw down from historic DH reserves, aligned to a sustainability plan)</p> <p>Streamlining of application process is in hand</p> <p>Revised fee model developed and consultation with registers underway</p>
AR programme is not regarded as providing sufficient assurance in relation to unregulated practitioners	<p>New communications plan in place to publicise what the AR programme and raise awareness</p> <p>AR has the quality mark to identify those accredited and those who are not</p> <p>Compliance with conditions issued is increasing</p> <p>The number of conditions issued is decreasing</p> <p>The Director has been reviewing complaints about the scheme as part of increased quality control (low volume received)</p>
The reputation of the programme is undermined by organisations who have been accredited as a consequence of their behaviour	<p>Regular engagement with the organisations</p> <p>CE has written when necessary</p> <p>When appropriate the Authority makes public comment</p> <p>When necessary accreditation can be withdrawn</p> <p>Position strengthened by Judicial Review ruling</p>

## 9. Commissions from Government(s)

### Background

- 9.1 The Secretary of State for Health as well as the Health Ministers in the Devolved Administrations may ask the Authority to provide them with advice on matters related to the regulation of health professionals. They may also ask the Authority to undertake investigations and report on the findings.
- 9.2 Section 26A(2A) of the National Health Service Reform and Health Care Professions Act 2002 (as amended by the 2012 Health and Social Care Act) states that this work, which must be undertaken, will be subject to a fee determined by the Authority. This is to ensure that work undertaken at the request of the government(s) is not funded from the funding received from the regulators. This section of the legislation was enacted in January 2016<sup>2</sup>.
- 9.3 This work contributes to our four strategic objectives.

### Work to be done in the year

- 9.4 In order to support our ability to deliver relevant advice we will pursue active engagement and dialogue with policy and research leads across the UK administrations and other key stakeholders.
- 9.5 It is for The Department of Health and devolved administrations to determine what budget provision they will need to make for 2017/18 in order to meet the cost of any advice or investigations that they may request the Authority to undertake.

### Income and Expenditure

- 9.6 The overriding principle is that all costs incurred by the Authority must be met by the fees charged.
- 9.7 We have developed rate cards in order to be able to charge out the cost of staff time including overheads.
- 9.8 While we are not running a commercial consultancy business and will not be seeking to make a set profit on each project we do intend to generate an annual surplus overall that can be used to further the Authority's work. Surplus monies may also be used to offset the costs of responding to public tenders, ensuring that this work stream is self-funded.
- 9.9 Overall the income and expenditure for this work should be cost neutral or raise a surplus. Accordingly, no budget provision is made for this work.
- 9.10 In March 2017, the Authority agreed to undertake a commission from Scottish Government that is expected to be completed by December 2017. Funding for this commission was received in 2016/17.

### Financial separation from our regulatory function

- 9.11 We will estimate and account for staff time spent on specific commissions to be able to estimate the fee to be charged, and should the staff time utilised be from

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<sup>2</sup> Health and Social Care Act 2012 (Commencement No.10) Order 2016

the core complement, without related back-filling, we will identify the cost of this time and recharge it.

### Key Performance Indicators

Area of work	Key performance indicators
Nothing at this time	

### Risks

Description	Response action
Financial impact of commissions from the DH and/or the DAs not following an agreed process	Authority commissioning process created including commissioner completing / providing business case (including funding arrangements and budget) prior to engagement Dialogue with DH continuing Recent commissions have followed the agreed process (Scottish government and NMC review)
Reputational impact of commissions from the DH and/or the DAs not being well received	Authority commissioning process created including commissioner completing / providing business case (including detailed requirements for the work) prior to engagement Commissions are undertaken professionally and produce high quality work Stakeholders are actively engaged around outcomes

## 10. Advice to other organisations

### Background

- 10.1 Our original legislation enabled us to provide advice to others and charge for it, albeit there was no explicit reference to this work. The Health and Social Care Act 2012 explicitly permits the Authority to provide advice or auditing services to regulatory bodies or organisations that have functions corresponding to a regulatory body.
- 10.2 This work contributes to our four strategic objectives.
- 10.3 The cost of advice, which is specialist and tailored to the client, varies depending on what is requested and the time required. The Authority may also bid for relevant work through a public tender process.
- 10.4 The reputation of the Authority in the provision of advice on regulation and regulatory matters continues to grow and we increasingly get requests from other organisations. To date this has all been based on word of mouth and personal recommendations. We have not actively marketed our services.
- 10.5 When looking at what work we can undertake we are mindful of both the need to manage our resources as well as the potential benefit to the Authority and the linkage to our statutory functions in the United Kingdom. We are conscious that this work gives us the opportunity to promote UK expertise.
- 10.6 We will complete a small commission from the Chinese University of Hong Kong in 2017/18.
- 10.7 Contracts will be entered into as opportunities arise.

### Income and Expenditure

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

## Finances

	2016/17 £000	2017/18 £000	2018/19 £000
Opening Balance	87	78	81
Income	2	11	TBC
Expenditure	(11)	(8)	TBC
<b>Closing Balance</b>	<b>78</b>	<b>81</b>	<b>TBC</b>

## Key performance indicators

Area of work	Key performance indicators
Nothing at this time	

## Risks

Description	Response action
Advisory role to DfE on Social Work England gives the ability to influence the design and effectiveness of the new regulator	Authority is a recognised stakeholder at strategic level of project Authority is a recognised stakeholder at operational level of project Advice is regularly sought / provided by the Authority
Reputational bearing arising from successfully completed commissions from international regulators	New commission for Hong Kong underway; report submitted

## 11. Corporate budget requirement

- 11.1 The corporate budget brings together all four of the Authority's income streams:
- Regulatory and standards setting work – to be paid for through fees raised from the Regulatory bodies
  - Accredited Registers – to be self-funding with support of DH subvention
  - Commissions from Government(s) – to be paid for by the commissioning body
  - Advice to other organisations – to be earned through fees.
- 11.2 Our requirement for the regulatory and standards setting work stream for 2018/19 is £4,032,000, which is £123,000 (3%) more than for 2017/18, although this figure is £87,000 (2.1%) down from the £4,119,000 that we originally consulted upon in September and is an increase at broadly inflationary levels.
- 11.3 In the earlier draft of this business plan we commented that there were some areas where we hoped that costs could be further reduced. We have now adjusted the budget to include income from our tenant renewing, increasing our recovery rate for Section 29 and have made efficiencies in our proposed programme of events for 2018/19.
- 11.4 The significant changes in costs from 2017/18 to the following year are:
- The need to make provision for year one of the costs of replacing the section 29 database
  - The need to invest in the quality, recruitment, and retention of our staff team, including the introduction of new pay grades.

### Assumptions

- 11.5 In determining our requirements for 2018/19 the following assumptions have been made:
- That based on the recovery costs averaged over the last three years, the Authority will recover 21% of its total expenditure on legal advice related to section 29 cases<sup>3</sup>.
  - That the staff vacancy rate will be such that we can operate on 95% of the total pay bill
  - That no legislative changes that amend the duties of the Authority to an extent that will impact on our costs, will be introduced during the year
  - That the number of fitness to practise cases will be reduced to the estimated figure of 4,000 for 2018/19. This is lower than last year
  - That the transfer of the regulation of social workers from the HCPC to Social Work England will not take place during 2018/19
  - That the decision to leave the European Union will not impact on the work of the Authority in the coming financial year.

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<sup>3</sup> This % relates to the total expenditure as opposed to the 'recoverable' expenditure, for which we always aim for 75% recovery.



## Total Corporate Funding requirement for 2018/19

	Revenue £'000	Capital £'000	Totals £'000
Core business fees RB's	3,927	105**	4,032
Accredited Registers Subvention from DH*	-	-	-
<b>Totals</b>	<b>3,927</b>	<b>105</b>	<b>4,032</b>

\* DH will agree to the use of 312K from reserves to support AR programme

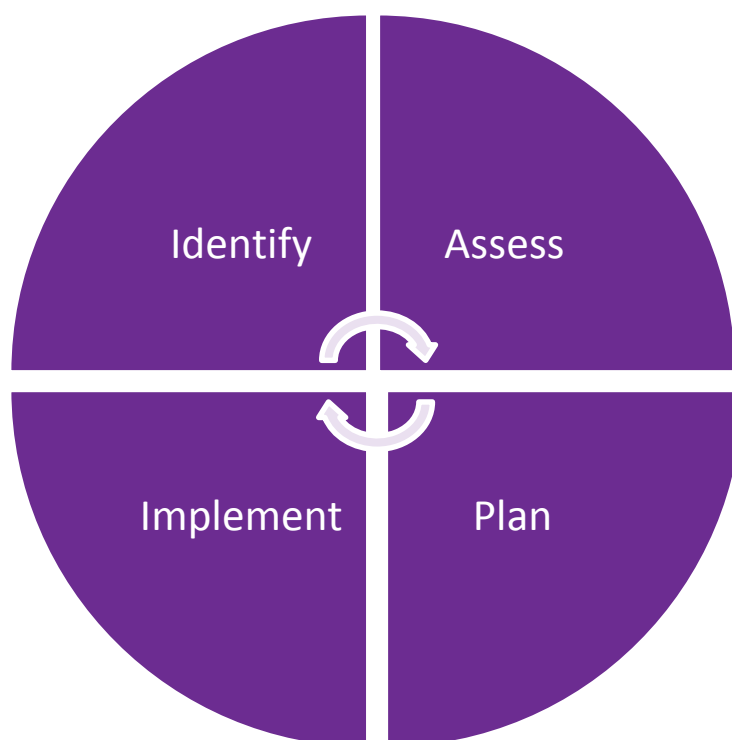
\*\*Including £30k (1/5<sup>th</sup>) of the costs of the new database

Capital expenditure requirement	2018/19 £'000	2017/18 £'000
Information technology	65	65
Fixtures and fittings	10	10
<b>Capital expenditure</b>	<b>75</b>	<b>75</b>

## 12. Corporate risk management

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

### The Authority's risk management process



- 12.2 The risk management process for the Authority is shown below:
- 12.3 Every year we subject our risk management practices to a gap analysis against the industry best practice Management of Risk methodology.
- 12.4 Both the approach (process and matrix scoring system) and risk register are scrutinised, and where appropriate incremental improvements are made.
- 12.5 The Directors Group reviews the risk register quarterly. Every six months, the updated report is considered by the Audit and Risk Committee and thereafter by the Board. Risks are added, updated or deleted outside of this process when the need arises.
- 12.10 During the forthcoming year we will continue to manage the risks associated with our current business and look to managing the risks associated with the changes that we will be facing.
- 12.11 The key corporate risks to the delivery of the Authority's work during 2017/18 are set out in this plan.
- 12.12 We also hold an Assurance framework that sits alongside the risk register to provide additional information to the Board.

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

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

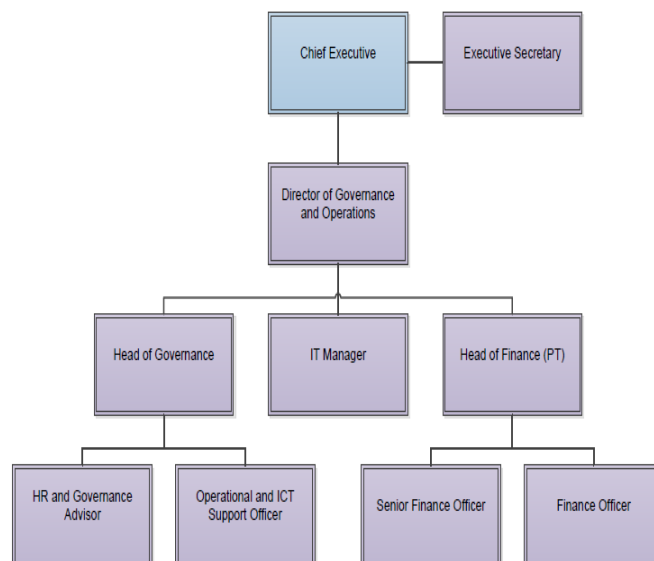
12.14 The risk matrix scoring system for opportunities is as follows:

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

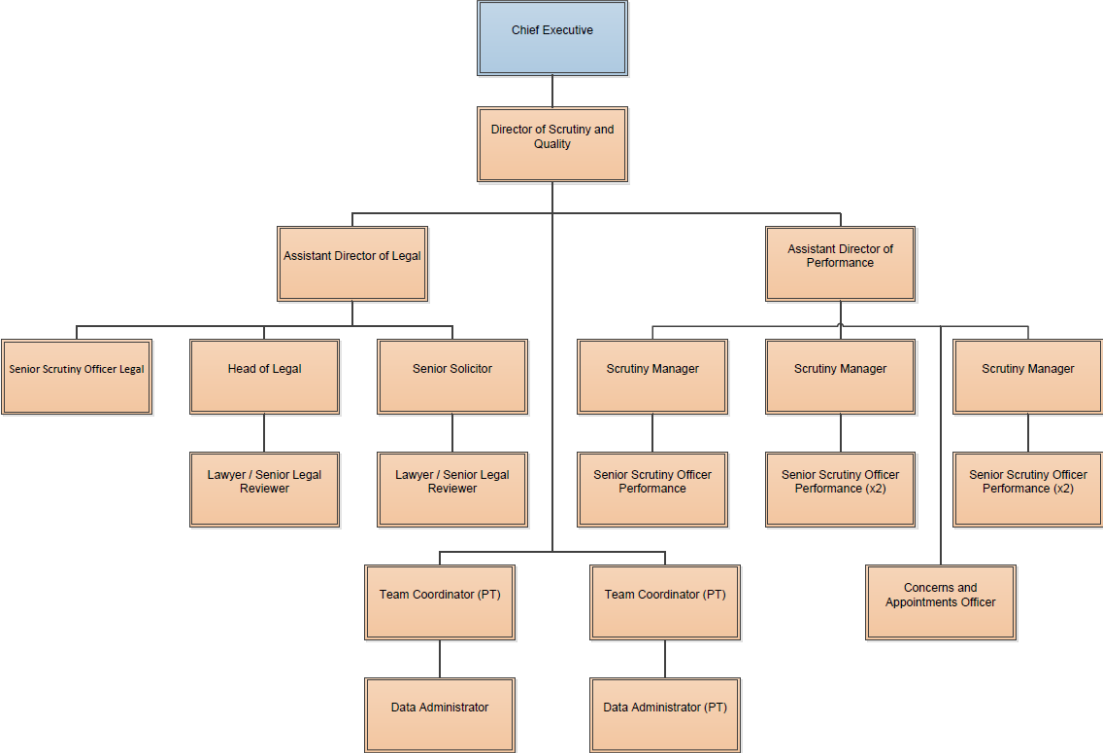
## 13. Organisation charts

13.1 Organisation charts can be found on the following pages.

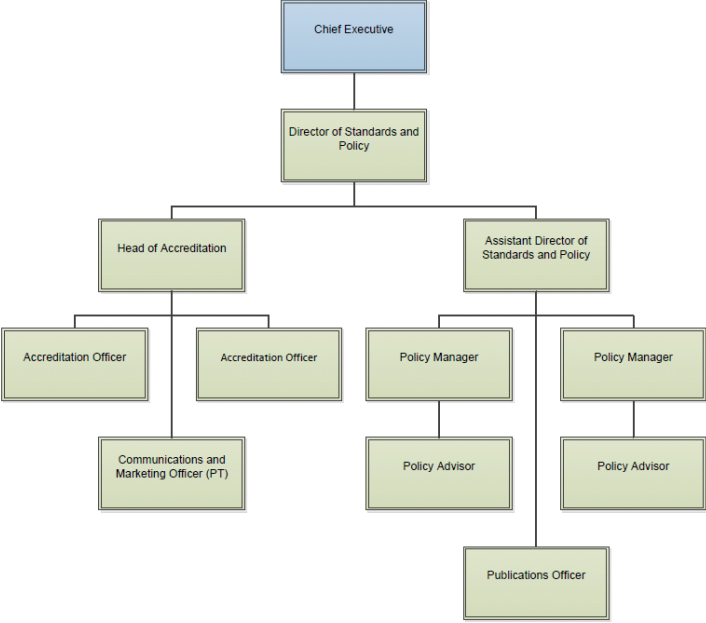
### Governance and Operations



# Scrutiny and Quality



# Standards and Policy





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