

Professional Standards Authority for Health and Social Care

Annual Report and Accounts 2018/2019



HC 2245
SG/2019/82



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Foreword



The Authority continues to perform well. We have maintained the high quality of our outputs and worked within our business principles and budget. We remain committed to protecting the public through our work with organisations that register and regulate people working in health and social care.

The regulators have generally performed well against our Standards of Good Regulation. In the interests of continuing improvement we have amended these Standards during 2018/19 and will be working with the regulators on implementation of the new standards in 2019/20. We also await the publication of the Government's response to the consultation on regulatory reform, which will hopefully provide opportunities to improve the effectiveness and efficiency of regulation.

We reviewed over 3,000 fitness to practise cases from the regulators during 2018/19 and made 11 referrals to Court under our Section 29 powers. We also shared learning points from our review of cases and held a conference for the chairs of fitness to practise panels in March 2019.

We continue to see 100% of accredited registers apply for renewal of their

accreditation. The programme now covers over 85,000 practitioners. We are working closely with the Department of Health and Social Care to ensure the financial viability of the programme and to facilitate access to enhanced criminal record disclosures by accredited registers.

We have provided advice to governments and other stakeholders about the level of assurance, such as regulation or registration, needed to support new and changing roles in the workforce. We have also provided advice on the establishment of Social Work England. In September 2018 we published *Right-touch regulation in practice: international perspectives*, to which colleagues from around the world contributed short articles on their experiences of implementing a right-touch approach. Experiences were shared from British Columbia, Ontario, Ireland, New Zealand, Australia and the UK.

October 2018 saw the retirement of our long-established and highly successful Chief Executive, Harry Cayton. I would like to take this opportunity to thank Harry for his invaluable work for the Authority over many years. Our new Chief Executive, Alan Clamp, took up his role on 1 November 2018 and brings a wealth of experience of leadership in the public sector and of regulation in the education, security and health sectors.

I look back on our year as Chair knowing that our own performance continues to be strong, that our financial basis is secure and that our reputation in the UK and internationally continues to grow. This is a strong foundation on which to face the challenges ahead.

A handwritten signature in black ink, appearing to read 'George R Jenkins', written over a light blue grid background.

George R Jenkins OBE
Chair

Annual Report and Accounts 2018/2019

1. Performance report

Overview

1.1 This report sets out the work of the Professional Standards Authority over the last year.

About the Professional Standards Authority

1.2 The Professional Standards Authority for Health and Social Care (the Authority) was established on 1 December 2012. Its role and duties are set out in the Health and Social Care Act 2012.¹ In brief, the Authority protects the public by raising standards of regulation and registration of people working in health and care. The Authority is an independent UK body.

1.3 The Authority has a board comprising seven non-executive members and one executive member who is appointed by the Board.

1.4 The non-executive members are appointed by the Privy Council, Scottish and Welsh ministers, and the Department of Health Northern Ireland.

1.5 The Authority is primarily funded by the fees paid by the regulators we oversee. Under the Acts of Parliament that govern what we do, we have the powers to carry out a range of activities to promote the health and wellbeing of patients, service users and the public in relation to the regulation of health and social care professionals.

1.6 We have duties and powers in relation to:

- The oversight of nine statutory bodies that regulate health and social care professionals in the UK
- The accreditation of the registers held by non-statutory registering bodies of health and care professionals
- The provision of commissions to, and undertaking investigations for, government
- The provision of advice to other similar organisations in the UK and overseas.

1.7 The Authority reports to the UK Parliament and works closely with the devolved administrations in Northern Ireland, Scotland and Wales, and with the Department of Health and Social Care and the Department of Education in England, to deliver our statutory obligations and the key objectives of our business plan. This includes identifying and responding appropriately to both internal and external risks.

1.8 The Authority is an unclassified public body.²

What we do

Regulatory and standards setting work

1.9 The Authority has powers to:

¹ Available at www.legislation.gov.uk/ukpga/2012/7/contents/enacted

² Context at

www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/datasets/publicsectorclassificationguide

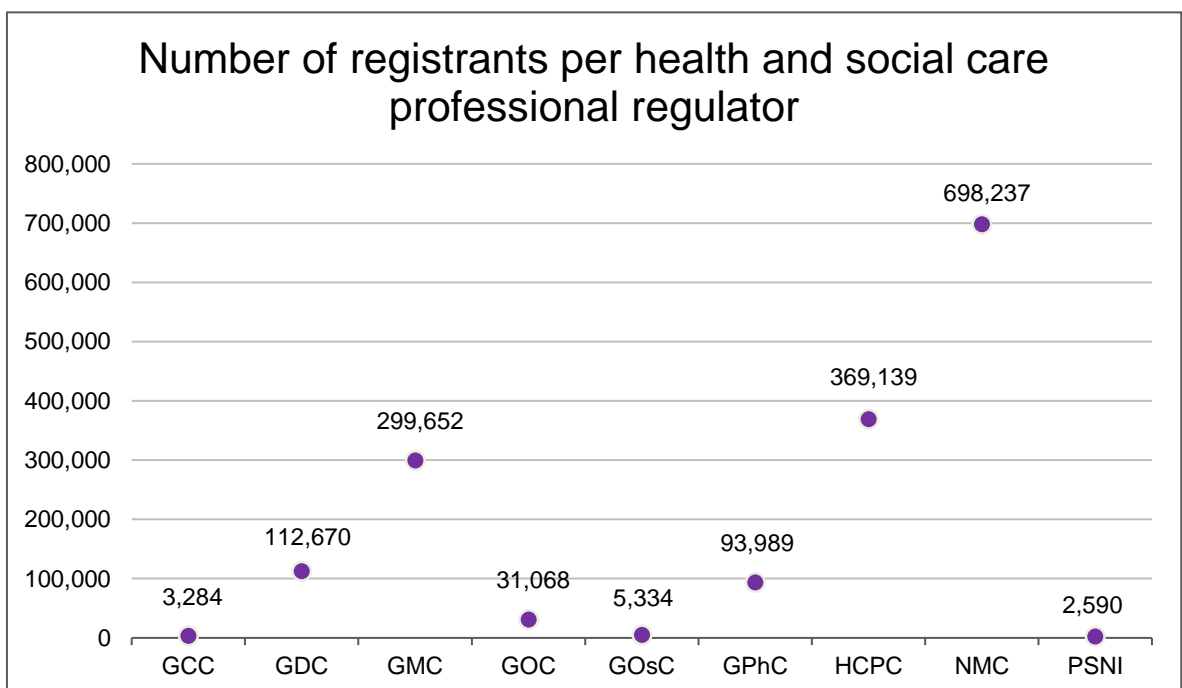
- Investigate, compare and report on the performance of each regulatory body. We are specifically required to report to Parliament on how far each regulatory body has complied with any duty imposed on it to promote the health, safety and wellbeing of patients, service users and the public
 - Audit the initial stages of fitness to practise cases and report on our findings in relation to each regulator
 - Review the outcome of final fitness to practise cases and refer them to Court if we consider that the outcome is insufficient to protect the public³
 - Give directions requiring a regulatory body to make rules under any power the body has to do so.
- 1.10 We promote the health and wellbeing of patients, service users and the public in the regulation of health and social care professionals. To do this, we listen to people's views and concerns and consider them when developing our work.
- 1.11 We assist the Privy Council in the exercise of their appointment powers in respect of the regulatory bodies, and support the quality of appointments to regulators' councils. In consultation with the regulatory bodies, we have produced standards for the Privy Council relating to recruitment and appointments to the regulators' councils.
- 1.12 We scrutinise and oversee the work of the nine regulatory bodies that set standards for the training and conduct of health and social care professionals.
- 1.13 We promote good practice and right-touch regulation. We work with the regulatory bodies to improve quality and share good practice. For example, we share learning points arising from the scrutiny of fitness to practise cases and organise seminars to explore regulation issues.
- 1.14 We share good practice and knowledge with the regulatory bodies, conduct research and introduce new ideas about regulation to the sector. We work closely with, and advise, the four UK government health departments on issues relating to the regulation of health and care professionals. In addition, we monitor policy in the UK and Europe.
- 1.15 The regulatory bodies are the:
- General Chiropractic Council (GCC) which regulates chiropractors in the UK
 - General Dental Council (GDC) which regulates dentists, dental nurses, dental technicians, dental hygienists, dental therapists, clinical dental technicians and orthodontic therapists in the UK
 - General Medical Council (GMC) which regulates doctors in the UK
 - General Optical Council (GOC) which regulates optometrists, dispensing opticians, student opticians and optical businesses in the UK
 - General Osteopathic Council (GOsC) which regulates osteopaths in the UK
 - General Pharmaceutical Council (GPhC) which regulates pharmacists, pharmacy technicians and pharmacy premises in England, Wales and Scotland

³ As of 31 December 2015 the phrase 'insufficient to protect the public' replaced the phrase 'unduly lenient'.

- Health and Care Professions Council (HCPC) which regulates arts therapists, biomedical scientists, chiropodists/podiatrists, clinical scientists, dieticians, hearing aid dispensers, occupational therapists, operating department practitioners, orthoptists, paramedics, physiotherapists, practitioner psychologists, prosthetists and orthotists, radiographers and speech and language therapists in the UK, and social workers in England
- Nursing and Midwifery Council (NMC) which regulates nurses and midwives in the UK and nursing associates in England
- Pharmaceutical Society of Northern Ireland (PSNI) which regulates pharmacists and pharmacy premises in Northern Ireland.

1.16 Details of the number of registrants in each health and social care professional regulator we oversee (as at 31 March 2019) are shown below.

Table 1 Number of registrants per health and social care professional regulator



Accredited Registers

- 1.17 The Authority has a statutory role in strengthening quality and patient safety by setting standards and accrediting registers of people working in occupations not regulated by law. As at 31 March 2019, there were 26 accredited registers.
- 1.18 The purpose of accreditation is to improve the quality of registration carried out by the organisations holding these registers and to promote good standards of behaviour, technical competence and, where relevant, business practice by their registrants. It is intended to enhance public protection and support choice by members of the public when seeking services from practitioners in occupations not regulated by law. It is a proportionate means of managing risks.

Commissions from Government(s)

- 1.19 We support the work of the Secretary of State for Health and Social Care, the Secretary of State for Education, the National Assembly for Wales, Scottish ministers and the Department of Health Northern Ireland by providing advice about the regulation and standards of health and care professionals. We also provide advice on other matters when asked to do so.
- 1.20 The Secretaries of State and Health Ministers in Scotland, Wales and Northern Ireland may also ask us to investigate matters of concern. As set out in the Health and Social Care Act 2012, the Department of Health and Social Care and devolved administrations pay a fee, determined by the Authority, for this work.
- 1.21 We consult with the UK government and the governments in Wales, Scotland and Northern Ireland on the development of guidelines for the sector and respond to their consultations. In addition, we keep abreast of international developments, particularly in Europe, that may affect health and social care regulation in the UK. We work with colleagues in the UK and internationally, ensuring that we are aware of these developments and that we strengthen our relationships with these partners.

Advice to other organisations

- 1.22 Our legislation permits us to provide advice or auditing services to regulatory bodies and to others that have similar functions to those of a regulatory body, whether or not these functions relate to health or social care. This work is paid for by the organisation requesting the advice.

Our values

- 1.23 Our values act as a framework for our decisions. They are at the heart of who we are and how we would like to be seen by our partners. We are committed to being:
- Focused on the public interest
 - Independent
 - Fair
 - Transparent
 - Proportionate.
- 1.24 Our values are explicit in the way we work: how we approach our oversight of the registration and regulation of those who work in health and social care, how we develop policy advice and how we engage with all our partners. We strive to be consistent in the way we apply our values.
- 1.25 We are independent but hold ourselves accountable to the public and to the parliaments and assemblies of the UK for what we do and how we do it.
- 1.26 We listen to the views of people who receive care. We seek to ensure that their views are considered in the registration and regulation of people who work in health and social care.

- 1.27 We develop and promote right-touch regulation.⁴ This is regulation that is proportionate to the risk of harm to the public and provides a framework in which professionalism can flourish and organisational excellence can be achieved.⁵ We apply the principles of right-touch regulation to our own work.

Our aim

- 1.28 We work to protect the public, set standards and encourage improvement in the registration and regulation of people who work in health and social care. The safety of the public is at the heart of everything we do.

Strategic objectives for 2018-20

- 1.29 The Authority's corporate strategic objectives for 2018-20 which were agreed by the Board at its strategic planning meeting in May 2018 are set out below.
- 1.30 The Authority will work to:

Strategic objectives

- 1. To improve health and care professional regulation and registration and promote the health, safety and well-being of patients, service-users and other members of the public.**
- 2. To fulfil our statutory duties and use our powers in line with right-touch regulation.**
- 3. To be able to identify and act on risks to harm arising from the performance of the regulators and registers.**

Business objectives

- 4. To influence improvement in regulation through strategic engagement.**
We will do this by:
 - Engaging proactively with our stakeholders internally and externally
 - Organising further conferences for key fitness to practise (FTP) stakeholders and participating in their training events
 - Continuing to send learning points and find alternative ways of addressing concerns through dialogue with the regulators
 - Regular engagement with colleagues from the regulators at all levels
 - Maintaining close relationships with the Health and Care Professions Council (HCPC) and Social Work England (SWE) to monitor the progress of the handover of regulation of social workers in England
 - Considering intervening in significant Court cases where appropriate to influence the law

⁴ Professional Standards Authority (2010). *Right-touch regulation*. Available at www.professionalstandards.org.uk/policy-and-research/right-touch-regulation

⁵ Organisational excellence is defined as the consistent performance of good practice combined with continuous improvement.

- Being clear about the improvements we want to see and identifying and addressing barriers where possible
 - Continuing to build strategic relationships with key stakeholders to influence improvements to regulation
 - Strengthening our relationships within Scotland, Northern Ireland and Wales.
- 5. To continue to improve customer service externally and internally.**
We will do this by:
- Providing business-as-usual support services that are stable, efficient, responsive and proportionate
 - Improving links with regulators at all levels, particularly in the performance review team to improve understanding
 - Greater dialogue at director level over the link between policy and research and issues that arise in Section 29 and performance review
 - Providing clear and accessible information about our role and our views
 - Responding to requests, applications and queries in a timely and courteous way
 - Effective and efficient administration of conferences and events.
- 6. To continue process improvements in line with right-touch thinking.**
We will do this by:
- Delivering our service improvement plans for 2018/19 and then 2019/20
 - Ensuring that the Section 29 process is efficient and robust
 - Examining whether threshold criteria can be designed to assist decision making
 - Implementing the new *Standards of Good Regulation*
 - Reviewing the performance review process and its dataset in the light of the new Standards
 - Reviewing our methodology for agreeing our policy positions
 - Monitoring the impact of changes to our accredited register assessment processes.
- 7. To maintain capacity, agility and resilience to respond to and influence significant change.**
We will do this by:
- Acknowledging requests and giving approximate timescales, arranging explicit cover for key activities / reprioritising non-essential work for planned time out of the office, communicating emergency arrangements for unplanned time out of the office, aiming for zero preventable negative impact on individual staff
 - Identifying gaps in staff skills and addressing these through training or recruitment
 - Contracting external expertise effectively and efficiently

- Supporting the resilience of our staff.

Business principles

- 1.31 The Authority started operating with four work streams in 2012 and has, in the intervening period, increased the rigour of separation between them. We nevertheless recognise that our stakeholders will be looking for transparency with regards to how we operate.
- 1.32 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.
- 1.33 Surpluses will be applied according to these principles after the requirements of our reserves policy have been met.
- 1.34 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.
- 1.35 In conjunction with these principles our Board has established a reserves policy.
- 1.36 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.
- 1.37 The intention is that over time the restricted element will amount to two months' total operating costs.
- 1.38 The level and make-up of our reserves will be reported through our Annual Report.

- 1.39 Any money taken from reserves during the year will need to be replaced in the following year(s).

Chief Executive's statement

- 1.40 The Authority has fulfilled its statutory duties during the year under review. We have published reviews of the performance of six of the nine of the statutory regulators during the year. In May 2018 we published our *Lessons Learned Review* into the NMC's handling of the concerns about midwives at the Furness General Hospital in Barrow-in-Furness. We have also worked closely with the HCPC and Social Work England to oversee the set-up of the new regulator for social workers in England.
- 1.41 A total of 3,261 final determinations were notified to us by the regulators this year. The Authority made 11 referrals to Court under our Section 29 powers. The number of occupational registers we accredit has increased from 24 to 26 and we have continued to work with the Department of Health and Social Care to put the programme on a secure financial footing.
- 1.42 The Government consulted on regulatory reform towards the end of 2017 and we made a significant contribution to the background of those proposals with our publication *Right-touch reform*. We expect the Government to publish its response to the consultation during 2019/20.
- 1.43 This year we have consulted on, and subsequently published, our new Standards of Good Regulation. We have started work on the implementation of these standards, liaising closely with the regulators.
- 1.44 Our commitment to research and learning has continued with our annual academic conference, Welsh stakeholder conference and Accredited Registers conference being well supported by high quality speakers and participants. Our sixth academic conference attracted speakers and participants from all over the UK and beyond. There is good collaboration between regulators and academic institutions who together are developing a robust evidence base for regulation.
- 1.45 We have continued to develop our international relationships and have contributed to the CLEAR conference in Philadelphia and the IAMRA conference in Dubai. We have provided advice to the College of Dental Surgeons in British Columbia. We also undertook a performance review of the complaints, investigation and discipline functions of the Saskatchewan Registered Nurses Association. Our international reputation, as demonstrated by the large number of requests for advice and meetings we receive, is significant and growing.
- 1.46 The quality of our work derives from the quality of our staff. In November 2018 we carried out a staff survey to identify what the Authority does well and where we can improve. A number of changes have already been made and we have further improvements planned for 2019/20.
- 1.47 As Chief Executive I am confident that the Authority is performing well; it is maintaining the high quality of its outputs and working within its business principles and budget. The directors take personal responsibility for their budgets and for the risks including opportunities associated with their areas of work which are reviewed regularly by the directors group and overseen by the Audit and Risk Committee, the Scrutiny Committee and the Board.

Key performance indicators

- 1.48 This section explains how we measure performance. In our annual business plan, we set out various key performance indicators (KPIs) for our work. We review them as part of the work programme of the directors group. We discuss them with officials in the Department of Health and Social Care and the administrations in Scotland, Wales and Northern Ireland at our periodic information-sharing meetings.
- 1.49 Our performance against those KPIs that are most likely to be of public interest during 2018/19 is set out below:

Area of work	Key performance indicators	Performance
Section 29 decisions	100% of relevant decisions considered within statutory deadline	100% 3261/3261
Public concerns about Regulatory bodies	100% of concerns acknowledged within five working days	97% 350/360
Finance	To pay undisputed invoices: 60% in five days 100% in 10 days Budgeted income / expenditure variance less than 5% (excluding Section 29 that is outside our control) Payment error rate less than 3% Late purchase order rate less than 10%	83% 582/701 100% 701/701 7.4% £315/4,252 0.29% 2/701 8.51% 33/388
HR	Staff sickness no more than 2% Staff turnover to be less than 10% Average recruitment process less than 16 weeks	4% 390/9738 ⁶ 14% 6/42 10 weeks
ICT	85% of helpdesk calls to be closed within 1 day System unavailability below 10 hours	86% 432/505 12 hours ⁷
Information security	No incidents reported to the Information Commissioner's Office	0
Information requests (FOI / SAR / EIR)	All (100%) Subject Access Requests dealt with within statutory deadlines All (100%) Freedom of Information Act requests dealt with within statutory deadlines	90% 9/10 100% 29/29
Audit – external	Unqualified opinion received for accounts	Received
Audit – internal	100% of planned reviews completed within that financial year	100% 6/6

⁶ Three members of staff have been on long-term sick leave (defined as more than six weeks in total) totalling a number 250 days. Excluding this absence, the annual sickness absence total is 1.4%

⁷ This downtime relates to two incidents, one of which was unavoidable.

Complaints	100% of complaints acknowledged in five days Response to all complaints to be completed within 28 days	100% 7/7 100% 7/7
Health and safety	No reported incidents causing harm	0
Accredited Registers	90% of accredited registers will apply for continued accreditation. Timescales are met: Applications are put before the Panel within 21 days of receipt of all information/documentation required Outcomes of renewal applications are published by the accreditation date Notifications advising of need to apply for renewal are issued 12 weeks before accreditation ceases	100% 24/24 100% 2/2 42% 10/24 ⁸ 96% 23/24 ⁹

Performance analysis

- 1.50 As this report shows, we have continued to focus on public protection, the improvement of professional regulation and registration and the effective delivery of all our statutory functions. We have worked hard to ensure that we have maintained the quality of our performance.
- 1.51 The volume of work carried out by staff has remained high. We are appreciative of the support and collaboration that we have received from the regulatory bodies, particularly their cooperation with the business planning cycle and fee consultation.
- 1.52 The accredited registers programme is fully integrated into our work plans, governance and financial management. With 26 registers accredited covering some 87,472 practitioners, it is making a valuable contribution to quality and choice in health and care.
- 1.53 Our policy work and our research programme continue to grow in influence.
- 1.54 We are committed to best practice in governance and operations and financial management. We have continued to focus this function to provide even greater customer service and collaborative support to the front offices.

⁸ In some instances where the KPI has not been met, this has been due to internal factors such as workload pressures. In other cases, there have been external mitigating factors, for example where a targeted review or site visit was required, and this extended the time needed to complete the review, or there were delays in obtaining the required information from the registers.

⁹ In one case the KPI was missed by one week, so the notification was sent 11 weeks before accreditation was due to cease.

Regulatory and standards setting work

Section 29

- 1.55 Under Section 29 of the National Health Service Reform and Health Care Professions Act 2002, we can refer final fitness to practise decisions made by the nine regulatory bodies to Court (a referral by us is treated as an appeal by the Court) if we consider that the decision is not sufficient to protect the public.
- 1.56 This year we have seen a 20% decrease in the number of fitness to practise determinations notified to us by the regulators, from 4,095 in 2017/18 to 3,261 in 2018/19. The reduction in the numbers is accounted for entirely by a significant drop in the number of hearings at the NMC. We understand that this relates to the NMC having taken action to address a backlog of cases in previous years and that the NMC expects the numbers in future to remain broadly static.
- 1.57 The majority of the determinations that we reviewed (52%) were NMC panel decisions.
- 1.58 Of the 3,261 cases we received in 2018/19, 88% (2,858) were closed with no requirement for more information, (although in 92 cases a final decision is yet to be reached). However, 645 of these cases had resulted in the regulator removing the registrant's name from its register, or suspending them indefinitely, therefore raising no concerns about public protection and requiring no Authority intervention. In this year also, the Authority reviewed its approach to the examination of these cases and no longer looks at cases where a review panel has imposed a further suspension. Under this approach, a further 129 cases were closed.
- 1.59 During 2018/19, we requested further information and undertook detailed case reviews in 141 cases. By way of comparison, we undertook 265 detailed case reviews in 2017/18. The Authority has invited external counsel to undertake an audit of cases closed without a detailed case review being undertaken and it will use these findings to ensure that its examination of cases continues to be robust.
- 1.60 During 2018/19, we considered 21 panel determinations at formal case meetings. All of these were 'Section 29' case meetings. No case meetings were held to consider whether or not to join GMC appeals ('Section 40B meetings'). By way of comparison, in 2017/18, we held 35 meetings, of which 31 were 'Section 29' meetings and four were 'Section 40B' meetings.
- 1.61 We referred 11 cases to Court under our Section 29 jurisdiction (seven in 2017/18). We withdrew one case from Court which we had referred in 2017/18. Our appeals in four cases referred within this financial year were upheld by Consent Order, and judgment is awaited in one case. Six remaining cases are listed for hearing in the 2019/20 financial year and the outcome will be reported in next year's financial report. By way of comparison, we referred eight cases to Court in 2017/18.
- 1.62 In all of the remaining cases that we considered at formal case meetings but which we decided not to refer to Court, we identified learning points to feed back to the regulators.

- 1.63 Although we have seen a decrease in the number of cases reviewed in 2018/19, we have seen an increase in the percentage of cases referred to Court (up from 0.2 percent to 0.34%) when compared to the previous year (see table 3).
- 1.64 Of the 11 referrals to Court that we made in 2018/19, six related to decisions made by a Fitness to Practise Panel of the NMC; two related to decisions made by the HCPC's panel, two related to decisions of the GMC's panel, and one related to a decision of the GDC's panel.
- 1.65 The relatively high proportion of NMC panel decisions that have been referred to Court by us reflects in part the fact that 52% of all panel decisions we receive are from the NMC.

Table 2 Number of fitness to practise cases reviewed annually

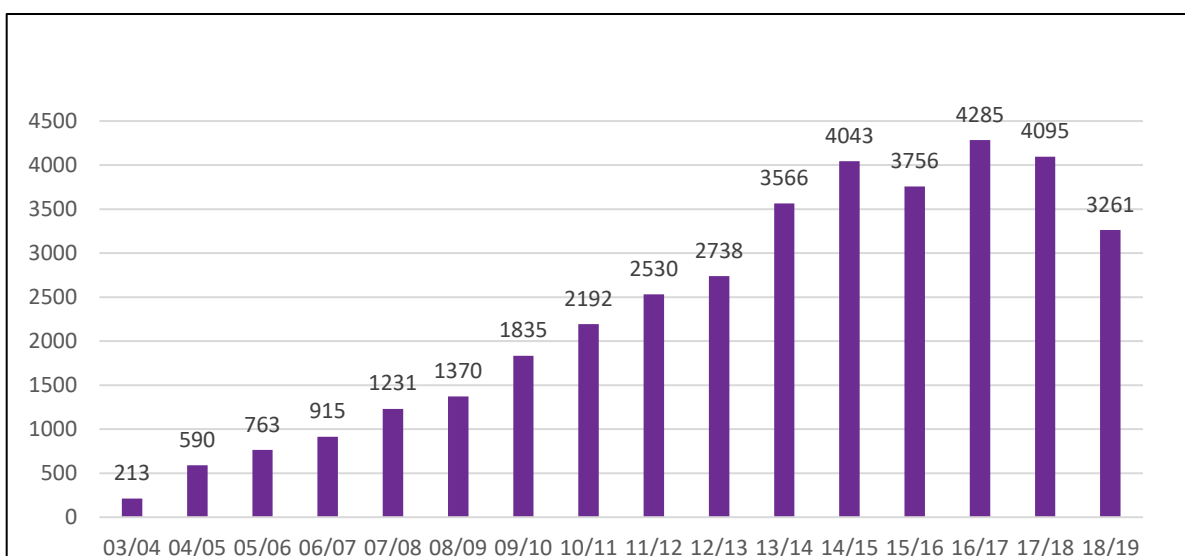


Table 3 – Number of cases referred to Court annually

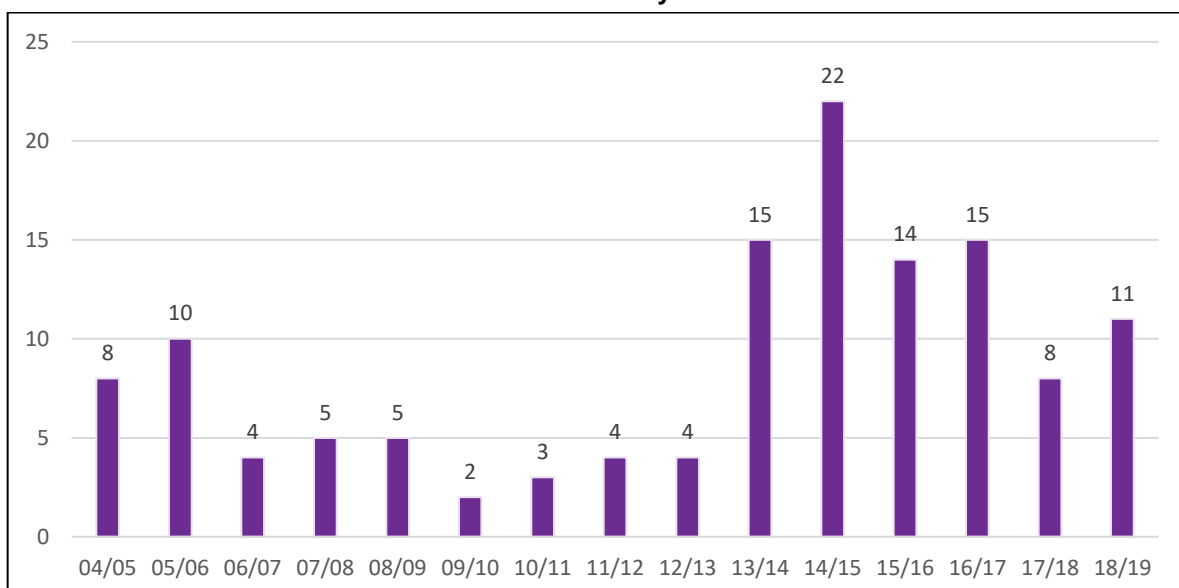


Table 4 – Progress of cases referred to Court

Regulator	No of determinations referred to Court under Section 29 of the 2002 act	Outcome
NMC	Six	<p>Four cases were settled by Consent Order. The decision of the panel was quashed in all cases.</p> <p>In one case, a sanction of nine months' suspension with a review was imposed in place of the original suspension with no review hearing ordered, and set out the basis upon which the review panel should consider current impairment.</p> <p>In two cases, the decision was quashed and a striking off order was imposed.</p> <p>In another case, a three year caution was replaced with a six month suspension order, to be reviewed by the NMC.</p> <p>One hearing is on-going and will be concluded during 2019/20 and in the other case a judgment is awaited.</p>
GDC	One	This case is still ongoing and will be concluded during 2019/20.
GMC	Two	These cases are still ongoing and will be

		concluded during 2019/20.
HCPG	Two	These cases are still ongoing and will be concluded during 2019/20.

The Bawa-Garba case

- 1.66 In November 2017, the High Court allowed an appeal by the GMC in a case concerning Dr Bawa-Garba who had been convicted of gross negligence manslaughter. In subsequent fitness to practise proceedings, the MPTS had imposed a suspension for 12 months with a review. The GMC argued that this sanction was insufficient to protect the public. The High Court agreed and subsequently imposed a sanction of erasure. Dr Bawa-Garba appealed that decision.
- 1.67 The Court of Appeal overturned the High Court's decision and reinstated the original suspension. The Authority was represented at the appeal as an interested party because we considered that there was potential for the decision to have ramifications for the processes of the other healthcare regulators. The Authority did not express a view on the merits of the case, but its submissions were quoted by the Court.
- 1.68 The Secretary of State for Health and Social Care invited Sir Norman Williams to undertake a review of gross negligence manslaughter in healthcare. The Authority contributed to that review and gave evidence. It also gave evidence on the subject to the Health Select Committee.

Outreach

- 1.69 The Authority is keen to provide support and expertise for those involved in Fitness to Practise hearings. Our team has provided presentations to the HCPG and PSNI and at conferences in London and Dublin. A conference for Chairs of Fitness to Practise panels was held in March 2019 and was attended by over 90 people, including representatives of all the regulators.

Performance review

- 1.70 We have a statutory duty to report annually on the performance of each of the regulators in fulfilling their duty to protect the public. We do this by assessing their performance against a set of agreed standards (the Standards of Good Regulation). We review each regulator separately during the year, commencing in January, with our reports published when the review has been completed. During the financial year, we published reports for six out of the nine regulators. Two of these reports were from the performance review cycle that commenced in January 2017. The remaining reports will be published early 2019/20. We audited various aspects of the fitness to practise processes of five regulators during the year, including looking at how the regulators are using some of their new powers. Common themes that we found and fed back to regulators included the importance of gathering and appropriately considering all relevant evidence, and of conducting regular and robust risk assessments.

- 1.71 Of those reports published during the financial year from the 2018 cycle of reviews, the General Chiropractic Council (GCC), General Osteopathic Council (GOsC) and General Pharmaceutical Council (GPhC) met all 24 of the Standards. The Health and Care Professions Council (HCPC) met 18 of the 24 Standards. Of the two reports for the 2017 cycle published this year, the General Optical Council (GOC) met 22 of the Standards and the Nursing and Midwifery Council (NMC) met 23 of the Standards. We began our next cycle of performance review assessments in January 2019.
- 1.72 Of particular interest to us recently has been the experience of those who raise concerns about registrants with regulators, and how the regulators communicate with these individuals. We recognise that, by their nature, these interactions are sensitive and can be difficult to manage. However, as outlined within our *Lessons Learned Review* of the NMC, we have had concerns that the evidence provided by members of the public who raise concerns was not always investigated as it should be, and that individuals providing this evidence were not always kept informed. We are, however, encouraged by the NMC's response to our *Lessons Learned Review*, its recently stated intention to introduce greater compassion into its fitness to practise processes and the introduction of its Public Support Service.
- 1.73 As part of our evidence gathering for the performance review process, we collect data quarterly, which allows us to identify trends over time and it has helped us to drill down into areas of the regulators' performance. The dataset has allowed us to gain a better understanding of strengths and weaknesses and enabled us to identify concerns.
- 1.74 We have identified a number of items of statistical information that, in our view, are key comparators across the Standards of Good Regulation, and said that we will routinely report on these items. For April 2018 onwards, we updated the quarterly dataset we collect and the guidance we provide on completing this for regulators, which we believe allows us to collect information that provides a more accurate reflection of a regulator's performance.
- 1.75 Below is a table laying this out for the period 1 April 2018-31 March 2019. This information has not been audited by us.

Data for 1 April 2018 to 31 March 2019	GCC	GDC	GMC	GOC	GOsC	GPhC	HCPC	NMC	PSNI
Number of registrants	3,284	112,670	299,652	31,068, includes 2,669 bodies corporate and 5,514 students	5,334	93,989, includes 14,314 premises	369,139	698,237	2,590
Number of new initial registration applications received	149	8,538	18,237	2,780	259	4,404	23,320	30,623	197
Number of registration appeals concluded where no new information was presented, and that were upheld.	0	0	0	0	0	0	0	0	0
Median time (in days) taken to									

process initial registration applications for:									
• UK graduates	1	8	1	5	2	Pharmacist = 0 Pharmacy Technician = 0	7	0	2
• International non-EU graduates	1	62	16	4.5	17	Pharmacist = 0 Pharmacy Technician = 0	50	1	2
• EU graduates	1	38	24	1	64	Pharmacist = 0 Pharmacy Technician = 0.1	52	0	2
Annual retention fee	£750 (year 1) £800 (year 2 onwards)	£890 dentists £116 dental care professionals	£399	£360	£320 (year 1) £430 (year 2) £570 (year 3 onwards)	£250 pharmacists £118 pharmacy technicians £241 premises	£90	£120	£398
The time taken (in weeks) from receipt of initial complaint to the final investigating committee decision:									
• Median time taken to conclude	30	48	30.1	51	20	49.1	61	45	24
• Longest case to conclude	79	268	370.4	183	241	207.0	245	315	42
• Shortest case to conclude	11	7	0.7	10	7	7.1	18	12	12
The time taken (in weeks) from receipt of initial complaint to final fitness to practise hearing determination:									
• Median time taken to conclude	53	94	80.0	112	59	93.7	102	80	40
• Longest case to conclude	143	278	674.4	262	149	252.1	320	335	40
• Shortest case to conclude	37	37	15.9	46	22	42.7	42	25	40
The median time taken (in weeks) from initial receipt of complaint to interim order decision, and from receipt of information indicating the need for an interim order to an interim order decision:									
• Receipt of complaint	21	20	9.1	16	5	19.9	15.5	3.9	0
• Receipt of information	6	3	2.6	3	3	2.9	4	N/A ¹⁰	0
Number of registrant/Authority appeals against final fitness to practise decisions:									
• Registrant appeals	0	5	26	0	2	3	7	22	0
• Authority appeals	0	0	2	0	0	0	2	6	0
Number of data breaches reported to the Information Commissioner	0	4	0	0	1	0	0	5	0

¹⁰ The NMC does not currently collect this data.

Number of successful judicial review applications	0	1	5	0	0	0	0	0	0
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- 1.76 Variations in the statistical performance data for the different regulators reflect the size of their registers, their legislative constraints and the different environments in which they work. For example, regulators have different statutory rules governing their processes and this may affect how long they take to deal with individual cases. We recognise that regulators with smaller caseloads may well find their overall performance skewed by a couple of unavoidably lengthy cases or even very short ones. This is a reason why we do not use the statistical data in isolation to help our understanding of performance.
- 1.77 In 2017 we began our review of the Standards of Good Regulation, which have been in place since 2010, by looking at different potential models for the Standards. Following two consultations; the first in June 2017 and the second in June 2018, our revised Standards were approved by our Board in November 2018. We have rationalised the Standards, reducing these in number from 24 to 18, made them more outcomes focused, and introduced five new General Standards covering areas such as regulators addressing concerns about themselves, working with relevant stakeholders to identify and manage risks to the public, and equality and diversity. We have developed an accompanying evidence framework for the new Standards, which will be piloted during 2019, with full implementation of the new Standards from the beginning of the next performance review cycle from January 2020.

Other issues

- 1.78 Following a high-profile historic case about someone who fraudulently obtained registration as a doctor by forging qualifications, we sought further information from the regulators about how they ensured the validity of applicants' qualifications. The information provided demonstrated that the majority of regulators had reviewed their processes and had confidence in these. These processes had either developed further from those used at the time of registration of this individual or were otherwise reported to be robust and would ensure the risk of such an issue occurring to be minimal. A minority of regulators committed to undertaking detailed reviews of their processes to provide confidence in these.
- 1.79 We were also aware of the concerns that a 'no deal' Brexit might have significant effects on the regulators and we wrote to them in January 2019 to understand their readiness for this. It was clear that all the regulators had taken steps to consider the implications for them.

NMC review

- 1.80 In March 2017, the Secretary of State for Health asked us to review the NMC's handling of concerns about midwives at the Furness General Hospital, Morecambe Bay. We began our review in July 2017 and published the report in May 2018. The report identified some significant concerns about the way in which the NMC had handled the concerns and, in particular, its current approach to dealing with patients and families and their evidence, and about its approach to transparency. We noted that the NMC acted swiftly

to prepare a plan to address our concerns and we will monitor its work on this. Our Board oversaw our role in this exercise.

Scrutiny of regulators' council appointments processes

- 1.81 We assist the Privy Council with appointments to the regulatory bodies' councils (except the PSNI). We provide advice to the Privy Council in relation to all open competitions for appointments and reappointments processes and, if the Privy Council requests it, in relation to any other aspect of the Privy Council's appointments function.
- 1.82 In 2018/19, we provided advice to the Privy Council in relation to 12 processes with at least one run by each of the eight regulators. Six of these processes related to appointments via open competition, covering 11 vacancies including two recommendations for roles as council chairs. The other six processes related to reappointments, covering 13 vacancies also including one chair role. We advised the Privy Council that it could have confidence in all of these processes.
- 1.83 We continue to identify areas for improvement and examples of good practice, which we have shared with the regulators throughout the year. We held a well-attended seminar with the regulatory bodies in July 2018 also attended by the Head of the Privy Council Office. The seminar considered a wide range of topics including the regulators' management of conflicts of interest and good practice in respect of diversity considerations. Feedback from the regulators was positive and we committed to repeat the event at regular intervals.
- 1.84 In March 2019 we published our revised guidance *Good practice in making council appointments*. Our revisions incorporated what we have learned from our scrutiny of the regulators' processes and from our seminar.

Policy and research projects

- 1.85 We carry out a variety of work to help ensure that regulation protects the public effectively. This includes conducting research and publishing policy advice and looking forward, to anticipate change and ensure regulation remains agile. We encourage collaboration between the regulators we oversee and academics to stimulate research, learning and improvement. Our objective is to ensure that regulation and registration is based on evidence of what works so that regulators are effective.
- 1.86 We have continued to work to build our relationships with academics and researchers. We have over 130 people on our list of academics and researchers with an interest in regulation, or whose work appears to us to be relevant to regulatory improvement. On 7-8 March 2019 we held our sixth academic and research conference on the theme of 'what is it to be a good regulator'. Our academic collaborator for the event this year was Professor Deborah Bowman, Professor of Bioethics, Clinical Ethics and Medical Law, St George's, University of London. The event continues to be popular; 110 people attended including from academic institutions, regulators, accredited registers, research organisations, professional bodies, consultants working in this field, government officials, clinicians, and law firms. Attendees included people from all four countries of the UK, Ireland, Belgium, the Netherlands,

Canada, and Australia. There were 45 presentations on research on different aspects of the theme.

- 1.87 We promoted debate and discussion in the sector. In February 2019 we organised an event in partnership with the Welsh Government on regulation and the Welsh context at the Principality Stadium in Cardiff. The event was attended by 65 delegates from regulators, professional bodies, charities, educators, patient bodies and health boards, with an opening address by the Minister for Health and Social Care. Discussions included developments in education and training, regulation of social care, regulatory reform, the role of patients in promoting safe care, the role of accredited registers and the duty of candour.
- 1.88 We continued to explore and build on our work on right-touch regulation. In September 2018 we published *Right-touch regulation in practice: international perspectives*, for which colleagues from around the world contributed short essays on their experiences of implementing a right-touch approach. Experiences were shared from British Columbia, Ontario, Ireland, New Zealand, Australia and the UK. We also continued to build our theory of right-touch thinking, commissioning consumer research with patients and the public to explore their understanding of their role in their safety. The report of this work was published in May 2019.
- 1.89 *Right-touch assurance* is the innovative tool that we developed for assessing the risk of harm presented by different health and care occupations, the use of which we continue to promote. This year, commissioned by Health Education England, we undertook a review of the role of the sonographer and made recommendations as to the most appropriate form of assurance using our right-touch approach. We expect to publish the report of our review in 2019/20. We intend to continue work to develop and refine our right-touch assurance methodology in 2019/20.
- 1.90 We responded to 28 public consultations in 2018/19. We also reviewed 12 further consultations where we decided not to submit a response.
- 1.91 At this year's Scottish Government Regulation Conference we contributed to a panel discussion on supporting professionals to speak up under pressure, and presented on the report that we had published for the Scottish Government on *Regulating an occupation in fewer than all four UK countries*. We contributed to several conferences including international regulatory conferences – IAMRA in Dubai and CLEAR in Philadelphia.
- 1.92 Further to the work we funded last year by Professor Rosalind Searle of Glasgow University and colleagues, *Bad apples? Bad barrels? Or bad cellars? Antecedents and processes of professional misconduct in UK Health and Social Care: Insights into sexual misconduct and dishonesty*, we funded a further piece of work analysing in greater depth a smaller sample of cases involving sexual misconduct. We expect to publish the report of this work in 2019/20. We also published *Sexual boundaries between health and care practitioners – where does the boundary lie?*, We plan to undertake further work to review our guidance on appropriate sexual boundaries.
- 1.93 In January 2019 we published *Telling patients the truth when things go wrong*. This report found that regulators have made progress with initiatives to encourage candour, however many barriers to professional candour remain the same as at the time of our earlier work in 2014. The findings are

based on discussion groups with regulatory staff and fitness to practise panellists conducted by Annie Sorbie, Lecturer in Medical Law and Ethics at Edinburgh University, and questionnaires from regulators and stakeholders across health and care.

Legislative reform

- 1.94 The Authority has been working with HCPC and the new social work regulator for England, Social Work England (SWE) to work towards a smooth transition of responsibilities and ensure any public protection risks are being appropriately managed. We also sit on SWE's Professional Expert Advisory Group which has provided input to the development of rules and standards for SWE ahead of public consultation.
- 1.95 The four-country consultation *Promoting professionalism, reforming regulation* was published by the Department of Health and Social Care in October 2017, and ran until January 2018. The Authority submitted a detailed response based on the ideas that we set out in *Right-touch reform* in November 2017. At the time of writing an analysis of the responses has still not been published.
- 1.96 It remains our view that reform of the sector is both necessary and urgent. Reformed regulatory arrangements are necessary to support the delivery of health and care services in the future in a flexible and innovative way. We remain committed to fully engaging in ongoing work to assess and modernise our regulatory arrangements.
- 1.97 We have taken forward a number of projects to contribute to the evidence base for reform of fitness to practise. Two of these have been taken forward in-house and assess current practice in relation to the handling of fitness to practise cases in the early stages and a review of the current use of consensual disposal in practice. We also commissioned an academic literature review on the impact on decision makers of taking decisions in private. This work has been undertaken by Dr Paul Sanderson, who is a consultant in regulation, Research Associate at Judge Business School, University of Cambridge, and Senior Lecturer in Regulation Studies at Anglia Ruskin University.

Accredited Registers

- 1.98 The Authority's accredited registers programme continues to attract new registers and has expanded to cover over 87,000 practitioners from a range of different professions in health and social care.
- 1.99 Being accredited means that an organisation has satisfied us that it meets all of our Standards. Once accredited, the register and its registrants are entitled to use the Authority's accreditation mark (shown below) so that they can be distinguished easily.

- 1.100 We introduced an updated fee model for 2018/19. For 2018/19, the fees for the programme were £13,250 for initial application and an annual fee of £10,000 plus £0.10 per registrant and our Board decided that these fees would increase annually in line with the Consumer Prices Index.
- 1.101 We have 26 accredited registers within the programme, covering 55 occupations and 87,000 practitioners. Accreditation is reviewed annually. By the end of the financial year, we had accredited two new registers and renewed accreditation of 21. Three annual assessments have carried over into the new financial year.
- 1.102 The impact on registers who become accredited is clear. Every register we have accredited has been required to improve its practice in one or more areas to meet the Standards for Accredited Registers before gaining accreditation. Conditions, recommendations, instructions and learning points¹¹ may be issued by our accreditation panels at initial accreditation and annual review to improve practice against the Standards. Conditions must be met to maintain accreditation.
- 1.103 The table below shows the full list of accredited registers, and all conditions, recommendations, learning points and instructions issued at initial application or annual renewal, as at 31 March 2019.

Register	Last accredited	Conditions	Recommendations	Instructions	Learning Points
Academy for Healthcare Science	18 December 2018	0	1	-	-
Alliance of Private Sector Practitioners	01 August 2018	0	2	-	-
Association of Child Psychotherapists	20 June 2018	0	4	-	-
Association of Christian Counsellors	26 May 2018	0	1	-	-

¹¹ In response to feedback from accredited registers, we developed a new annual renewal process and implemented this in 2018/19. As part of this, possible review outcomes were revised. Where previously outcomes included conditions, instructions and learning points, under the new annual renewal process outcomes include conditions and recommendations.

British Acupuncture Council	14 March 2018	0	-	1	1
British Association for Counselling & Psychotherapy	05 March 2018	0	1	-	-
British Association of Play Therapists	01 December 2018	0	3	-	-
British Association of Sports Rehabilitators and Trainers	10 December 2018	0	0	-	-
British Psychoanalytical Council	20 November 2018	0	3	-	-
Complementary and Natural Healthcare Council	23 September 2018	0	0	-	-
Counselling & Psychotherapy in Scotland	19 June 2018	0	0	-	-
Federation of Holistic Therapists	09 January 2019	0	2	-	-
Genetic Counsellor Registration Board	10 May 2018	0	1	-	-
Human Givens Institute	13 April 2018	0	2		
Joint Council for Cosmetic Practitioners	06 April 2018	3	-	8	9
National Counselling Society/National Hypnotherapy Society	21 May 2018	0	3	-	-
Play Therapy UK	11 April 2018	0	1	-	-
Registration Council for Clinical Physiologists	13 March 2018	2	-	8	13

Register of Clinical Technologists	07 September 2018	0	1	-	-
Save Face	07 December 2018	0	3	-	-
Society of Homeopaths	09 September 2017	1	-	4	2
UK Association for Humanistic Psychology Practitioners	07 August 2018	3	-	6	8
UK Board of Healthcare Chaplaincy	17 July 2018	0	5	-	-
UK Public Health Register	03 April 2018	0	1	-	-
United Kingdom Council for Psychotherapy	11 November 2018	0	7	-	-
	Totals:	9	41	27	33

- 1.104 During the year, we received and considered 34 queries about accredited registers. We included a number of these in our assessments of organisations as part of our complaints-handling review.
- 1.105 In line with government policy, we promoted the message that where practitioners do not have to be registered by law, the public should choose practitioners on accredited registers wherever possible due to the additional confidence this provides.
- 1.106 We have continued to work to raise awareness of the accredited registers programme and the importance of using registrants on them. The www.checkapractitioner.com facility on our website allows people to search for practitioners on accredited registers. We have also conducted social media campaigns including to raise awareness of the importance of choosing complementary healthcare providers on an accredited register. However, given the modest resources available to the programme it is not possible for the Authority alone to raise awareness amongst a population of over 60 million people. It requires concerted effort by us, accredited registers, and other stakeholders with an interest in ensuring public protection, delivering services and promoting public health. Awareness of the programme remains insufficient for it to deliver full benefit to the public. We are grateful to NHS Employers for their continued promotion of the programme and will be contacting other stakeholders in the forthcoming year to ask for their support.
- 1.107 We have again asked the Department of Health and Social Care to assist with securing changes to the Rehabilitation of Offenders Act and the Safeguarding Vulnerable Groups Act to strengthen the protection accredited registers can offer. At present, their exclusion from those Acts constrains their ability to protect the public as fully as they might. Their exclusion means

that they cannot check spent convictions; or receive information from the Disclosure and Barring Service. Their omission from the SVGA means that they are not covered by the exemptions offered to data protection legislation which either prevents or makes it difficult for them to act on safeguarding matters involving either children or adults.

- 1.108 We delivered presentations about the programme at different events and met with several stakeholders during the year. We also responded to consultations relevant to the programme and to accredited registers.

Commissions from Government(s)

- 1.109 We were commissioned by the Department of Health and Social Care to take forward two recommendations of the Williams Review of gross negligence manslaughter. One of these, on how the impact on public confidence is assessed in reaching fitness to practise decisions, we progressed in-house. For the other, to develop a methodology to assess the consistency of fitness to practise outcomes across regulators, we in turn commissioned the Research Department of Medical Education, UCL. We expect to publish the reports of these two pieces of work in 2019/20.

Advice to other organisations

- 1.110 In March 2018 British Columbia's Minister of health announced the appointment of the Authority's previous Chief Executive to conduct a review into the College of Dental surgeons of British Columbia's Board governance as well as the administrative and operational practices of CDSBC. The project ran throughout 2018-19 and as well as the Chief Executive involved staff from both the Standards and Policy and Scrutiny and Quality Teams. The review highlights a lack of focus on public protection at Board level and issues with external relationships, among other issues, and made a number of recommendations for improvement. We published a report in April 2019.
- 1.111 Our governance and legislation review of EGBC (Engineers and Geoscientists British Columbia) was published in July 2018. We undertook a performance review of the complaints, investigation and discipline function of the Saskatchewan Registered Nurses Association, at their commission. This report has now been published.

Financial summary

- 1.112 Our funding for 2018/19 comprised £4.03 million fees paid by the regulators. In 2017/18 our funding was £3.9 million fees raised from the regulators.
- 1.113 At 31 March 2019, we carried forward total reserves of £2.18 million, £0.7million of which were unrestricted and £1.5million restricted (2017/18: £2.06 million in total, 0.8million unrestricted and £1.3 million restricted) after net operating income of £0.119 million (2017/18: net operating income £0.189 million). £0.13 million were returned to the regulators in the 19/20 business planning exercise. Net operating income for 2018/19 is calculated net of fees received from the regulators, which is recorded as income in accordance with IFRS 15.
- 1.114 During the year ending 31 March 2019, we generated a surplus that increased our reserve position by £0.119 million.

- 1.115 During the year ending 31 March 2019 Board has developed and updated reserves policy effective from 1 April 2019.
- 1.116 An analysis of accounting policies is shown in note 1 to the accounts. Following implementations of IFRS 9 and IFRS 15 accounting policies have been adjusted reflect these changes.

Transparency

- 1.117 The Authority is committed to the provision of information to the public.
- 1.118 Our creditor payment policy is maintained in accordance with the government's Better Payment Policy, which currently provides for payment of suppliers within five working days of receipt of invoice, except where there may be a query or dispute regarding an invoice.
- 1.119 This target is challenging, especially for a small organisation like ours, and could only be achieved if we employed more staff. Accordingly, we aim to pay 60% of undisputed invoices within five days and 100% within 10 days.
- 1.120 During the 2018/19 financial year, 100% of invoices were paid in 10 days and 83% (by number of invoices) and 77% (by total invoice value) within five days. Details of our payment record can be found on our website.¹²
- 1.121 No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.
- 1.122 The balance owed to trade payables as at 31 March 2019 was £41k (2017/18: £14k). As a proportion of the total amount invoiced by suppliers in the year, this is equivalent to 9.67 days (2017/18:4.61 days).
- 1.123 Other information that can be found in the government disclosure and transparency sections of our website include:
- Expenditure over £25,000
 - Board member expenses
 - Executive team expenses
 - Hospitality.

Sustainability

- 1.124 Due to our size, we are not required to provide a sustainability report. We nevertheless do seek to minimise the impact of our activities on the environment.
- 1.125 Our office was refurbished, before we became tenants, in accordance with the BREEAM environmental assessment standard, which looks at heating, lighting, recycling and other matters, and has an 'excellent' rating.
- 1.126 We occupy 2.58% of the building, part of which is occupied by our own tenants.
- 1.127 Rainwater is collected and used to supply the sanitary facilities, reducing our clean water consumption.
- 1.128 Our offices have facilities to separate waste for recycling, and to encourage staff to do this, no waste is collected from bins at desks. Waste is separated

¹² www.professionalstandards.org.uk/about-us/ask-us-for-information/government-disclosure/payment-statistics

into glass, recyclable, non-recyclable and food waste. A contractor separates the mixed recyclables. No waste goes to landfill. Waste that cannot be recycled is incinerated. The cost of all waste disposal is included in our building service charges.

- 1.129 Our gas and water consumption is calculated as 2.58% of the total. Our electricity is separately monitored and the consumption for the space rented from the landlord is known. This does not, however, include the consumption by our tenants. Our consumption for 2018/19 and the previous year is set out below.

	2018/2019	2017/2018
Gas	4,638kWh	7,672kWh
Electricity	67,509kWh	65,031kWh
Water	110.73m ³	146.64m ³
Waste removed	2.75 tonnes	2.66 tonnes

- 1.130 The installation of waste compactors has reduced the frequency of collections from daily to fortnightly, reducing vehicle emissions.
- 1.131 We seek to minimise the impact of our own activities on the environment. When equipment is purchased, consideration is given to energy consumption. We use recycled materials where such alternatives are available and provide value for money.
- 1.132 We continue to seek to reduce the use of paper by maximising the use of our intranet and website for the dissemination of information. We are also using electronic versions of meeting papers where technically practical. Where paper is used, we look to reduce its consumption through the active management of printers requiring double-sided printing.
- 1.133 We use 'off-white recycled paper' for our day-to-day needs. We used 38 cases of paper in 2018/19 (44 cases in 2017/18).
- 1.134 When travel is necessary, we use public transport as much as possible and have increased our use of telephone and video conferencing to avoid the need to travel. When appropriate journeys within the UK and Europe are made by train.
- 1.135 We have continued to collect environmental information regarding journeys made by Board and staff members.

Mode of travel	2018/2019		2017/2018	
	CO ² /kg Total	CO ² /kg Average per full-time equivalent*	CO ² /kg Total	CO ² /kg Average per full-time equivalent*
Air*	2112	56	764	19
Rail	168	4	635	16

* This information only relates to flights booked through our central supplier. Some international flights booked separately, often by commissioning organisations, are not included

Human rights

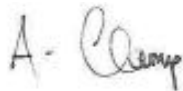
- 1.136 We are committed to respecting human rights as embodied in the Universal Declaration of Human Rights and its two corresponding covenants, The International Covenant on Civil and Political Rights and The International Covenant on Economic, Social, and Cultural Rights.
- 1.137 We endeavour to ensure that we do not infringe on human rights, avoid complicity in the human rights abuses of others, and comply with the laws of the countries in which we work.

Anti-corruption and anti-bribery

- 1.138 We are committed to conducting our work in an honest and ethical manner. In accordance with the Bribery Act 2010 we operate governance by implementing and enforcing robust policies and procedures to guard against any illegal behaviour.
- 1.139 Our whistleblowing and fraud polices are reviewed annually by our Audit and Risk Committee and are messaged to our staff. We have a zero-tolerance approach to any breach of the Bribery Act 2010 and any issues raised will be treated with the utmost importance.

Risk

- 1.140 Details of this can be found in paragraphs 2.73-2.77.
Approved by the Board



Alan Clamp
Accounting Officer
13 June 2019

2. Accountability report

Corporate governance report

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

Directors' report

2.2 We have an executive team as shown below, covering our three areas of work: governance and operations; scrutiny and quality; and policy and standards.

2.3 A register of senior managers' interests is available on our website.¹³

2.4 Directors are members of staff and are paid in accordance with staff policies.

Alan Clamp	Chief Executive
John McDermott	Director of Governance and Operations
Mark Stobbs	Director of Scrutiny and Quality
Christine Braithwaite	Director of Standards and Policy

Director of Governance and Operations

2.5 The Director of Governance and Operations' principal responsibilities are:

- Finance
- Human resources
- Information and communications technology
- Information security and SAR and FOI requests
- Governance
- Risk management
- Internal and external audit
- Corporate complaints
- Accommodation and facilities
- Health and safety
- Business continuity
- Procurement
- Office administration.

¹³ www.professionalstandards.org.uk/docs/default-source/board/management-team-register-of-interests-2016.pdf?sfvrsn=0

Director of Scrutiny and Quality

2.6 The Director of Scrutiny and Quality's principal responsibilities are:

- The Authority's functions under Section 29 of the NHS Reform and Health Care Professions Act 2002 (as amended)
- Audit of regulators
- Performance review of regulators
- Advice to the Privy Council on appointments
- Special reviews and investigations
- Complaints and concerns about the regulators.

Director of Standards and Policy

2.7 The Director of Standards and Policy's principal responsibilities are:

- Provision of Section 26A advice to the Secretary of State and Ministers
- Development of regulatory policy and practice
- Research into regulatory matters
- Accredited Registers programme
- Complaints about accredited registers
- External relations and communications.

Public appointments

2.8 Appointments to the Board are made for an initial term of four years, which can be extended for a second term. The total time served should not exceed eight years.

2.9 Schedule 7 of the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and by the Health and Social Care Act 2012, provides directions for the appointment of members to the Authority.

2.10 During 2018/19 two of our Board members were extended by the Privy Council for a second term; Antony Townsend and Renata Drinkwater.

2.11 Details of all Board appointments and who makes them are shown in the table below.

2.12 Details of the directorships and significant interests held by the Board are contained within the register of interests held on our website.¹⁴

Board members

Board member	Appointed by
George Jenkins OBE (Chair)	Privy Council (2015)
Antony Townsend	Privy Council (2019)
Frances Done CBE	Privy Council (2016)

¹⁴ www.professionalstandards.org.uk/docs/default-source/board/board-register-of-interests.pdf

Renata Drinkwater	Privy Council (2019)
Thomas Frawley CBE	Department of Health Northern Ireland (2016)
Moiram Ali	Scottish Ministers (2016)
Marcus Longley	Welsh Ministers (2016)
Harry Cayton CBE*	Authority's Board (2007)
Alan Clamp**	Authority's Board (2018)

* Up to 31 October 2018.

** From 1 November 2018.

2.13 Details of the attendance of Board members can be found in the governance statement.

The Board and Accounting Officer's Statement of responsibilities

2.14 Under the Cabinet Office's Guidance on Codes of Best Practice for Board Members of Public Bodies, we are responsible for ensuring propriety in our use of public funds and for the proper accounting of their use. Under Schedule 7, Paragraph 16 (2) of the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012, we are required to prepare a statement of accounts in respect of each financial year in the form and on the basis directed by the Secretary of State, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and must give a true and fair view of the Authority's state of affairs at the year end and of its income and expenditure, total changes in taxpayers' equity and cash flows for the financial year.

2.15 In preparing the accounts, we are required to:

- Observe the accounts direction issued by the Secretary of State, with the consent of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- Prepare the statements on the going concern basis unless it is inappropriate to presume that we will continue in operation.

Accounting Officer

2.16 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'.

2.17 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.
- 2.18 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.

Data handling

2.19 Details of this can be found in paragraphs 2.78-2.84.

Governance statement

Board

- 2.20 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.
- 2.21 The Board is the Authority's highest decision-making forum, where significant strategic and operational matters are discussed and consequential decisions taken.
- 2.22 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.
- 2.23 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

2.24 The Chair has a leadership responsibility on the following matters:

- Leading the Board in formulating our strategy
- Ensuring that the Board, in reaching decisions, takes proper account of any relevant guidance
- Promoting the efficient, economic, and effective use of resources, including staff
- Encouraging high standards of propriety
- Ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions made and, where appropriate, the discussions of the Board
- Ensuring that the work of the Authority is reported annually to Parliament as required by Statute.

Attendance at Board meetings held in public

2.25 There were six Board meetings held in public between 1 April 2018 and 31 March 2019.

2.26 Members' attendance at Board meetings during 2018/19 was as follows:

Board member	Number of meetings attended	Possible
George Jenkins OBE (Chair)	6	6
Antony Townsend	6	6
Frances Done CBE	6	6
Renata Drinkwater	5	6
Thomas Frawley CBE	6	6
Moiram Ali	6	6
Marcus Longley	6	6
Harry Cayton CBE*	3	3
Alan Clamp**	3	3

* Up to 31 October 2018.

** From 1 November 2018.

2.27 During the year under review, the Board was active in ensuring that our statutory functions were maintained and that the threats we were

encountering were being addressed and that the opportunities were recognised. It achieved this by effective use and monitoring of the risk register and assurance framework and by remaining vigilant about the quality of our outputs.

- 2.28 The Board is confident that it continues to receive appropriate, complete and relevant reports from the executive to ensure that it can fulfil its strategic role and can hold the executive to account. Quality assurance is provided by both the Scrutiny Committee and the Audit and Risk Committee, which report to the Board. The Board also reviews all key policy papers and reports before publication to ensure they meet the high standards it expects. The Board also receives finance reports at every meeting and reviews the risk register twice a year.
- 2.29 The Board pays particular attention to the conduct of the Authority's investigations and special reviews and carefully assures itself of the quality of the final reports.
- 2.30 The Board plays an important role in establishing the strategic direction for the Authority and considers this and related issues at its annual planning day.
- 2.31 The Board also reviews its own performance as part of its strategic planning. The Board considers that it is functioning effectively.
- 2.32 Maintaining the quality of our work is an important consideration for the Board. It contributes to publications and reports prior to publication and takes a close interest in research and policy development. Board members attend the Authority's annual research conference and Symposium.
- 2.33 The Board also reviews information it receives about the Authority's performance from external parties including the statutory regulators, the accredited registers and the Departments of Health in England, Scotland, Wales and Northern Ireland.
- 2.34 All members of the Board are appraised annually by the Chair and are able to comment on the performance of both the Chair and the Chief Executive.
- 2.35 The detail of quality assurance is delegated to the Scrutiny Committee and to the Audit and Risk Committee. We report on their activities separately. The Terms of Reference for the two committees are reviewed annually.

Committees and working groups of the Board

Audit and Risk Committee

- 2.36 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.
- 2.37 Four Audit and Risk Committee meetings were held between 1 April 2018 and 31 March 2019.
- 2.38 Members' attendance at committee meetings during 2018/19 was as follows:

Committee member	Number of meetings attended	Possible
Frances Done CBE	4	4
Moiram Ali	4	4
Marcus Longley	4	4
Harry Cayton CBE*	2	3
Alan Clamp**	1	1

* Up to 31 October 2018.

** From 1 November 2018.

2.39 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.

2.40 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.

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

Regulators internal audit hub

2.42 We have chosen to be within the Government Regulators Internal Audit Hub. The Hub's internal auditors, Mazars, were our internal auditors for 2018/19.

2.43 The internal audit work this year focused on:

- GDPR compliance
- Core financial controls
- Business continuity
- Follow up actions
- S29 database replacement
- Adherence to our business principles and reserves policy.

GDPR compliance

2.44 The review covered assessment of plans in place to address GDPR, overview of the main risk areas, assessment of general awareness amongst staff.

2.45 The review, which identified four actions that merited attention for the Authority to consider, concluded:

'...The PSA's current approach for the implementation of GDPR is considered by us to be adequate.....'

Core financial controls

2.46 The review considered the adequacy and effectiveness of controls relating to delegating financial authority.

2.47 The review, which identified five actions that merited attention for the Authority to consider, concluded:

‘...Whilst there is basically a sound system of internal control, there is the potential to clarify and strengthen access controls for online banking platforms and investment funds in particular....’

Business continuity

2.48 The review considered the nine actions arising from the previous Grant Thornton audit review of Business Continuity and the second test of our Business Continuity Plan.

2.49 The review, which identified no actions that merited attention for the Authority to consider, concluded:

‘...eight of the nine actions are implemented, one of the nine actions is in progress...’

Follow up actions

2.50 The review considered the 15 recommendations arising from four internal audit reports undertaken by the previous auditor Grant Thornton.

2.51 The review, which identified no actions that merited attention for the Authority to consider, concluded:

‘...12 of the 15 recommendations are implemented, three of the 15 recommendations are in progress...’

S29 database replacement

2.52 This review considered the process for the Section 29 (S29) database replacement.

2.53 The review, which identified five actions that merited attention for the Authority to consider, concluded:

‘Based on the work undertaken we have provided adequate assurance on the controls reviewed...’

Adherence to our business principles and reserves policy

2.54 This review considered whether the Authority was acting in accordance with our business principles and reserves policy which are set out above.

2.55 The review, which identified no actions that merited attention for the Authority to consider, concluded:

‘Based on the work we have carried out, we have concluded that the Professional Standards Authority has complied with the ... Business Principles and Reserves Policy for 2018/19.’

Risk register

2.56 The Directors Group reviews the risk register quarterly. The updated register is considered by the Audit and Risk Committee at each meeting (apart from June) and by the Board every six months. Risks are added, updated or deleted outside of this process when the need arises.

- 2.57 During the year, the committee reviewed the risk register maintained by the executive. The main risks discussed, some of which are covered in detail in the strategic report, related to opportunities afforded by regulatory reform and the devolution agenda and threats associated with poor performance at one or more of the regulators or accredited registers.

Assurance framework

- 2.58 The Assurance Framework is the means of assuring the Board members about the operation of the Authority.
- 2.59 During 2018/19 the Board requested further developments to the framework. The framework is structured around those areas of good governance that will always require assurance, as opposed to the Board's annual objectives which will continually evolve.
- 2.60 The means of assurance listed are inputs from which the Board makes a judgement about their level of assurance. The framework does not aim to be an exhaustive list or tool for the executive to undertake operations.

Scrutiny Committee

- 2.61 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.
- 2.62 Three Scrutiny Committee meetings were held between 1 April 2018 and 31 March 2019.
- 2.63 Members' attendance at committee meetings during 2018/19 was as follows:

Committee member	Number of meetings attended	Possible
Antony Townsend	3	3
Renata Drinkwater	3	3
Thomas Frawley CBE	3	3
Harry Cayton CBE*	2	2
Alan Clamp**	1	1

* Up to 31 October 2018.

** From 1 November 2018.

Appointments to regulators' councils

- 2.64 At all three meetings, the Scrutiny Committee considered reports on recent activity, as well as information provided about the Authority's internal processes and its relationship with external stakeholders including the Privy Council in relation to this area of its work. It approved the Authority's revised appointments guidance.

Review of final fitness to practise decisions (the Authority's Section 29 jurisdiction)

- 2.65 At each meeting, the Scrutiny Committee reviewed decisions taken about individual regulators' final fitness to practise panel decisions at different stages of the process. In each case, the Committee agreed that the decision

was within the range of reasonable decisions available to the Authority and was satisfied with the quality of the reasoning.

Annual performance review of regulators

2.66 The Scrutiny Committee has received regular reports on the progress of the Performance Review process and, in particular, any concerns that have arisen in the first year of the new process. The Committee has been content with that process. In the next financial year, it will look at the information required from the regulators to inform the review.

Standards of Good Regulation

2.67 The Scrutiny Committee has been involved in work to review the Standards of Good Regulation. These are the Standards that the Authority uses to assess regulators' performance and are now over 10 years old. The Authority is reviewing the Standards and the Committee has been involved in commenting on the process and on the key issues that have arisen. The new Standards were agreed by the Board in November 2018.

Accredited Registers

2.68 The Scrutiny Committee carried out its scrutiny of the accredited registers programme. It received progress updates on applications going through initial assessment, annual reviews of accreditation and notifications of change.

2.69 The committee was also kept informed about the communications activities and engagement with stakeholders to raise awareness of the programme.

Pension scheme regulations

2.70 As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments to the scheme are in accordance with the rules and that member pension scheme records are accurately updated in accordance with the timescales detailed in the regulations.

2.71 The protection of data held by us and requests for its disclosure continue to be important considerations for us.

2.72 During the year we have completed the necessary technical work and training and have achieved online access to the NHS Pensions system so that the records, especially staff records, can be updated in real time.

Risk and uncertainty

Approach

2.73 Every year we subject our risk management practices to a gap analysis against the industry best practice Management of Risk (MoR) methodology.

2.74 Both the approach (process and matrix scoring system) and risk register are scrutinised, and where appropriate incremental improvements are made.

2.75 Because the MoR syllabus had not changed since the last review, we did not update our practices during 2018/19.

Specific items during 2018/19

- 2.76 Notable risks that we considered threats during 2018/19 included the criticism in the face of poor performance by one or more statutory regulators/accredited registers that we mitigate through robust processes and communications, and disruption associated with the commencement of SWE and the associated impact on HCPC that we have managed through stakeholder engagement and planning.
- 2.77 Notable risks that we considered opportunities during 2018/19 included regulatory reform and the devolution agenda offering the chance to improve the regulatory sector and review/develop the Authority's role that we actively engaged with stakeholders on, and thought leadership affording the Authority an expert status which we endeavour to build upon each year through our outreach and commission activities.

Data handling

- 2.78 Our system of internal control is based on the HMG Security Policy Framework and we continue to monitor and review our compliance with them.
- 2.79 We hold little personal information. The main data we hold relates to our own staff. Where we require access to personal data held by others, this is generally undertaken at the premises of the data holder. Staff undertaking audits as part of performance reviews are required to work through remote access to our server whenever possible. Since this is not always possible, the laptops used by the auditors have been encrypted to provide another layer of security.
- 2.80 Staff continue to undertake the government's 'Protecting Information' online training. The training is split into three levels and is assessment-based.
- 2.81 All staff are required to complete the level appropriate to their level of responsibility for data-handling – 97.5% of members of staff successfully passed the assessment in 2018/19.
- 2.82 The Audit and Risk Committee Chair has provided a statement that she was satisfied that we have appropriate policies for staff to adhere to, as far as they apply to the Authority, and that suitable processes are in place to mitigate risks to our information.
- 2.83 This statement has been prepared following consideration of the Authority's Annual Assessment of Information Risk Management for 2018/19 and the assurance provided by it.
- 2.84 We have no personal data incidents to report.

Accounting Officer's responsibilities

Scope of responsibility

- 2.85 As Accounting Officer to the Authority, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Authority's policies, aims and objectives, while safeguarding the funds and organisational assets for which I am personally responsible. I pay close attention to the guidance set out in Managing Public Money.

- 2.86 The Authority reports to the UK Parliament and works closely with the devolved administrations in Northern Ireland, Scotland and Wales, and with the Department of Health and Social Care in England, to deliver our statutory obligations and the key objectives of our business plan. This includes identifying and responding appropriately to both internal and external risks.
- 2.87 The previous Chief Executive and Accounting Officer left the Authority on 31 October 2018. At that point he provided me with a letter of assurance relating to the state of governance, risk management and internal control processes at the Authority. No issues were identified in the letter of assurance.

The purpose of the system of internal control

- 2.88 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide reasonable but not absolute assurance of effectiveness.
- 2.89 The system of internal control is designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.90 Our system of internal control has been in place for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance. The key elements of the system of internal control include:
- Financial procedures detailing financial controls for responsibilities of, and authorities delegated to, the management team
 - Business planning processes setting out the objectives of the Authority supported by details of annual income, expenditure, capital and cash flow budgets
 - Regular reviews of performance along with variance reporting, scenario planning and reforecasting.

Review of effectiveness

- 2.91 As Accounting Officer, I am responsible for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, the Directors Group, which has responsibility for the maintenance of the internal controls, and comments made by the external auditors in their management letter and other reports. The Audit and Risk Committee and Board have advised me on the implications of the result of my review on the system of internal control. The Scrutiny Committee has this year considered in detail our performance against our own standards for our statutory functions and for the accredited registers programme.

2.92 The effectiveness of the system of internal control was maintained and reviewed through:

- The Board of the Authority, which met six times
- The Audit and Risk Committee, which consists of three members of the Board. I also attend the Audit and Risk Committee meetings together with the Director of Governance and Operations and the Head of Finance. Representatives of the National Audit Office and our internal auditors are also present
- Risk management arrangements identify which key risks could affect the achievement of our objectives and those risks have been managed actively, with progress being reported to the Audit and Risk Committee and, through it, to the Board of the Authority
- Our annual assessment of information risk management undertaken in accordance with the Cabinet Office's guidance
- Regular reports from the internal auditors, Mazars, complying with the government's Internal Audit Standards
- Comments made by external auditors, the NAO, in their management letter and other reports.

2.93 Mazars, internal auditors to the Regulators Hub have been our internal auditors for the year under review. The Head of Internal Audit in his report for 2018/19 stated that:

'On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work, however none were considered fundamental. These matters have been discussed with management, to whom we have made a number of recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.'

2.94 I do not consider that we have significant weaknesses in our system of internal controls. A programme of continuous monitoring exists, in consultation with the Audit and Risk Committee, internal auditors and external auditors, to ensure that we meet best practice standards in all areas of our operations.

2.95 Our Assurance Framework is monitored along with the risk register by the Directors Group, the Audit and Risk Committee and the Board. External and internal influences are considered and any potentially significant risks are discussed with key stakeholders as soon as they become apparent. The Audit and Risk committee has reviewed our assurance framework during the year to ensure it provides an appropriate level of assurance to the Committee and the Board.

2.96 I am satisfied that the annual assessment of information risk management adequately reflects the information risks we have managed and that we have considered future risks. I consider that we have taken the actions necessary to manage information risks effectively. I am confident that staff are aware of their responsibility to store, share and destroy information securely. I am

satisfied that the small number of minor information risk incidents which occurred this year were managed appropriately, that corrective action was taken and that no sensitive information was disclosed or lost.

- 2.97 This report has been prepared in accordance with the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury.
- 2.98 Our accounts have been prepared in accordance with Schedule 7, Paragraph 15 of the National Health Service Reform and Health Care Professions Act 2002, as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012.
- 2.99 Details about the NHS Pension Scheme and the treatment of pension liabilities in the accounts are set out in accounting policies within the notes to the accounts (note 1).
- 2.100 I confirm that:
- The assessment of information risk management has been completed satisfactorily and that the information can be used for our Annual Governance Statement
 - This report and accounts as a whole are fair, balanced and understandable
 - We have complied with the Code of Corporate Governance as detailed in DAO(GEN)02/12 – Governance Statements in so far as it applicable to us
 - So far as I am aware, there is no relevant audit information of which the auditors are unaware, and that I have taken all the steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information
 - I take personal responsibility for the report and the judgements required for determining that it is fair, balanced and understandable.

International contracts

- 2.101 During the year the Authority accepted a commission from the government in British Columbia, Canada. At the request of the Ministry of Health in British Columbia, the contract for this work was signed in the name of the previous Chief Executive rather than the Authority. The work under this contract was conducted by Authority employees, including the previous Chief Executive. On leaving the Authority on 31 October 2018, the previous Chief Executive was paid for his remaining work under a zero hours employment contract with the Authority. The work under this contract, and the associated employment contract of the previous Chief Executive, concluded in March 2019.
- 2.102 Following his departure from the Authority, the previous Chief Executive entered into a contract with the Professional Engineers of Ontario. This included a clause identifying the Authority as a payment agent for the duration of the contract (concluding in May 2019).
- 2.103 In quarter four of 2018/19 the Authority performed a review of these two contracts. This concluded that the Board was aware of the nature of this international work but was unclear on the specific contracting arrangements. It was identified that controls relating to international commissions needed to be strengthened. The Board agreed that such commissions would henceforth be subject to standard contracting procedures and would be in the name of

the Authority. Furthermore, the Authority would not act as a third party agent to any other contractual arrangements. Contracting arrangements and progress on international commissions are now reported routinely at each Board meeting. This Annual Report presents a clear picture of the financial accounting of the two contracts.

A handwritten signature in black ink, appearing to read 'A. Clamp'.

Alan Clamp
Accounting Officer
13 June 2019

3. Remuneration and staff report

Remuneration policy

Remuneration Committee

- 3.1 The Remuneration Committee meets to deal with remuneration issues if they arise.
- 3.2 The Authority did not previously have a Nominations Committee. The Remuneration Committee undertook this role when the need arose.
- 3.3 One Remuneration Committee meeting was held between 1 April 2018 and 31 March 2019. Members' attendance is shown below.

Board member	Number of meetings attended	Possible
George Jenkins OBE (Chair)	1	1
Frances Done CBE	1	1
Thomas Frawley CBE	1	1

- 3.4 Contracts are generally offered on a permanent basis. If they are offered on a fixed-term basis, this is to reflect the nature and context of the work involved. The notice period required is determined by the position of the post holder. We treat termination payments and provisions for compensation for termination on a case-by-case basis in consultation with our advisers.

Nominations Committee

- 3.5 During 2018/19 the Board approved the creation of a new Nominations Committee that will meet to ensure that the Authority has an appropriate Board membership.

Senior managers' contracts

Name	Title	Date of contract	Unexpired term	Notice period
Harry Cayton*	Chief Executive	1 August 2007	Permanent contract	6 months
Alan Clamp**	Chief Executive	1 November 2018	Permanent contract	6 months
John McDermott	Director of Governance and Operations	5 September 2016	Permanent contract	3 months
Mark Stobbs	Director of Scrutiny and Quality	3 May 2016	Permanent contract	3 months
Christine Braithwaite	Director of Standards and Policy	17 May 2010	Permanent contract	3 months

* Up to 31 October 2018. WTE 0.583

** From 1 November 2018. WTE 0.417

Senior managers' salaries

Name	Salary 2018/2019 £'000	Expenses payments (taxable) Total £000	Performance pay and bonuses £000	Long-term performance pay & bonuses £'000	All pension-related benefits £'000	TOTAL 2018/2019 £'000
Harry Cayton*	105-110	0	0	0	0	105-110
Alan Clamp**	70-75	0	0	0	16	85-90
John McDermott	105-110	0	0	0	28	135-140
Mark Stobbs	105-110	0	0	0	28	135-140
Christine Braithwaite	105-110	0	0	0	55	165-170

* To 31 of October. From 1 of November to 31 of March appointed as international consultant. Remuneration during the period 1 November -31 of March was £44k. There were no pension related benefits during this period. WTE salary is 170-175

** From 1st of November. WTE salary is 170-175

Name	Salary 2017/2018 £'000	Expenses payments (taxable) Total £000	Performance pay and bonuses £000	Long-term performance pay & bonuses £'000	All pension-related benefits £'000	TOTAL 2017/2018 £'000
Harry Cayton	155-160	0	0	0	88	245-250
John McDermott	95-100	0	0	0	65	160-165
Mark Stobbs	95-100	0	0	0	23	120-125
Christine Braithwaite	95-100	0	0	0	23	120-125

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

3.7 All senior managers in the year were members of the NHS Pension Scheme.

3.8 Total remuneration includes salary and all pension-related benefits calculated in accordance with the NHS Pensions guidance,¹⁵ which seeks to quantify the increase in pension benefits in the year by comparing the overall pension benefits at the beginning of the year with those at the end of the year. There were no non-consolidated performance-related pay, benefits-in-kind or severance payments in 2018/19 or 2017/18.

Pensions

Name	Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 as at 31 March 2019 (bands of £5,000)	Lump sum at age 60 related to accrued pension as at 31 March 2019 (bands of £5,000)	Cash Equivalent Transfer Value as at 1 April 2018 (to the nearest £1,000)	Cash Equivalent Transfer Value as at 31 March 2019 (to the nearest £1,000)	Real increase in the Cash Equivalent Transfer Value during the reporting year (to the nearest £1,000)
Harry Cayton*	Chief Executive	(5-7.5)	(0-2.5)	30-35	20-25	N/A****	N/A****	N/A****
Alan Clamp**	Chief Executive	0-2.5	N/A***	0-5	N/A***	0	17	7
John McDermott	Director of Governance and Operations	0-2.5	N/A***	5-10	N/A***	35	62	11
Mark Stobbs	Director of Scrutiny and Quality	0-2.5	N/A***	5-10	N/A***	44	80	20
Christine Braithwaite	Director of Standards and Policy	2.5-5	7.5-10	20-25	70-75	470	N/A****	N/A****

* Up to 31 October 2018.

** From 1 November 2018.

*** Not applicable in the 2008 and 2015 scheme.

**** Not applicable as individual over 60.

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

¹⁵ Disclosure of Senior Managers' Remuneration (Greenbury) 2015.

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefit accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figure – and from 2005-2006, the other pension details – include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. A CETV is calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase/(decrease) in CETV

This reflects the increase/(decrease) in CETV. It takes account of the increase in accrued pension due to inflation, contributions paid by the employer and employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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

Authority Board members' remuneration

- 3.13 The payments made to the Board are subject to Cabinet Office guidance and have not increased since 2009/10. The Chair receives remuneration of £33,688 pa (2017/18: £33,688 pa); members receive annual remuneration of £7,881 (2017/18: £7,881) and the Audit and Risk Committee Chair receives annual remuneration of £13,135 (2017/18: £13,135). Members' remuneration during the year amounted to £90,367 (2017/18: £90,894) including social security costs.
- 3.14 Members' remuneration is subject to tax and national insurance through PAYE.
- 3.15 In addition, expenses amounting to £10,813 (2017/18: £11,621) were reimbursed to Board members. Travel expenses related to travel to the Authority's offices are subject to tax which is paid by the Authority on their behalf, by agreement with HMRC.
- 3.16 Members' remuneration has been audited by the Comptroller and Auditor General.
- 3.17 Payments to individual members are disclosed below.

3.18 No Board members were members of the NHS pension scheme in 2018/19.

Payments made to the Authority's Board members during 2018/19

	2018/2019 Salary (bands of £5,000)	2018/2019 Travel expenses (bands of £5,000)	2017/2018 Salary (bands of £5,000)	2017/2018 Travel expenses (bands of £5,000)
Chair				
George Jenkins OBE	30-35	0-5	30-35	0-5
Members				
Antony Townsend	5-10	0-5	5-10	0-5
Frances Done CBE (Audit and Risk Chair)	10-15	0-5	10-15	0-5
Renata Drinkwater	5-10	0-5	5-10	0-5
Thomas Frawley CBE	5-10	0-5	5-10	0-5
Moiram Ali	5-10	0-5	5-10	0-5
Marcus Longley	5-10	0-5	5-10	0-5
Ian Hamer OBE**	N/A	N/A	0-5	0-5

** Up to May 2017.

Staff report

- 3.19 We are committed to enabling all employees to achieve their full potential in an environment characterised by dignity and mutual respect. Our employment policies seek to create a workplace in which all employees can give their best and can contribute to our and their own success. These are reviewed and updated with external specialists in order to ensure compliance with legislation.
- 3.20 We retain the services of Right Corecare, we have been recognised externally as a mindful employer and all our staff have access to assistance and counselling if required and a quiet room for reflective space.
- 3.21 We recognise the business benefits of having a diverse workforce and are committed to maintaining a culture in which diversity and equality are actively promoted and where discrimination is not tolerated. We operate a fair and open selection policy relating to applications for employment and internal promotion.
- 3.22 Further information about the senior management team can be found in the Remuneration section of this report.
- 3.23 Our staff turnover this year was slightly above our target.
- 3.24 As part of our corporate social responsibility we encourage our staff to support charities and other community organisations. Members of staff have

been involved with Comic Relief and a research ethics committee. Staff are active in fundraising for a number of good causes.

Fair pay disclosures

- 3.25 The Authority is required to disclose the relationship between the remuneration of the highest paid director (in our case, the Chief Executive) and the median remuneration of the Authority workforce.
- 3.26 The remuneration of the Chief Executive in the financial year 2018/19 was £172,500 (calculated as middle of the band). This was 3.45 times the median remuneration of the workforce, which was £50,000.
- 3.27 The remuneration of the Chief Executive in the financial year 2017/18 was £157,500 (calculated as middle of the band). This was 3.21 times the median remuneration of the workforce, which was £47,371.
- 3.28 No employee received remuneration in excess of the Chief Executive in 2018/19 or 2017/18. Remuneration ranged from £30,000 to £170,000 (2017/18: £27,000 to £160,000).
- 3.29 Information on fair pay disclosures has been audited by the Comptroller and Auditor General.
- 3.30 In 2018/19, one member of the senior management team was female (14%) (2017/18 one person, 14%) while overall, 25 employees were female (63%) (2017/18 62%, 26 employees).

Sick absence

- 3.31 A total of 390 days (2018/19, 269 days) were lost due to sick absence in the year. This equates to 10 days (2017/18, six days) per person – 250 days of this absence related to three members of staff who had long-term absences during the year.

Policies relating to disability

- 3.32 We are committed to applying our equal opportunities policy at all stages of recruitment and selection.
- 3.33 We work to ensure that:
 - The most suitable applicant is appointed to each post, having regard to the real needs of the job
 - That the process is open, fair and honest
 - We make reasonable adjustments to overcome barriers during the course of interviews and employment
 - Equal opportunities are provided for all applicants
 - Both internal and external candidates are assessed based on the same selection criteria
 - Discrimination and bias is eliminated from the process
 - Legal objectives are met, and good employment practices followed
 - Our application form provides a section for potential candidates to confirm whether or not they consider themselves to have a disability and if so whether they require reasonable adjustments to be made.

- 3.34 If identified on the application form all candidates who meet the minimum selection criteria of a vacancy will be interviewed under the Guaranteed Interview Scheme.
- 3.35 Whilst we are committed to the Guaranteed Interview Scheme, this requirement does not extend to the appointment decision, whereby the best person for the job will be appointed in line with equality legislation.

Staff numbers and related costs

Average number of persons employed

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

	Permanently employed	Other	Total 2018/19	Permanently employed	Other	Total 2017/18
Total	40.21	0.55	40.76	40.15	0.09	40.24

- 3.37 There were no staff engaged on capital projects in the period to 31 March 2019.

Costs of persons employed

	Permanently employed	Other	Total 2018/19	Permanently employed	Other	Total 2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	2,389	-	2,389	2,261	-	2,261
Social security costs	250	-	250	254	-	254
Superannuation costs	261	-	261	258	-	258
Agency/ temporary staff	-	42	42	-	4	4
	2,900	42	2,942	2,773	4	2,777

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

Reporting of Civil Service and other compensation schemes: exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10	0	0	0
£10-£25	0	0	0
>£25	0	0	0
Total number of exit packages	0	0	0
	£'000	£'000	£'000
Total resource cost /£	0	0	0

- 3.39 Exit costs have been accounted for in full in the year of departure. (2017/18 - 7k)
- 3.40 No redundancy costs were incurred in the financial year 2018/19.
- 3.41 No persons were employed off payroll or on a consultancy basis during the year.
- 3.42 This information has been audited by the Comptroller and Auditor General.

4. Parliamentary accountability and audit report

Clarifications

Losses and special payments

- 4.1 Losses and special payments were individually and in total below the reporting threshold of £300k. This information has been audited by the Comptroller and Auditor General.

Regularity of expenditure

- 4.2 The Authority operates with four distinct work streams which are reflected in the segmentation of our accounts:
- Regulatory and standards setting work – paid for through fees raised from the Regulatory bodies
 - Accredited Registers – self-funding with support of DHSC subvention
 - Commissions from Government(s) – paid for by the commissioning body
 - Advice to other organisations – earned through fees.
- 4.3 The income and expenditure for each segment is accounted for separately and we work to ensure that there is no cross-subsidy.
- 4.4 As reported elsewhere our internal auditors undertake an annual review of the management of our finances in relation to our published business principles and reserves policy which are in paragraphs 1.31-1.39.
- 4.5 This information has been audited by the Comptroller and Auditor General.

Fees and charges

- 4.6 The Health and Social Care Act 2012 provided for the Authority to be funded by the regulatory bodies that it oversees.
- 4.7 The functions within the scope of the Fees Regulations are those within our first work stream; that is the regulatory oversight and improvement work undertaken in relation to the statutory regulated health professional bodies.
- 4.8 2018/19 was the third full year that the Authority has been funded primarily through fees. The fee period for 2019/20 will be from April to March covering the same period as the Authority's financial year.
- 4.9 Details of the related operating costs for our regulatory and standards setting function are shown below.

31 March 2019	Regulatory and standards setting work	Commissions from Government(s)
	£'000	£'000
Operating costs	4,029	22
Operating income	(4,213)	1
Net operating income	(184)	23

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

Long-term expenditure trends

4.11 The main drivers that will influence our future budgetary needs are:

- Changes to the volume of work that we have to undertake in particular the number of Fitness to Practise cases reviewed
- Changes to legislation that either place new duties upon us or require us to utilise more resources in undertaking our existing work as a consequence of changes to processes and procedures
- Changes to legislation that we as a business or employer are required to comply with
- Changes that we introduce
- Changes to our costs arising from inflation etc
- Changes to the income and expenditure of the accredited registers programme.

Section 29 cases

4.12 This is the area of our work that can significantly fluctuate and is accordingly difficult to predict. Many cases take a long time from the date a complaint is made to when they come to the Authority, hence it is not just the volume received by a regulator but the time they take to process them that influences the Authority's workload.

4.13 This year we have seen a 20% decrease in the number of fitness to practise determinations notified to us by the regulators (3,261 in 2018/19, compared with 4,095 in 2017/18). During 2018/19, we requested further information and undertook detailed case reviews in 141 cases. By way of comparison, we undertook 265 detailed case reviews in 2017/18.

4.14 While it appears that the caseload has reduced, thus reducing the pressure on staff, caseloads can fluctuate. We keep staffing levels under review and, at particularly busy times, we have in place on-call arrangements with our external legal providers to ensure that our statutory deadlines continue to be met. We also seek external assurance of our decisions to close cases, where this appears to be appropriate.

Changes to our legislation

- 4.15 There is the prospect that changes to legislation directly or indirectly may impact on our work. The introduction of proposed changes to legislation either for us or for the regulators would require analysis and consideration. There are proposals for changes to the regulation of health and social care professionals, but these are not yet developed to a state that would enable the Authority to consider the impact on our work or expenditure.
- 4.16 Assuming that our workload remains consistent with the current year we would not anticipate significant changes to our expenditure.



Alan Clamp
Accounting Officer
13 June 2019

5. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, the Scottish Parliament and the Northern Ireland Assembly

Opinion on financial statements

I certify that I have audited the financial statements of the Professional Standards Authority for Health and Social Care for the year ended 31 March 2019 under the National Health Service Reform and Health Care Professions Act 2002 as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report, the Accountability Report, and the Parliamentary accountability and audit report that is described in those reports as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Professional Standards Authority for Health and Social Care's affairs as at 31 March 2019 and of the Professional Standards Authority for Health and Social Care's net operating income for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service Reform and Health Care Professions Act 2002 as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012 and the Secretary of State's directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. In applying the Ethical Standards I identified a business relationship between the National Audit Office and the Professional Standards Authority for Health and Social Care. Further details are disclosed within Note 4. The revenue received

is immaterial to the National Audit Office, and I consider that appropriate safeguards have been implemented to protect my and the NAO's team's objectivity throughout the audit. I am independent of the Professional Standards Authority for Health and Social Care in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

We are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Professional Standards Authority for Health and Social Care's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Board and Accounting Officer's Statement of Responsibilities, the Board 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service Reform and Health Care Professions Act 2002 as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Professional standards Authority for Health and Social Care's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the Annual Report, other than the parts of the Accountability Report, Remuneration and Staff Report and the Parliamentary Accountability and Audit report described in those reports as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability report, Remuneration and staff report and the Parliamentary Accountability and audit report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Health Service Reform and Health Care Professions Act 2002 as amended by the Health and Social Care Act 2008 and the Health and Social Care Act 2012;
- in the light of the knowledge and understanding of the Professional Standards Authority for Health and Social Care and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report,

Accountability Report, Remuneration and Staff report and Parliamentary Accountability and Audit Report; and

the information given in Performance Report, Accountability Report, Remuneration and Staff report and Parliamentary Accountability and Audit Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff report and the Parliamentary accountability and audit 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.

Gareth Davies
Comptroller and Auditor General

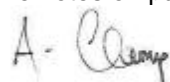
Date 20 June 2019

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

6. Financial statements – statement of financial position as at 31 March 2019

		31 March 2019		31 March 2018	
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	7	140		118	
Property, plant and equipment	8	84		116	
Total non-current assets			224		234
Current assets					
Trade and other receivables	9	176		289	
Investments	10	750		750	
Cash and cash equivalents	11	5,714		5,082	
Total current assets			6,640		6,121
Total Assets			6,864		6,355
Current liabilities					
Trade and other payables	12	(4,669)		(4,281)	
Provisions	13	(13)		(11)	
Total current liabilities			(4,682)		(4,292)
Assets less liabilities			2,182		2,063
Reserves					
General reserves			2,182		2,063

The notes on pages 64 to 78 form part of these accounts.



Alan Clamp,
Accounting Officer
13 June 2019

7. Financial statements – statement of comprehensive net expenditure for the year ended 31 March 2019

			2018/19 £'000		2017/18 £'000
<i>Expenditure</i>					
Staff costs	3		2,942		2,777
Other administrative costs	4		1,636		1,645
<i>Income</i>					
Fees Income	5		(4,032)		(3,909)
Operating income	6		(665)		(702)
Net operating cost / (income)			(119)		(189)

The notes on pages 64 to 78 form part of these accounts.

Other comprehensive net expenditure

7.1 There was no other comprehensive net expenditure in the year ended 31 March 2019 (none in the year ended 31 March 2018).

8. Financial statements – statement of cash flows for the period ended 31 March 2019

	Note	2018/19	2017/18
		£'000	£'000
Cash flows from operating activities			
Net operating (costs)/income for the year		119	189
Adjustment for non-cash transactions	4	157	184
Decrease in trade and other receivables	9	113	(36)
Increase in trade and other payables	12	388	134
Increase in provisions	13	2	4
Net cash inflow/(outflow) from operating activities		779	475
Cash flow from investment activities			
Purchase of property, plant, equipment and intangibles	7,8	(147)	(68)
Net acquisition of investments	10	-	(750)
Net cash outflow from investment activities		(147)	(818)
Cash flow from financing activities			
Net cash flow from financing activities		-	-
Net financing			
Net increase in cash and cash equivalents	11	632	(343)
Cash and cash equivalents at the beginning of the financial year	11	5,082	5,425
Cash and cash equivalents at the end of the financial period	11	5,714	5,082

The notes on pages 64 to 78 form part of these accounts.

9. Financial statements – statement of changes in taxpayer’s equity for the year ended 31 March 2019

	Note	General reserve
		£'000
Balance as at 1 April 2017		1,874
Changes in reserves in the year ended 31 March 2018		
Net operating (costs)/income		189
Balance as at 31 March 2018		2,063
Changes in reserves in the year to 31 March 2019		
Net operating (costs)/income		119
Balance as at 31 March 2019	14	2,182

The notes on pages 64 to 78 form part of these accounts.

10. Notes to the accounts

1. Accounting policies

Basis of preparation

- 10.1 These financial statements have been prepared in accordance with the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury.
- 10.2 The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the UK public sector context.
- 10.3 Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Authority for the purpose of giving a true and fair view has been selected.
- 10.4 The particular policies adopted by the Authority for the reportable period are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Critical accounting judgements and key sources of estimation uncertainty

- 10.5 In the application of the Authority's accounting policies, management is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources.
- 10.6 The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.
- 10.7 Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed.
- 10.8 Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
- 10.9 During the year no significant accounting judgements or estimates were made.

Intangible assets

Internally generated and other intangible assets

- 10.10 An internally generated and other intangible assets arising from the Authority's activities and expenditure are recognised where all of the following conditions are met:
 - An asset is created that can be identified (such as bespoke software)
 - It is probable that the asset created will generate future economic benefits, i.e. Authority has control over the asset
 - The cost (including development cost) of the asset can be measured reliably.
- 10.11 Intangible fixed assets are initially measured at cost and subsequently valued using depreciated replacement cost that is deemed a suitable proxy for fair

value. For intangible assets with finite useful lives, amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life.

10.12 The amortisation period and amortisation method of an intangible asset is reviewed at each financial year end. If the expected useful life of the asset is different from previous estimates, amortisation period and method will be changed to reflect the charged pattern.

Non-current assets

Property, plant and equipment

10.13 Non-current assets other than computer software are capitalised as property, plant and equipment as follows:

- Equipment with an individual value of £1,000 or more
- Grouped assets of a similar nature with a combined value of £1,000 or more
- Refurbishment costs valued at £1,000 or more.

10.14 The Authority has adopted IFRS 13 and in accordance with the FReM has deemed that depreciated historical cost is a suitable proxy to current value in existing use or fair value where the asset has a short useful economic life or is of low value. Indexation has not been applied since 31 March 2008 as this would not be material. Asset valuations are reviewed on an annual basis, at each statement of financial position date, to ensure that the carrying value fairly reflects current cost.

10.15 Depreciation is provided on a straight-line basis, calculated on the revalued amount to write off assets, less any estimated residual balance, over their remaining estimated useful life.

10.16 The useful lives of non-current assets have been estimated as follows:

- Furniture and fittings over the remaining accommodation lease term
- Computer equipment—three years.

10.17 These provide a realistic reflection of the lives of the assets.

10.18 Depreciation is charged from the month in which the asset is acquired.

Investments

10.19 These are short term deposits held with financial institutions with maturity date of over three month and no longer than nine months.

Cash at bank and cash equivalents

10.20 Cash is cash in hand and deposits with any financial institution with maturity date of less than three month.

Grant in aid and general reserve

10.21 In the year to 31 March 2019 the Authority has not received any funding from the Department of Health and Social Care.

Reserves policy

- 10.22 The timing of the determination of the fees is not fully within the control of the Authority and should there be a delay in the receipt of the fee income the Authority will face cash-flow problems and could have difficulty in meeting its expenditure requirements and statutory duties.
- 10.23 The cash-flow issues are linked to the receipt of the fee income. If the consultation process is not concluded by the Privy Council in time for the determination to be made by the beginning of March, then the Authority will face the prospect of having no income at the start of the financial year.
- 10.24 The Authority may also have to address financial shortfalls arising during the fiscal year. The budget for any given year has to be estimated prior to the commencement of the consultation exercise, which being lengthy has to commence early in the preceding year, thus there could be occasions when the Authority has to address unexpected expenditure during the year after the fee has been determined – for example costs arising from an increase in its workload, the need to undertake an investigation or changes to legislation.
- 10.25 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.
- 10.26 To accommodate unexpected expenditure peaks and cash-flow deficiencies, and to reduce the prospect of needing to seek additional fees, the Board agreed that the Authority should keep an agreed level of financial reserves, sufficient to ensure that its statutory functions can continue to operate.
- 10.27 Having reserves that can be called upon will also eliminate the need to pay arrangement fees and interest on any monies borrowed.
- 10.28 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.
- 10.29 The intention is that over time the restricted element will amount to two months' total operating costs.
- 10.30 The level and make-up of our reserves will be reported through our Annual Report.
- 10.31 Any money taken from reserves during the year will need to be replaced in the following year(s).
- 10.32 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.

Fees income

- 10.33 The FReM extends the definition of a contract within IFRS 15 Revenue from contracts with customers to include legislation (Fees Regulations 2015) that enable the Authority to receive cash or other financial assets. Fees received from the nine statutory bodies are recognised over time i.e. over the financial year specified in the annual fee determination. The introduction of IFRS 15 has not changed the period in which the fees are recognised. These fees,

typically received prior to the commencement of the financial period they relate to, are recognised as deferred income (contract liability) until the over time performance obligation is achieved. Any surplus arising will be taken into account when calculating future fee rates to the extent that this is not required to maintain an appropriate level of reserves in accordance with the Authority's reserves policy.

Operating income

- 10.34 Operating income includes: Section 29 case cost recoveries; interest received from investments; premises income received from subtenants; fees received from the provision of services to other members of the health regulation community; and accreditation fees received from register applicants wishing to be accredited.
- 10.35 Premises income received from subtenants is income received from subletting Authority's premises. These are payable in full in the beginning of sublet period. Income is recognised monthly over the lease term in accordance with IAS 17. There has been no change in in subtenant income recognition from 2017/18.
- 10.36 Income from fees received from the contracts for commissions to government and advice to other organisations is recognised in accordance with five step process within IFRS 15 when performance obligations of each separate contract have been met. Income from these contracts is either recognised in full at the point of time e.g. presentation of the final report or over time as the costs are incurred where the contract specifies that the customer will be liable for all costs until termination date. Income recognition over time is based on agreed staff costs and direct expenditure incurred and recognised in accounts. These are the costs of performing the work. Payments are typically received before performance obligations are met in which case these are recognised as deferred income and as income once performance obligations have been met.
- 10.37 Accredited registers' revenue consists of non-refundable fixed accreditation fees, payable when application documents have been submitted to the Authority, and renewal fees, payable on the anniversary of the accreditation date. Income from initial application fees is recognised in the operating cost statement at the point of time of Authority's accreditation decision in accordance with IFRS 15. Income from renewal fees is recognised in the operating cost statement at the point of time of Authority's renewal decision.
- 10.38 The Authority is not applying the practical expedient in IFRS 15. No significant judgement is involved in determining either the timing of the satisfaction of the performance obligation or the transactions price.

Section 29 costs and recoveries

- 10.39 Under its Section 29 powers, the Authority can appeal to the High Court against a regulatory body's disciplinary decisions. Costs incurred by the Authority in bringing Section 29 appeals are charged to the comprehensive net expenditure statement on an accruals basis.
- 10.40 As a result of judgments made by the Courts, costs may be awarded to the Authority if the case is successful or costs may be awarded against the Authority if the case is lost. Where costs are awarded to, or against, the

Authority, these may be subsequently revoked or reduced as a result of a successful appeal either by the defendant or by the Authority. Therefore, in bringing either income or expenditure to account, the Authority considers the likely outcome of each case on a case-by-case basis.

- 10.41 In the case of costs awarded to the Authority, the income is not brought to account unless there is a final uncontested judgment in the Authority's favour or an agreement between parties of the proportion of costs that will be paid and submitted to the Courts and settlement amount had been agreed by both parties. When a case has been won but the final outcome is still subject to appeal, and it is virtually certain that the case will be won on appeal and costs will be awarded to the Authority, a contingent asset is disclosed.
- 10.42 In the case of costs awarded against the Authority, expenditure is recognised in the income and expenditure where there is a final uncontested judgment against the Authority. In addition, where a case has been lost, but the final outcome is still subject to appeal, and it is probable that costs will be awarded against the Authority, a provision is recognised in the accounts. Where it is possible but not probable that the case will be lost on appeal and that costs may be incurred by the Authority, a contingent liability is disclosed.

Value added tax

- 10.43 Value added tax (VAT) on purchases is not recoverable, hence is charged to the statement of comprehensive net expenditure and included under the heading relevant to the type of expenditure, or capitalised if it relates to an asset.

Retirement benefit costs

- 10.44 Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities.
- 10.45 Therefore, the scheme is accounted for as if it were a defined contribution scheme; the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.
- 10.46 For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the statement of comprehensive net expenditure at the time the Authority commits itself to the retirement, regardless of the method of payment.

Operating leases

- 10.47 Rentals payable under operating leases are charged to the comprehensive net expenditure statement on an accruals basis.

International Financial Reporting Standards (IFRSs), amendments and interpretations in issue but not yet effective or adopted

- 10.48 International Accounting Standard (IAS8), accounting policies, changes in accounting estimates and errors require disclosures in respect of new IFRSs,

amendments and interpretations that are, or will be, applicable after the accounting period. There are a number of IFRSs, amendments and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this accounting period. The following have not been adopted early by the Authority:

- IFRS 16 – Leases
- IFRS 17 – Insurance contracts.

10.49 IFRS 16 is effective from 2020/21 (for entities following FReM) and will be implemented by Authority in the financial year 2020/21. According to preliminary assessment it is not expected to have material impact on accounts.

10.50 IFRS 9 and IFRS 15 have been implemented in 2018/19. Implementation of these standards had no material impact on Authority's accounts. The opening balances did not need to be restated.

Accounting standards issued that have been adopted early

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

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

Segmental analysis

10.52 Net operating costs/(income) were incurred by the Authority's four main expenditure streams as follows. The Authority does not maintain separate statements of financial position for these streams. There were no inter-segment transactions in the year.

2018/19	Regulatory and Standards setting work	Accredited registers	Commissions from Government(s)	Advice to other organisations	Total
	£'000	£'000	£'000	£'000	£'000
Operating costs	4,029	365	22	162	4,578
Operating income	(4,213)	(271)	1	(214)	(4,697)
Net operating costs/(income)	(184)	94	23	(52)	(119)
2017/18	Regulatory and Standards setting work	Accredited registers	Commissions from Government(s)	Advice to other organisations	Total
	£'000	£'000	£'000	£'000	£'000
Operating costs	3,876	376	152	18	4,422
Operating income	(4,201)	(225)	(159)	(26)	(4,611)
Net operating	(325)	151	(7)	(8)	(189)

costs/(income)					
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10.53 The work of these operating segments is described in the performance report.

3. Staff numbers and related costs

Costs of persons employed

	Permanently employed	Other	Total 2018/19	Permanently employed	Other	Total 2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	2,389	-	2,389	2,261	-	2,261
Social security costs	250	-	250	254	-	254
Superannuation costs	261	-	261	258	-	258
Agency/temporary costs	-	42	42	-	4	4
	2,900	42	2,942	2,773	4	2,777

10.54 Full details regarding these matters are on pages 49 to 52 in the Staff Report.

4. Other administrative costs

	Notes	2018/19	2017/18
		£'000	£'000
Members' remuneration		90	91
Legal and professional fees		400	468
Premises and fixed plant		573	561
Training and recruitment		88	43
PR, communications and conferences		119	109
Establishment expenses		114	86
External audit fee		22	20
Other costs		73	83
Total		1,479	1,461
Non cash expenditure:			
Amortisation	7	94	117
Depreciation	8	63	67
Total non cash expenditure		157	184
Total administrative costs		1,636	1,645

* The Authority made payments of £301,799.43 (£301,015.27 in 2017/18) to the National Audit Office for non-audit work in respect of accommodation costs of the Authority for use of office space at 157-197 Buckingham Palace Road, London.

5. Fee Income

	2018/19	2017/18
	£'000	£'000
Fee Income from Regulators	4,032*	3,909
Total	4,032	3,909

*Fee income relating to statutory 2018/19 fees: £4,032k was recognised in 2018/19. For fee income relating to 2019/20 it is expected that £4,313k will be recognised within 2019/20

10.55 Fee income received from General Medical Council (£740k), Nursing and Midwifery Council (1,774k) and Health and Care Professions Council (£924k) amounted to more than 10% of the total Authority's revenue individually. The fees are paid accordance with the Health and Social Care Act 2012 and The Professional Standards Authority for Health and Social Care (Fees) Regulations 2015.

6. Operating Income

	2018/19	2017/18
	£'000	£'000
Section 29 cost recoveries	22	112
Accredited registers' income	271*	225
Advice to other organisations	214*	26
Subtenancy income	134	132
Other operating income	25	48
Commissions from Government	(1)*	159
Total operating Income	665	702

*Contract income where the performance obligation has been met during the year. The remaining £83k relating to existing contracts will be recognised in 2019/20 once the performance obligations are met.

7. Intangible assets

	Section 29 database & Other intangible assets
	£'000
Valuation	
At 1 April 2018	393
Additions	
Additions in the period	116
Amortisation	
At 1 April 2018	275
Charge for the period	94
At 31 March 2019	369

Net book value	
At 31 March 2019	140
At 31 March 2018	118
31 March 2018	Section 29 database
	£'000
Valuation	
At 1 April 2017	393
Amortisation	
At 1 April 2017	158
Charge for the period	117
At 31 March 2018	275
Net book value	
At 31 March 2018	118
At 31 March 2017	235

10.56 Further detail provided in note 10.10 page 64.

8. Non-current assets

Property, plant and equipment

	Furniture, fixtures and fittings	IT equipment	Total
	£'000	£'000	£'000
Valuation			
At 1 April 2018	150	499	649
Additions	17	14	31
Disposals	(13)		(13)
At 31 March 2019	154	513	667
Depreciation			
At 1 April 2018	140	393	533
Charge in period	6	57	63
Disposals	(13)		(13)
At 31 March 2019	133	450	583
Net book value			
At 31 March 2019	21	63	84
At 31 March 2018	10	106	116

10.57 All assets above are wholly owned by the Authority without any related financial liabilities.

	Furniture, fixtures and fittings	IT equipment	Total
	£'000	£'000	£'000
Valuation			
At 1 April 2017	149	432	581
Additions	1	67	68
Disposals			
At 31 March 2018	150	499	649
Depreciation			
At 1 April 2017	132	334	466
Charge in period	8	59	67
Disposals			
At 31 March 2018	140	393	533
Net book value			
At 31 March 2018	10	106	116
At 31 March 2017	17	98	115

9. Trade and other receivables

10.58 Amounts falling due within one year:

	31 March 2019	31 March 2018
	£'000	£'000
Trade and other receivables	96	78
Prepayments	80	211
Total trade and other receivables	176	289

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

10. Investments

	31 March 2019	31 March 2018
	£'000	£'000
Balance at 1 April 2018	750	0
Net change in deposits	0	750
Balance at 31 March 2019	750	750

10.60 Investments are short-term deposits that are entered with financial institutions with maturity date of over three month and no longer than nine months. The deposits comply with the Authority's reserves policy. As at 31 March 2019 and as at 31 March 2018, no short term deposits were maturing after more than one year.

11. Cash and cash equivalents

	31 March 2019	31 March 2018
	£'000	£'000
Balance at 1 April 2018	5,082	5,425
Net changes in cash and cash equivalent balances	632	(343)
Balance at 31 March 2019	5,714	5,082
<i>The following balances were held at:</i>		
Government Banking Service	24	83
Commercial banks and cash in hand	5,690	4,999
Balance at 31 March 2019	5,714	5,082

12. Trade and other payables

10.61 Amounts falling due within one year:

	31 March 2019	31 March 2018
	£'000	£'000
Trade and other payables	41	14
Taxation and social security	71	73
Accruals and deferred income	4,557**	4,194*
Total trade and other payables	4,669	4,281

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

** Closing values of contract liabilities. The increase is due to increase in Fee income and advice to other organisations.

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

13. Provisions

	HMRC provision
	£'000
Balance at 31 March 2018	11
Arising during the period	23
Provision used	(21)
Balance at 31 March 2019	13

10.63 The HMRC provision as at 31 March 2019 represents the Authority's estimated liability for income tax and National Insurance Contributions in relation to Board members' travel and subsistence expenses and tax liability on interest received from bank investments.

14. Additional general reserves note

	Unrestricted Element All work (Regulatory and standards setting / Accredited Registers / Commissions from Government(s) / Advice to other organisations)	Restricted Element (Regulatory and standards setting work)	Total
	£'000	£'000	£'000
Balance as at 31 March 2018	783	1,280*	2,063
Changes in reserves in the year ended 31 March 2019			
Regulatory and Standards setting work		184	184
Accredited registers	(94)		(94)
Commissions from Government(s)	(23)		(23)
Advice to other organisations	52		52
Other accounting adjustments			
Balance as at 31 March 2019	718	1,464	2,182

*This includes both cash and non-cash elements.

15. Contingent assets and liabilities

Assets

10.64 Two High Court cases were concluded by consent orders and costs were ordered in Authority's favour. Final recovery amounts are under negotiations in both cases between NMC and Authority (none as at 31 March 2018).

Liabilities

10.65 Seven High Court cases under the Authority's Section 29 powers were undecided as at 31 March 2019. There was therefore uncertainty, as at that date, as to the result of the cases and related financial consequences, pending a final judgment.

10.66 Judgment by the High Court may permit recovery of these Authority costs or, alternatively, issue a charge to the Authority of the costs of the regulatory body and its registrant. Authority considers it is possible but not probable that such obligation will arise.

10.67 In the post-reporting period three out of seven of the cases have been determined in Authority's favour.

10.68 Based on current agreement with the Department of Health and Social Care £67k of the old Grant in Aid Funding is retained by the Authority to be spent as agreed with the Department on an ongoing basis, as a result in the future circumstances could arise in which a proportion or all of this amount could potentially be payable to the Department of Health and Social Care.

16. Capital commitments

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

17. Commitments under leases

Operating leases

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

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

Buildings	31 March 2019	31 March 2018
	£'000	£'000
Due not later than one year	324	297
Later than one year and not later than five years	837	0
Total commitments under operating leases	1,161	297

10.72 An amount of £298k has been recognised as lease payment in the Statement of Comprehensive Net Expenditure.

10.73 The Authority sub-leases its premises to two subtenants and recognises rent and service charge sub-lease receipts as income. An amount of £83K in respect of these charges has been recognised as income in the Statement of Comprehensive Net Expenditure.

10.74 Total future minimum lease receipts due to the Authority under operating leases are given in the table below:

Future minimum sub-lease receipts	31 March 2019	31 March 2018
	£'000	£'000
Due not later than one year	39	83
Later than one year and not later than five years	100	0
Total minimum sub-lease receipts	139	83

Finance leases

10.75 The Authority did not have any finance leases in the period to 31 March 2019 and 31 March 2018.

18. Related parties

10.76 The Authority is accountable to the UK Parliament.

10.77 The Authority is an unclassified public body. It was funded and sponsored by the Department of Health and Social Care to 1 August 2015. The Department also provided funding to support the accredited registers scheme and to pay

for advice commissioned from the Authority. The Department of Health and Social Care is regarded as a related party.

- 10.78 During the period to 31 March 2019, there was no grant in aid or other funding provided by Department of Health and Social Care (none in 2017/18). During the period to 31 March 2019 the Authority has refunded £1k to the Department of Health and Social Care in respect of commissioned work from 2017/18 (2017/18: £144K was received from the DHSC).
- 10.79 During the period to 31 March 2019 the Authority has not received any funding from any Devolved Administrations (2017/18 £15K was received from Scottish Government).
- 10.80 The Health and Care Professions Council belongs to the Department of Health and Social Care group and regarded as a related party. During the period to 31 March 2019 the Authority has received £0.99m in respect of 2019/20 fee income (2017/18 £0.88 million in respect of 2018/19 fee income) from HCPC. There were no other receipts (2017/18 £6k) in respect of High Court cases under the Authority's Section 29 power.
- 10.81 The Nursing and Midwifery Council belongs to the Department of Health and Social Care group and is regarded as a related party. During the period to 31 March 2019 the Authority has received £1.88m in respect of 2019/2020 fee income from NMC (2017/18 £1.77m in respect of 2018/19 fee income). In addition to this Authority has received £22k from NMC in respect of three High Court cases under the Authority's Section 29 power (2017/18: £84k).
- 10.82 The Authority maintains a register of interests for the Chair and Board members, which is available on the website. The register is updated on a periodic basis by the Executive Secretary to reflect any change in Board members' interests. During the period ending 31 March 2019, no Board member undertook any related party transactions with the Authority (other than the standard remuneration detailed above in the Remuneration and Staff Report).
- 10.83 The senior management team is also asked to disclose any related party transactions. During 2018/19, there were no related party transactions to disclose (other than the standard remuneration detailed above in the Remuneration and Staff Report).

19. Losses and special payments

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

20. Post statement of financial position events

- 10.85 These accounts were authorised for issue on the date they were certified by the C&AG.

21. Financial Instruments

- 10.86 Within the scope of IFRS 9 Financial Instruments, the Authority holds trade receivable and payables (notes 9 and 12), short term investments (note 10) and cash and cash equivalents (note 11).

Financial risk management

- 10.87 Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.
- 10.88 Given the way the authority is financed, and that it has limited powers to borrow or invest surplus funds, and that its financial assets and liabilities are generated by day to day operational activities and are simple in nature, the Authority's exposure to financial risks is very low.
- 10.89 Receivables and payables that are due to mature or become payable within 12 months from the statement of financial position date have been omitted from all disclosures.

Currency risk

- 10.90 The Authority is a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling-based. The Authority has no overseas operations. Therefore, the Authority has low exposure to currency rate fluctuations.

Interest rate risk

- 10.91 The Authority had no borrowing and most fees from the regulatory bodies were received in 2018/19 so the Authority's exposure to this risk was very low. As at 31 March 2019, the Authority had a non-interest-bearing cash balance of £5,079,763.86 and £1,384,088.35 in a bank deposit generating small interest.

Credit risk

- 10.92 Because the majority of the Authority's income comes from statutory fees payable by regulatory bodies the credit risk that the Authority is exposed to is low.

Liquidity risk

- 10.93 The Authority relies primarily on fee income with statutory fees payable at the commencement of financial year therefore, the Authority has low exposure to liquidity risk. However, the timing of the receipt of statutory fees could potentially result in short term cash flow issues. The Authority is mitigating this risk by maintaining a reasonable level of reserves.



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