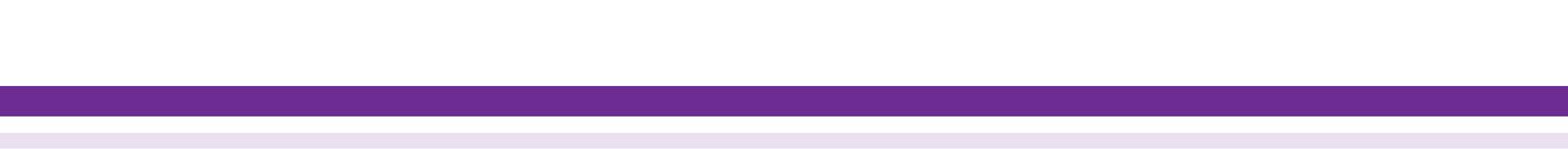


# Professional Standards Authority Business Plan 2019/20

SG/2019/83





## Business Plan 2019/2020

Presented to Parliament pursuant to Schedule 7, Paragraph 16 (1B) 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.

Laid before the Scottish Parliament by the Scottish ministers 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.

Laid before the Northern Ireland Assembly 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.

Laid before the National Assembly for Wales 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.



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ISBN 978-1-5286-1319-4

CCS0519278940 06/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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## Foreword by Chief Executive

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

The Authority has four sources of income. The largest element comes from the regulators we oversee. How this part of our funds is determined is set out in our fee regulations and is subject to decision by the Privy Council. Should Social Work England commence operations in the period of this Business Plan then our fees proposal during the year will need to be submitted to the Secretary of State for Education in addition to the Privy Council. The second source of income is fees paid by occupational registers for accreditation. The third source is payments from the Department of Health and Social Care in England or other UK governments for policy advice and the fourth payments for commissions for advice or reviews from others including within other countries. On the expenditure side we are committed to avoiding cross-subsidy between these four areas of work and I draw attention to our business principles which are on page 11 of this Business Plan.

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

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

We will continue to grow the Accredited Registers programme. We have 26 registers accredited so far and one more application expected in the coming year. We have received assurance from the Department of Health and Social Care (DHSC) of ongoing funding for the programme.

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



Harry Cayton CBE, Chief Executive

# 1. Introduction

- 1.1 This document sets out the business plan of the Professional Standards Authority for Health and Social Care (the Authority) for the period 1 April 2019 to 31 March 2020.
- 1.2 The Authority operates as a self-funded independent body with statutory duties accountable to Parliament through the Privy Council.
- 1.3 The Authority is funded through:
  - Fees collected from the regulatory bodies that it oversees, which will fund the costs of its regulatory and standards functions
  - Income arising from the accreditation of voluntary registers. This activity aims to be on a cost-recovery basis in the long term, but in the set up years require some continuing Government funding
  - Income for advice and investigations that are specifically commissioned by the Secretary of State and/or the Devolved Administrations. These commissions, now Section 223 of the 2012 Act has commenced, are funded by fees set by the Authority
  - Income from other activities, for example, fees from the provision of advice and advisory services to governments, regulatory bodies and other similar organisations in the UK and abroad.
- 1.4 The Authority is required by the Health and Social Care Act 2012 to consult with the regulatory bodies advising them of its proposed budget requirement. The consultation in relation to the fees for 2019/20 was sent to the regulatory bodies in September 2018. This corporate business plan, which was prepared in parallel with the consultation document, accordingly incorporates the relevant details from the consultation document along with details pertinent to the other work streams and the finances relating to them.
- 1.5 The Authority's accounts, which have been segmented to reflect the four work streams set out above are subject to scrutiny by the National Audit Office, and our Annual Report and Accounts are laid before the UK Parliament and the parliaments and assemblies in Scotland, Wales and Northern Ireland.
- 1.6 The Authority has a board of eight: seven non-executive members and the chief executive. One non-executive member is appointed from each of Scotland, Wales and Northern Ireland.

## 2. Strategic objectives for the Professional Standards Authority 2018-20

2.1 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:

### 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
- 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.

## 3. Governance

### Board

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

### Chair of the Board

- 3.5 The Chair has a leadership responsibility on the following matters:
  - Leading the Board in formulating our strategy
  - Ensuring that the Board, in reaching decisions, takes proper account of any relevant guidance
  - Promoting the efficient, economic, and effective use of resources, including staff
  - Encouraging high standards of propriety

- Ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions made and, where appropriate, the discussions of the Board
- Ensuring that the work of the Authority is reported annually to Parliament as required by Statute.

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

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

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

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

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

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

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

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

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

- 3.14 Following the change in our funding arrangements the Board has appointed the Chief Executive as Accounting Officer. His relevant responsibilities as the Accounting Officer, include his responsibility for the

propriety and regularity of the public finances for which he is answerable and for the keeping of proper records. Although we are not a Non-Departmental Public Body he observes the requirements set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by HM Treasury and published in 'Managing Public Money'.

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

## 4. Business principles

- 4.1 The Authority started operating with four work streams in 2012 and has, in the intervening period, increased the rigour of separation between them. We nevertheless recognise that our stakeholders will be looking for transparency with regards to how we operate.
- 4.2 We set out below the principles that we work to:
- Regulatory and standards setting work: All fees from the regulatory bodies are applied solely to our statutory functions of regulatory oversight and improvement as set out in our legislation. Any surplus or deficit generated against our budget as approved by the Privy Council will be used in the calculation of the following year's fee
  - Accredited Registers: All fees for accreditation or renewal from occupational registers are applied solely to provide and develop the accredited registers programme. Any surplus generated will be retained for the benefit of the programme
  - Commissions from Government(s): The pricing of commissions and consultancy contracts will cover all costs associated with the work. Any surplus arising will be deployed at the Board's discretion to support our organisational objectives in the public interest
  - Advice to other organisations: The pricing of commissions and consultancy contracts will cover all costs associated with the work. Any surplus arising will be deployed at the Board's discretion to support our organisational objectives in the public interest.
- 4.3 Surpluses will be applied according to these principles after the requirements of our reserves policy have been met.
- 4.4 To ensure transparency we will:
- Publish our annual accounts and fully disclose our audited financial statements
  - Show clearly our income and expenditure in relation to each of the Authority's four functions
  - Publish an auditor's statement setting out our compliance with these business principles.
- 4.5 In conjunction with these principles our Board has established a reserves policy.
- 4.6 The Authority has agreed to hold reserves of three months' total operating costs of circa £1 million, within which it draws a distinction between:
- A restricted element associated with regulatory and standards work
  - An unrestricted element associated with all the Authority's work.
- 4.7 The intention is that over time the restricted element will amount to two months' total operating costs.
- 4.8 The level and make-up of our reserves will be reported through our Annual Report.

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

4.10 Our annual accounts for 2017/18 can be found at:

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

4.11 In 2018 as part of our internal audit work programme, our then internal auditors, Grant Thornton undertook a review of our operations looking at how we complied with our business principles and reserves policy. The review, identified three actions that merited attention for the Authority, concluded:

'Based on the work performed for the period April 2017 – March 2018, we found that the Authority has adhered to the set of business principles and reserves policy it has set out... We have not identified any fundamental or significant errors in relation to the application of the business principles or reserves policy, based on the work carried out.'

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

5.1 The Authority has been established to:

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

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

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

performance review reports in preparing for accountability hearings and when examining the case for inviting professional regulators under the Authority's remit to appear before the Committee and submit evidence

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

## 6. Regulatory oversight and standard setting – our work in 2019/20

### **Governance and Operations**

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

### **Work for 2019/20**

- 6.3 The focus for the team during 2019/20 will be to continue to support the general operation of the Authority while looking to identify incremental improvements and efficiencies.

### **Business as usual**

- 6.4 The team provides what is commonly referred to as corporate services, including finance, human resources, information and communications technology, information security, information requests, governance, performance reporting, risk management, external audit, internal audit, corporate complaints, external business relationships, accommodation and facilities, health and safety, business continuity, procurement and office administration.
- 6.5 The focus of our business as usual operations in 2019/20 will be to deliver:
  - A stable operating platform
  - Continued improvements and efficiencies
  - Customer service and support to the front office
  - Balancing the budget and reducing the fees if possible
  - Applying 'right touch' in-house.

### **Developments**

- 6.6 The detailed development programme for 2019/20 will be planned towards the end of the current financial year, once the current works are concluded.
- 6.7 The areas that we will look to address include:
  - Any slippage from our ambitious 2018/19 programme of improvement works
  - Capital works, including major ICT infrastructure works
  - The ongoing drive for process and resource efficiencies.

## Scrutiny and Quality

- 6.8 The Scrutiny and Quality Directorate undertakes the work that has the greatest direct interface with the regulatory bodies. During 2019/20 we will continue to undertake the work necessary for the Authority to fulfil its statutory duties.
- 6.9 The work of this team contributes to our three strategic objectives and four business objectives.

## *Fitness to practise*

- 6.10 The Authority has a statutory power to challenge decisions made by the regulators' fitness to practise (FTP) panels by way of an appeal to the High Court.
- 6.11 The Authority's power to lodge an appeal is subject to strict statutory time-limits. Our process for reviewing all final FTP panel decisions therefore must ensure that we can conduct sufficiently detailed reviews of cases and, where necessary, arrive at formal decisions to lodge an appeal, within the statutory time limit.
- 6.12 Under the process, each case where there may be a risk to public protection is subject to an initial review. Cases in which there are concerns that the decision may not be sufficient to protect the public are then referred for a detailed case review by a legally qualified member of the team. If concerns remain after the review, the case is referred to a Section 29 case meeting<sup>1</sup> to consider whether the Authority should refer the case to court. The Authority has a team of seven people examining the cases. In 2017/18 they considered 4,095 cases (an average of over 550 cases each). In 2009, four people reviewed just over 900 cases (an average of around 230 each). This represents significant efficiency gains and is the result of refining our processes. Our Scrutiny Committee continues to assure that our decisions are robust. The total number of cases reviewed in 2017/18 fell by approximately five per cent but is still higher than in previous years.
- 6.13 We have continued to review our processes and have reduced the number of cases which are automatically reviewed because experience showed that some types of cases never gave rise to concerns about public protection.
- 6.14 The workload in the early months of 2018/19 indicates that the workload is continuing to reduce, although experience shows that case numbers can fluctuate. There are a number of reasons why this might be the case. For example, we are aware that the cycle of review hearings in some regulators means that some years have more hearings than others. Equally, the Nursing and Midwifery Council (NMC) has recently introduced processes which may mean that fewer cases will be subject to review under the Section 29 process. Further, the recent decision in *Clarke v General Optical Council* may mean that there are fewer review hearings. We will be analysing historic and recent data to see whether any trends can be observed.

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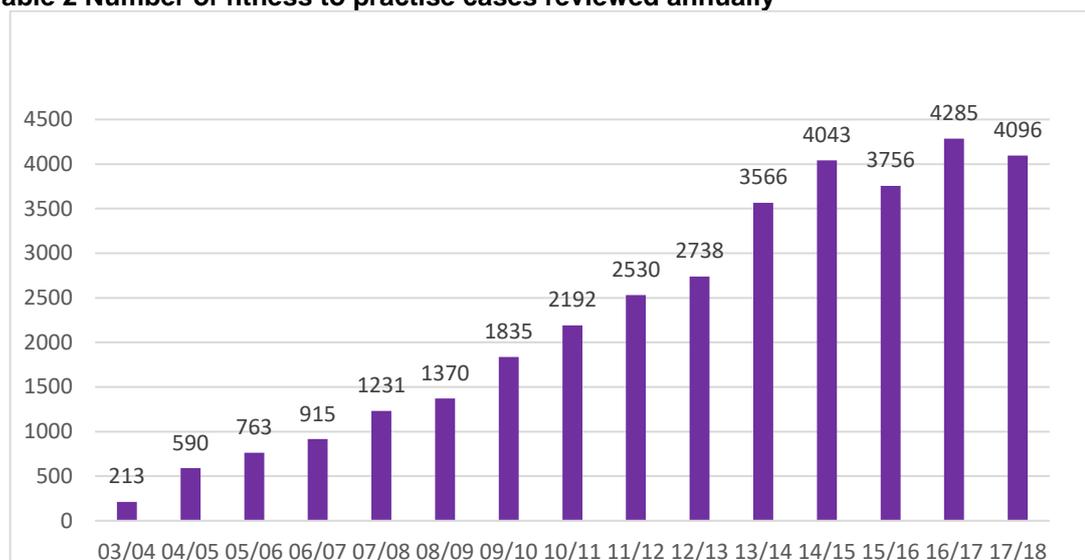
<sup>1</sup> Our power to review regulators' final fitness to practise decisions derives from Section 29 of the NHS Reform and Health Care Professions Act 2002 (as amended).

- 6.15 Social Work England (SWE) is likely to be established in this financial year and that it will take over the cases currently handled by the Health and Care Professions Council (HCPC), albeit with significantly more flexible powers to deal with fitness to practise cases. The Authority's jurisdiction has also been amended so that it can look at consensual decisions reached outside Tribunals (subject to legislative change). We will be working with SWE to establish the most suitable approach to these powers. It is too early to assess whether the caseload is likely to be higher or lower than that currently managed by the HCPC.
- 6.16 For the present, however, we believe that it is prudent to estimate that the caseload will be between 3,800 and 4,000 cases, that is, a continuing reduction in the caseload. We would welcome further information from regulators in response to this consultation about any significant changes in caseload which they consider to be likely.

### *Legal advice*

- 6.17 At a case meeting, we have an external lawyer present to act as Legal Advisor to the decision-makers. In 2016/17 we amended our practice so that this advice is now generally provided by counsel instructed on a direct access basis. Exceptions will apply where the case is particularly complex or where an appeal will be heard in Scotland. This has reduced the cost of case meetings.
- 6.18 The number of case meetings fluctuates. In 2017/18, we held 33 case meetings, which is a significant reduction on the 56 held in 2016/17. This is partly accounted for by the fact that we no longer hold case meetings for every case where the General Medical Council exercises its right of appeal under Section 40B of the Medical Act. We now only hold such meetings where it would appear that the Authority may wish to consider joining the appeal because the Authority can add to the GMC's arguments (for example, because there has been an under-prosecution) or because the case may affect the Authority's own jurisdiction.
- 6.19 Where we decide to refer a case to court, we instruct external lawyers after the case meeting to oversee the preparation of the Grounds of Appeal and to lodge the appeal on the Authority's behalf. The Authority benefits from being able to access solicitors under the NHS Resolution scheme and from the rates negotiated under that scheme. In 2017 a re-tender was held and the rates have increased by around 5 per cent. This continues to be good value for money compared with the open market. The Authority works closely with firms to ensure that costs in individual cases are kept under close review.

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



- 6.20 The actual case number in 2017/18 was 410 (10 per cent) below the prediction in our consultation paper of 4,500, a decrease of 5 per cent on the figures for the previous year.
- 6.21 We are currently predicting that during 2018/19 we will review 4,000 cases. This will be a slight decrease of 3 per cent over the 2017/18 figures.
- 6.22 Our provision for legal costs takes into account our estimates of the caseload as stated above.

### **Performance review**

- 6.23 The 2019 performance review cycle will commence in January 2019, and the schedule for assessment and review will be consistent with previous cycles.
- 6.24 As in the years since 2016, the 2019 performance review process will bring together information and data from the regulators, third parties, our audits when appropriate, final fitness to practise decisions and appeals and our assessments against the *Standards of Good Regulation* into individual reports about each regulator. Each regulator will continue to have a member of the performance review team assigned as a liaison, and the performance review reports will be published after their completion throughout the 2019 cycle. We will continue to ensure that the data we collect to help inform our reviews is proportionate. A high-level overview, drawing on the individual reports where appropriate, will be published in our Annual Report.
- 6.25 Additionally, we may undertake at least one full initial stages audit, using the current casework framework, for one regulator during 2019. This will depend on the resources available, as well as our assessment of the necessity of carrying out such audits in addition to the performance review process.
- 6.26 We do not expect that the arrival of Social Work England will require us to undertake a performance review in 2019/20. However, we will be

working with SWE to understand its approach so that we can begin a performance review after its first year of operation.

- 6.27 We expect to announce the new *Standards of Good Regulation* in the autumn of 2018 and that regulators will be assessed against them in 2020. We plan to pilot some of the new Standards and work with regulators on their implementation during 2019.

### ***Complaints and concerns***

- 6.28 We continue to work to inform the public about what we can and cannot do with respect to concerns or complaints they have about the regulatory bodies. Each year we receive correspondence about the regulators directly from members of the public.
- 6.29 On our website we have a 'share your experience' button, to make it easier for people to share their experiences of regulators with us. This information will be considered when we undertake the performance reviews. We make it clear that we have a very limited role and remit, especially in relation to complaints about registrants.
- 6.30 We will continue our practice of sending certain concerns raised with us to the relevant regulator and asking for its comments. We then share the regulator's comments and our thoughts on those comments with the individual who raised the concern with us.
- 6.31 We do not anticipate that the number of concerns we have to deal with will markedly change during 2019/20 and we expect that a proportion of these concerns will remain resource-intensive, due to the nature of the concerns raised and the steps we take to address them.

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

- 6.32 We will continue to assist the Privy Council in the exercise of their appointment powers in respect of the councils of the regulatory bodies. In 2017/18 we advised on nine processes. The numbers fluctuate in each year but we do not anticipate that the workload will change so as to require additional resources during 2018/19 or 2019/20.

### ***Standards and Policy***

- 6.33 The work of the Standards and Policy team ensures that the Authority meets its legislative responsibilities to promote the health, safety and wellbeing of patients, service users and the public; to promote good practice in regulation and to promote cooperation between regulators. It enables us to fulfil our statutory obligation to provide advice to the Secretary of State for Health and Ministers in Scotland, Northern Ireland and Wales as required.
- 6.34 The work of this team contributes to our three strategic objectives and four business objectives.
- 6.35 The team keeps the regulators and others informed about the latest research on regulatory matters and works with academics to ensure that research assisting the development of regulation is undertaken. The knowledge and information held by the team enables the Authority to look to the development of its own regulatory processes and standards. It

underpins our approach to the development of best practice and improvements in regulation. It also enables the Authority to comment on how it believes future legislation should be drafted and to comment on proposals made by government and others.

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

#### *Work for 2019/20*

- 6.38 The team will advise on any proposed new legislation and changes to legislation (including changes to the regulation of social work in England), monitoring and analysing the impact of the proposals on the protection of the public and on the effectiveness of the regulators and the Authority.
- 6.39 The team will prepare the evidence the Authority provides to the Parliamentary Health Committee.
- 6.40 We anticipate that the team will consider about 30 consultations and requests for briefings.
- 6.41 We will encourage sharing and developing knowledge about regulation and its effects and to stimulate debate by organising and hosting conferences and seminars, and by continuing to facilitate the growing network of academics interested in regulation.
- 6.42 We will seek the public's views on our work and that of the regulators we oversee by carrying out consumer-focused research into issues that arise during the year. Consumer focus work, which is commissioned from specialist companies, is undertaken in order to assess the impact of the regulators' work to protect the public and to increase confidence in the professions and regulation. This work helps us to fulfil our statutory responsibilities to inform and consult.
- 6.43 We will continue to develop and publish our thinking on professional regulation, registration and risk, to stimulate discussion and debate, especially in relation to the ideas we set out in our policy paper *Right-touch reform*. We will also continue to explore the effects of regulation and other influences on personal behaviour, seeking to identify what works well and why. We will do this by encouraging others to undertake research through our academic network, by facilitating discussion at our academic conference and by conducting research into and analysis of the data we hold on fitness to practise cases. We will publish the reports of both work we undertake ourselves and work we commission from

others. We will also encourage others with research interests to use the data we hold on past fitness to practise cases.

- 6.44 We will learn from others and continue to share our own regulatory knowledge and expertise, raising the profile of professional regulation in the UK by speaking at and attending conferences and events in the UK and internationally, horizon-scanning, submitting papers to relevant journals and through analysis of published sources.
- 6.45 We will ensure that the Authority engages effectively in each of the four countries of the UK so that our work takes proper account, where relevant, of the diverging health and care systems in England, Scotland, Northern Ireland and Wales and developments in Europe. We will also input to their developments where they are relevant to our role. We will continue to implement our Welsh Language Scheme.
- 6.46 We will monitor Parliamentary affairs and respond to Parliamentary questions as required. We will continue to advise the Health Committee when requested.
- 6.47 We will respond to media and other enquires and proactively promote the work of the Authority through our website and publications.

# 7. Budget for regulatory and standards setting work

## Staff costs

- 7.1 In 2016/17 the Board commissioned a review of staff salaries to address growing problems with recruitment and retention as disclosed in last year's fees consultation and our Annual Report and Accounts 2017/18. The Remuneration Committee approved new salary bands and staff moved onto those in two stages; October 2017 and April 2018. The new bands included the restoration of annual increments for those not on the top of their band. Increments will be payable from April 2019.
- 7.2 Within the 2019/20 budget we have allowed for:
  - A five per cent vacancy rate
  - A 'cost of living' pay increase of three per cent<sup>2</sup>
  - The transitional costs of the new salary bands
  - The cost of one additional member of staff.
- 7.3 The actual salary costs may be reduced by income from commissions. No provision for income from commissions has been made in predicting staff costs for 2019/20.

## Human resources

- 7.4 The staffing establishment as budgeted for is:

Posts	2019/20	2018/19
Chief executive	1	1
Directors	3	3
Assistant directors	3	3
Heads of functions	4	4
Managers	5	5
Technical specialists	4	4
Officers and advisers	18	16
Administrators	2	3
<b>Total</b>	<b>40</b>	<b>39</b>

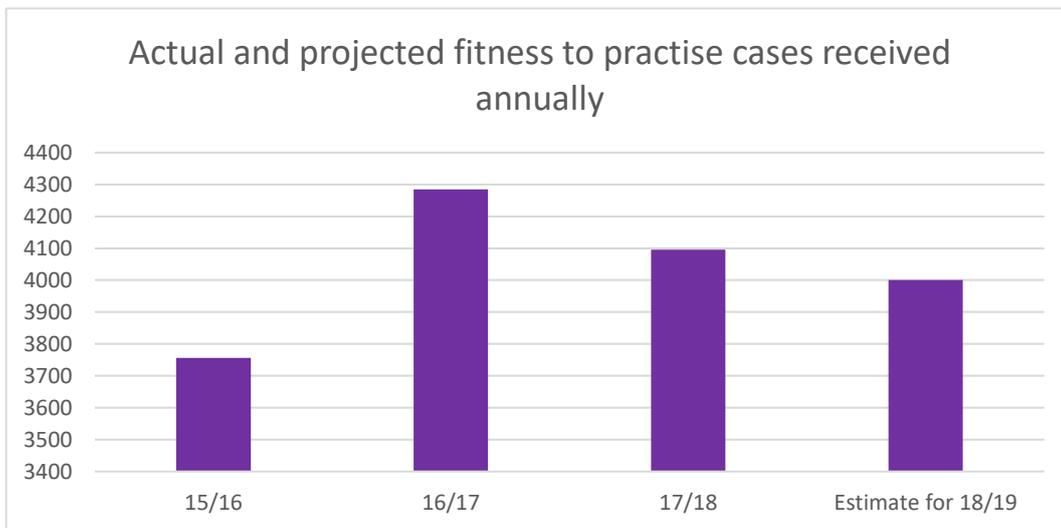
- 7.5 This equates to 39.1 full-time equivalents.

## Fitness to practise cases

- 7.6 In our previous consultation document we had taken an average of the last three years case numbers, including the projection for the current year in order to give an estimate of the future number. Doing so for 2018/19 would give an estimate of 4,044. We have noted that case numbers declined significantly in the latter half of the 2017/18 financial year and this drop appears to be continuing in the early months of this year. We recognise, however, that numbers fluctuate significantly and that there may well be an increase later in 2018/19. Taking this into

<sup>2</sup> This increase took account of inflation for the last 12 months, looking across various indexes.

account, we are currently projecting a caseload of around 4,000 in 2018/19.



- 7.7 We will continue to monitor trends in caseload but we think that there is unlikely to be a significant increase in 2019/20 and therefore consider that it would be prudent to assume a caseload of around 4,000 for that year. We do not consider that this will require any change in staffing numbers.

### Section 29 legal costs

- 7.8 Expenditure on legal advice and representation in relation to our Section 29 role scrutinising fitness to practise cases is a significant cost to the Authority<sup>3</sup>. It is difficult to estimate. The volume of work can only be estimated (and only if the regulators can themselves estimate reasonably accurately), and while the Authority can recover a proportion of its legal costs, this element (if an appeal is successful) cannot be accurately predicted. In addition, the recoveries are not normally agreed or paid immediately after the case is decided, and it can be some months before the Authority receives them.
- 7.9 There is also the prospect of the Authority being required to pay the costs incurred by other parties should a case be lost.
- 7.10 The methodologies for dealing with Section 29 costs and recoveries are set out in detail in the notes to our annual accounts.
- 7.11 For 2019/20 we have included a recovery rate of 26 per cent of the total expenditure<sup>4</sup>. We have decided to take the average of the last three years as an appropriate figure, recognising that there will be fluctuations and that this appears to be an appropriate way of estimating the likely exposure.

<sup>3</sup> Our power to review regulators' final fitness to practise decisions derives from Section 29 of the NHS Reform and Health Professions Act 2002 (as amended).

<sup>4</sup> This percentage relates to the total expenditure as opposed to the 'recoverable' expenditure, for which we always aim for 75 per cent recovery.

- 7.12 The change takes account of the risk of the Authority having to meet the costs of other parties and the changes to the way in which we undertake our legal work.

### **Accommodation**

- 7.13 The Authority is a tenant of the National Audit Office and has a Memorandum of Occupation in place through to 31 October 2022 with a rent review at 1 April 2019. The Authority currently sublets some of its accommodation to two other bodies:
- The Independent Reconfiguration Panel (IRP) has an annual lease currently through to April 2022
  - The NHS Leadership Academy (the Academy) has an annual lease currently through to April 2019 which it reconsiders each October. The Academy has not renewed its lease for 2019/20 resulting in a financial impact of £0.082 million.

### **Capital**

- 7.14 The capital provision is for expenditure on assets other than computer software.

### **Investment income**

- 7.15 The budget for 2019/20 includes an estimate for income received in respect of the monies received in the previous year and held on deposit as well as money held as reserves.

### **Corporation Tax**

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

### **Reserves**

- 7.18 The Authority acknowledged in its first consultation on fees in 2015/16 that it was likely to need to build up a financial reserve in order to manage the financial risks it may face.
- 7.19 The timing of the determination of the fees is not fully within the control of the Authority and should there be a delay in the receipt of the fee income the Authority will face cash-flow problems and could have difficulty in meeting its expenditure requirements and statutory duties.
- 7.20 The cash-flow issues are linked to the receipt of the fee income. If the consultation process is not concluded by the Privy Council in time for the determination to be made by the beginning of March, then the Authority will face the prospect of having no income at the start of the financial year.
- 7.21 The Authority may also have to address financial shortfalls arising during the fiscal year. The budget for any given year has to be estimated prior to the commencement of the consultation exercise, which being lengthy has

to commence early in the preceding year, thus there could be occasions when the Authority has to address unexpected expenditure during the year after the fee has been determined - for example costs arising from an increase in its workload, the need to undertake an investigation or changes to legislation.

- 7.22 While the Authority has the power to consult on an additional fee during the year, the time that this would take makes it an impractical means of addressing such issues. Seeking additional fees also means that the regulatory bodies would be asked to provide funding that they had not budgeted for, resulting in pressure on their own budgets.
- 7.23 To accommodate unexpected expenditure peaks and cash-flow deficiencies, and to reduce the prospect of needing to seek additional fees, the Board agreed that the Authority should keep an agreed level of financial reserves, sufficient to ensure that its statutory functions can continue to operate.
- 7.24 Having reserves that can be called upon will also eliminate the need to pay arrangement fees and interest on any monies borrowed.
- 7.25 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.
- 7.26 The intention is that over time the restricted element will amount to two months' total operating costs.
- 7.27 The level and make-up of our reserves will be reported through our Annual Report.
- 7.28 Any money taken from reserves during the year will need to be replaced in the following year(s).
- 7.29 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.

#### **Current reserves position**

- 7.30 During 2017/18 we generated a surplus that increased our reserve position by £0.189 million.

7.31 The reserves position as at the end of 2017/18 is as follows:

	<b>Unrestricted Element</b> All work (Regulatory and standards setting / Accredited Registers / Commissions from Government(s) / Advice to other organisations)	<b>Restricted Element</b> (Regulatory and standards setting work)	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 31 March 2017</b>	919	605*	1,524
<b>Changes in reserves in the year ended 31 March 2017</b>			
Regulatory and Standards setting work		438	438
Accredited registers	(151)		(151)
Commissions from Government(s)	7		7
Advice to other organisations	8		8
<b>Other accounting adjustments</b>			
<b>Balance as at 31 March 2018</b>	<b>783</b>	<b>1,043</b>	<b>1,826</b>

\*This relates to cash elements only for read across to the reserves policy. Additionally, there are non-current assets reserves of £237k.

### End of year over/under spends

- 7.32 Our reserves policy states that we will hold three months' total operating costs of circa £1 million cash and explains that we will keep building the cash reserves until we hit a 2/3<sup>rd</sup> (restricted) / 1/3<sup>rd</sup> (unrestricted) target.
- 7.33 At the end of 2017/18 our restricted reserve was £1,043 million cash, and so having achieved the target of £0.666 million for the restricted reserve we could potentially return £0.377 million to the regulatory bodies in this 2019/20 fees consultation.
- 7.34 However, in order to avoid increasing fees in the future, we have decided to fund the following previously reported work from reserves; the Section 29 database build (£0.150 million), Section 29 database research (£0.016 million), 'right-touch' assurance model development (£0.050 million), so this figure will be reduced to £0.130 million.
- 7.35 We are pleased that through this prudent approach we are able to fund our necessary work and return a modest amount to the regulatory bodies in this fees consultation for the first time.
- 7.36 Any underspend from the 2018/19 budget not required for reserves will be used to reduce the total fee income needed for 2019/20.

- 7.37 Due to the timing of the fee consultation occurring mid-way through the financial year we have had to project any likely over or underspend that will be available for reserves or other purposes.
- 7.38 We are currently predicting that we will have no underspend in 2018/19.
- 7.39 If an underspend is possible then when we put our proposal to the Privy Council in December 2018 we will be able to reduce the budget set out in this document prior to making that submission.

### Accounting policies and depreciation

- 7.40 Details regarding our accounting policies and how we address depreciation can be found in the notes to our most recent Annual Report and Accounts at:
- 7.41 <https://www.professionalstandards.org.uk/publications/detail/health-professional-regulation-a-long-view-with-annual-report-and-accounts-2017-2018>

### Budgetary requirements 2019/20

Total funding requirement	2019/20 £'000	2018/19 £'000
Net operating expenditure (excluding depreciation for assets purchased during the year and costs associated with writing off existing database)	4,213	3,927
Capital expenditure	100	105*
Reserves	-	-
<b>Total funding requirement</b>	<b>4,313</b>	<b>4,032</b>
Underspend transferred from previous year	-	-
<b>Total funding requested</b>	<b>4,313</b>	<b>4,032</b>

### Expenditure breakdown

Net operating expenditure requirement	2019/20 £'000	2018/19 £'000
<b>Expenditure</b>		
Staff costs	2,835	2,610
Other administrative costs	1,707	1,577
<b>Income</b>		
Operating income	(199)	(260)
<b>Other</b>		
Refund to RB's	(130)	0
<b>Net operating expenditure*</b>	<b>4,213</b>	<b>3,927</b>

\*Net operating expenditure relates to core regulatory oversight and improvement activity and excludes any costs associated with; accreditation of registers of health professionals; commissions and investigations requested by the Department of Health and Social Care or

other statutory bodies; and commissions from/consultancy to regulated bodies and other bodies.

<b>Capital expenditure requirement</b>	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
Information technology	90	65
Fixtures and fittings	10	10
<b>Capital expenditure</b>	<b>100</b>	<b>75</b>

### Administrative costs

	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
Members' remuneration	82	82
Legal and professional fees	630	715
Premises and fixed plant	592	512
Training and recruitment	83	58
Communications and conferences	152	75
Establishment expenses	73	64
External audit fee (**)	19	20
Other costs	76	47
Depreciation	0	4
<b>Total administrative costs</b>	<b>1,707</b>	<b>1,577</b>

### Operating Income

	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
Section 29 cost recoveries	126	115
Sub-tenancy income	62	134
Other operating income	11	11
<b>Total operating income</b>	<b>199</b>	<b>260</b>

### Key performance indicators

<b>Area of work</b>	<b>Key performance indicators</b>
Section 29 decisions	100% of relevant decisions considered within statutory deadline
Public concerns about Regulatory bodies	100% of concerns acknowledged within five working days
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%

HR	Staff sickness no more than 2% Staff turnover to be less than 10% Average recruitment process less than 16 weeks
ICT	85% of helpdesk calls to be closed within 1 day System unavailability below 10 hours
Information security	No incidents reported to the Information Commissioner's Office
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
Audit – external	Unqualified opinion received for accounts
Audit – internal	100% of planned reviews completed within that financial year
Complaints	100% of complaints acknowledged in five days Response to all complaints to be completed within 28 days
Health and safety	No reported incidents causing harm

## Risks

Description	Response action
Response to DHSC consultation on regulatory reform presents a chance to improve the regulatory sector as a whole and review the Authority's role	Discussions on the potential for changes held by Directors Group and Board Directorates continuing to monitor for opportunities Discussions to be held with regulators' Chairs / CEx at autumn conference
New CEx affords an opportunity to reposition the Authority within the regulatory landscape	Internal / external stakeholders informed Recruitment process complete, appointment made Handover / induction arrangements planned
Reputational impact of stakeholders disputing the Authority's 'expert' status	Robust, evidence based and consistent approach to x3 directorate's work Proportionality applied to all activities / outputs Stakeholder engagement at staff and Board level Social media strategy with quarterly updates to Directors Group and exception reporting
Penalties arising from failure to adhere to information risk best practice	Dedicated information risk policy, including management structure of SIRO and IAO responsibilities Staff trained on information risk during induction and on ongoing basis annually

	<p>Little personal data held, access rights to it restricted</p> <p>Quarterly cyber security forum</p> <p>PIA process for all new projects involving personal information</p> <p>Quarterly information risk assessment and associated IAO meetings</p> <p>Annual assessment of information risk provided to Audit and Risk Committee and reported in the Annual Report and Accounts</p> <p>GDPR compliance included in internal audit programme for 2018/19 with a positive report resulting and only a small number of best practice incremental improvement points (all actioned / complete)</p>
<p>Poor internal communication and lack of skills / knowledge management leads to loss of organisational memory, duplication of work and poor decisions</p>	<p>Directorates, managers and staff have regular meetings</p> <p>Internal briefing documents introduced</p> <p>Increased use of learning seminars etc. for staff awareness</p> <p>Increased notice periods (brought in through previous recruitment and retention policy) consolidated into contracts through pay review</p> <p>Staff handovers arranged whenever possible</p> <p>Detailed induction expanded to include more information about the work of the directorates</p> <p>Transitions back to work after long-term absence now mirror inductions</p> <p>Delegations for CEx absence from the office strengthened / circulated</p> <p>All policies are stored on drives and accessible</p> <p>Intranet launched</p> <p>CEx transition handover / induction arrangements planned</p>
<p>Paperless working by G&amp;O directorate presents opportunity to make operational efficiencies in terms of processes, people financial resources and storage</p>	<p>Directorate Development Plan completed; transparent and efficient processes</p> <p>'Click to sign' technology implemented for all G&amp;O forms and letters – e.g. speeding up PO approvals from x1 day to 30mins</p> <p>Moorepay HR workflow system implemented to automate G&amp;O functions including personal records / leave / absence / payslips</p> <p>Assurance received from auditors that provided electronic records are secure and backed up there is no requirement to hold paper copies</p>

	<p>Paper being phased out during 2018/19 for G&amp;O;  Legal advice has confirmed that no hard copies are required  Historic hard copies being scanned and destroyed  G&amp;O staff discouraged from printing for any meeting</p>
<p>Formal testing of the Business Continuity Plan fails to assure the Board that contingency arrangements are sufficient</p>	<p>Business Continuity Plan updated, agreed with Directors Group, published to relevant individuals and communicated to staff  1st formal test project completed under ownership of ICT, highlighting successes in terms of evacuation and communications, but inability to create the necessary ICT environment  Test analysis report (with recommendations for remedial action) in detail to Directors Group and in summary to Audit and Risk Committee  Remedial ICT action planned into capital programme for 2017/18 and 2019/20 (2017/18 work completed successfully and tested)  Subject included in internal audit programme for 2017/18 with a positive report resulting, suggesting only a small number of best practice incremental improvement points (all actioned / complete)  2nd formal test project undertaken following completion of ICT works, highlighting successes in terms of the necessary ICT environment, but inability to send out passcodes to users  3rd formal test project undertaken following passcode adjustments, demonstrating successful operations of all business continuity arrangements  Subject included in internal audit programme for 2018/19 (review scheduled for September following the 3rd test)</p>
<p>Replacement of Section 29 database could disrupt day to day legal operations in 2018/19 and ultimately result in failure to fulfil our statutory function</p>	<p>Funding approach agreed with Board (use of reserves)  Resource implications considered; senior consultant appointed to lead the procurement exercise and project manage the implementation  Phased approach to implementation intended, with current database retained during 2018/19</p>

	<p>Progress reporting in detail to Directors Group and in summary to Audit and Risk Committee</p> <p>Delivery currently on target; positive tender bids received and evaluated, interviews scheduled</p> <p>Subject included in internal audit programme for 2018/19 (review to be scheduled for February, after go-live)</p>
<p>There may be a mismatch between the volume of work (Section 29 cases) and the resources available leading to deadlines being missed</p>	<p>Work can be reprioritised</p> <p>Processes can be amended</p> <p>Leave is monitored</p> <p>Structure of the team reviewed / updated for increased efficiency</p> <p>Flexibility to outsource work in place</p> <p>Process around GMC Section 40 work amended to save time</p>
<p>Review of the Standards of Good Regulation gives the chance to improve our ability to assess the performance of the regulators</p>	<p>Review of Standards of Good Regulation underway; first consultation completed, hybrid approach agreed with Board</p> <p>Second consultation underway</p> <p>Progress reporting to Board</p> <p>Regulators generally supportive of approach</p>
<p>Commencement of Social Work England and transfer from HCPC results in disproportionate use of Authority resources or disruption to the fees process</p>	<p>Advisory role to SWE on setup of the new regulator</p> <p>Dedicated meetings held with SWE Chair</p> <p>Relationships with executive team to be built as staff are appointed</p> <p>Assurance received from DfE concerning the fees process</p>

## 8. Accredited Registers

### Background

- 8.1 The Accredited Registers programme sets standards for registers of health and care practitioners not regulated by law. The Authority works to strengthen the quality of care and patient safety by setting standards for the registers and accrediting those that meet them. Register holders are required to have proportionate methods in place for the removal of practitioners from their register.
- 8.2 The work of this team contributes to our four strategic objectives.
- 8.3 The accreditation programme is in its sixth year. The programme now includes 26 registers with over 85,000 registrants. The programme has a registered trademark and a defined communication strategy for the programme to generate awareness.
- 8.4 While the intention is that the accreditation programme will eventually be undertaken on a full cost-recovery basis, it was recognised from the outset that this would be difficult to achieve for several reasons. These reasons include the somewhat small number of organisations eligible and able to apply, their limited income and the time that it would take for them to prepare for and achieve accreditation.
- 8.5 The Department of Health and Social Care agreed to the Authority using £312k from reserves (made up of historical Grant in Aid funding from the Department) to support the programme across 2017/18 and 2018/19. In 2017/18, we consulted on changes to the fee structure of the programme with a view to becoming financially self-sustainable by April 2021. Through the consultation, it became apparent that a model to allow the programme to be financially self-sustainable by April 2021 would not be affordable to the registers. As a result, we amended our financial models, which require ongoing financial commitment from the Department of Health and Social Care, which has been agreed.
- 8.6 Following the consultation, we updated our fee model to include a per-registrant element of the annual fee.

### Financial separation from our standards and regulatory function

- 8.7 The income and expenditure for the work associated with the accreditation of registers is accounted for separately from the oversight of statutory regulators and other income streams. The programme operates on a cost recovery basis supported by a subvention from the Department of Health and Social Care.
- 8.8 The Accredited Registers programme financial information is maintained as a separate segment of the corporate accounts. This includes income and expenditure records as well as the annual budget, including the staffing costs of the Accreditation team, the recharged costs of Authority personnel involved in the decision-making processes, the cost of other support staff and other costs such as travel, communications and legal advice.

8.9 In order to avoid cross-charging across the different work streams, full recharging of all costs is in place. Where the costs are directly attributable to the Accreditation team, these are individually budgeted for. This includes, for example, the staff time of the team, the costs of publications and marketing. Where the programme draws upon corporate resources including back office staff and general corporate expenditure such as the production of the annual report, this is recharged at the rate of 10 per cent. This figure being the proportion of staff in relation to the staffing establishment and therefore represents the proportion that the accreditation programme makes to corporate expenditure such as accommodation, the Annual Report, Board expenditure and corporate functions such as ICT.

8.10 The staff employed to work on the accreditation programme are employees working solely on this specific area of the corporate business.

#### Work to be done in 2019/20

8.11 During the year, we will continue to process applications for annual review of accreditation from the current Accredited Registers, using our revised, right-touch renewal process. We will process new applications as submitted.

8.12 We will continue to receive and review feedback from the public about their interaction with Accredited Registers.

8.13 We will initiate a review of the *Standards for Accredited Registers* to ensure these remain fit for purpose, and update these based on feedback received. We will also revisit our founding criteria for the programme.

8.14 We will hold a conference for Accredited Registers to share learning and promote good practice and will hold meetings with organisations interested in applying for accreditation.

8.15 We will undertake research to determine the perceptions of the programme by the public and other stakeholders to allow us to better target our communications work.

8.16 As part of our communications strategy, we will continue to work with key stakeholders to raise awareness of the programme. We will engage with relevant health and care organisations to allow them to obtain maximum benefit from our assurance of the wider workforce.

#### Income and expenditure

	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
<b>Income</b>			
New applications	30	17	41
Renewal*	201	239	266
Other Income (eg additional fees, clusters)	4	0	0
<b>Total</b>	<b>235</b>	<b>256</b>	<b>307</b>
<b>Expenditure</b>			
Pay costs	219	248	255

Non pay costs	157	188	201
Total	<b>376</b>	<b>436</b>	<b>456</b>
<b>Reserve/deficit carried forward</b>	<b>39</b>	<b>(102)</b>	<b>(282)</b>
<b>Net surplus/deficit</b>	<b>(102)*</b>	<b>(282)*</b>	<b>(431)*</b>

\* DHSC have agreed to the use of 312K from reserves to support AR programme for 2017-19 and will provide further funding on an annual basis thereafter.

### Key performance indicators

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

### Risks

Description	Response action
AR does not have sufficient income to cover the costs	<p>DHSC has agreed to funding for 2018/19 (involving a draw down from historic DHSC reserves)</p> <p>Streamlining of application process is continuing</p> <p>Revised fee model developed and consultation with registers completed</p> <p>Consultation results were not sufficiently aligned to allow a simple resolution to the issue</p> <p>DHSC has given verbal assurances that they will fund the programme in the medium / long term</p>
The reputation of the programme is undermined by organisations who have been accredited as a consequence of more controversial therapies	<p>Clear explanation of the programme's role – accrediting registers not therapies</p> <p>Regular engagement with the organisations</p> <p>Active management of the media when necessary</p> <p>CEx has written when necessary</p> <p>When appropriate the Authority makes public comment</p> <p>Accreditation to be removed from organisations when they fail to meet the necessary standards</p>

## 9. Commissions from Government(s)

### Background

- 9.1 The Secretary of State for Health as well as the Health Ministers in the Devolved Administrations may ask the Authority to provide them with advice on matters related to the regulation of health professionals. They may also ask the Authority to undertake investigations and report on the findings.
- 9.2 Section 26A(2A) of the National Health Service Reform and Health Care Professions Act 2002 (as amended by the 2012 Health and Social Care Act) states that this work, which must be undertaken, will be subject to a fee determined by the Authority. This is to ensure that work undertaken at the request of the government(s) is not funded from the funding received from the regulators. This section of the legislation was enacted in January 2016<sup>5</sup>.
- 9.3 This work contributes to our four strategic objectives.

### Work to be done in the year

- 9.4 In order to support our ability to deliver relevant advice we will pursue active engagement and dialogue with policy and research leads across the UK administrations and other key stakeholders.
- 9.5 It is for the Department of Health and Social Care and devolved administrations to determine what budget provision they will need to make for 2019/20 in order to meet the cost of any advice or investigations that they may request the Authority to undertake.

### Income and expenditure

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

### Financial separation from our regulatory function

- 9.10 We will estimate and account for staff time spent on specific commissions to be able to estimate the fee to be charged and should the staff time utilised be from the core complement, without related back-filling, we will identify the cost of this time and recharge it.

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<sup>5</sup> Health and Social Care Act 2012 (Commencement No.10) Order 2016.

## Key Performance Indicators

Area of work	Key performance indicators
Nothing at this time	

## Risks

Description	Response action
Financial impact of commissions from the DHSC and / or the DAs not following an agreed process	<p>Authority commissioning process created including commissioner completing / providing business case (including funding arrangements and budget) prior to engagement</p> <p>Dialogue with DHSC continuing</p> <p>All commissions have followed the agreed process</p>
Reputational impact of commissions from the DHSC and / or the DAs not being well received	<p>Authority commissioning process created including commissioner completing / providing business case (including detailed requirements for the work) prior to engagement</p> <p>Commissions are undertaken professionally and outputs are quality assured</p> <p>Stakeholders are actively engaged around outcomes</p> <p>Effective communications plans are created for all commissions, including external advice where appropriate</p> <p>All commissions have been well received</p>

## 10. Advice to other organisations

### Background

- 10.1 Our original legislation enabled us to provide advice to others and charge for it, albeit there was no explicit reference to this work. The Health and Social Care Act 2012 explicitly permits the Authority to provide advice or auditing services to regulatory bodies or organisations that have functions corresponding to a regulatory body.
- 10.2 This work contributes to our four strategic objectives.
- 10.3 The cost of advice, which is specialist and tailored to the client, varies depending on what is requested and the time required. The Authority may also bid for relevant work through a public tender process.
- 10.4 The reputation of the Authority in the provision of advice on regulation and regulatory matters continues to grow and we increasingly get requests from other organisations. To date this has all been based on word of mouth and personal recommendations. We have not actively marketed our services.
- 10.5 When looking at what work we can undertake we are mindful of both the need to manage our resources as well as the potential benefit to the Authority and the linkage to our statutory functions in the United Kingdom. We are conscious that this work gives us the opportunity to learn and to promote UK expertise.
- 10.6 We will complete two commissions in 2018/19.
- 10.7 Contracts will be entered into as opportunities arise.

### Income and Expenditure

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

### Finances

	2016/17 £000	2017/18 £000	2018/19 £000
Opening Balance	87	78	81

Income	2	11	TBC
Expenditure	(11)	(8)	TBC
<b>Closing Balance</b>	<b>78</b>	<b>81</b>	<b>TBC</b>

### Key performance indicators

Area of work	Key performance indicators
Nothing at this time	

### Risks

Description	Response action
Advisory role on Social Work England gives the ability to influence the design and effectiveness of the new regulator	Authority is a recognised stakeholder at strategic level of project Authority is a recognised stakeholder at operational level of project Advice is regularly sought / provided by the Authority
Reputational standing arising from successfully completed commissions from international regulators	Commission received and completed for EGBC Commission received and commenced for MoHBC Commission for PEO under discussion

## 11. Corporate budget requirement

- 11.1 The corporate budget brings together all four of the Authority's income streams:
- Regulatory and standards setting work – to be paid for through fees raised from the Regulatory bodies
  - Accredited Registers – to be self-funding with support of DHSC subvention
  - Commissions from Government(s) – to be paid for by the commissioning body
  - Advice to other organisations – to be earned through fees.
- 11.2 Our requirement for the regulatory and standards setting work stream for 2019/20 is £4,313,000, which is £281,000 (6.9 per cent) more than for 2018/19.
- 11.3 This requirement has increased by £81,600 following notification that the NHS Leadership Academy has not renewed its lease with Authority for 2019/20.
- 11.4 Prudent financial management enabled the Authority to complete 2017/18 with a favourable reserves position moving into 2018/19. We are pleased to be able to fund our necessary work around the Section 29 database build, Section 29 database research and 'right-touch' assurance model development from our reserves, whilst also returning a modest amount to the regulatory bodies in the 2019/20 fees consultation for the first time.

### Assumptions

- 11.5 In determining our requirements for 2019/20 the following assumptions have been made:
- That based on the recovery costs averaged over the last three years, the Authority will recover 26 per cent of its total expenditure on legal advice related to Section 29 cases<sup>6</sup>.
  - That the total cost of legal action will remain at the same level as present
  - That the staff vacancy rate will be such that we can operate on 95 per cent of the total pay bill
  - That no legislative changes that amend the duties of the Authority to an extent that will impact on our costs, will be introduced during the year
  - That the number of fitness to practise cases will remain at the estimated figure of 4,000 for 2019/20
  - That the Authority will not be able to find a new tenant to take the place of the NHS Leadership Academy.

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<sup>6</sup> This percentage relates to the total expenditure as opposed to the 'recoverable' expenditure, for which we always aim for 75 per cent recovery.

## Total Corporate Funding requirement for 2019/20

	Revenue £'000	Capital £'000	Totals £'000
Core business fees RB's	4,213	100	4,313
Accredited Registers Subvention from DHSC*	-	-	-
<b>Totals</b>	<b>4,213</b>	<b>100</b>	<b>4,313</b>

\* DHSC will agree to the use of 312K from reserves to support the accreditation programme

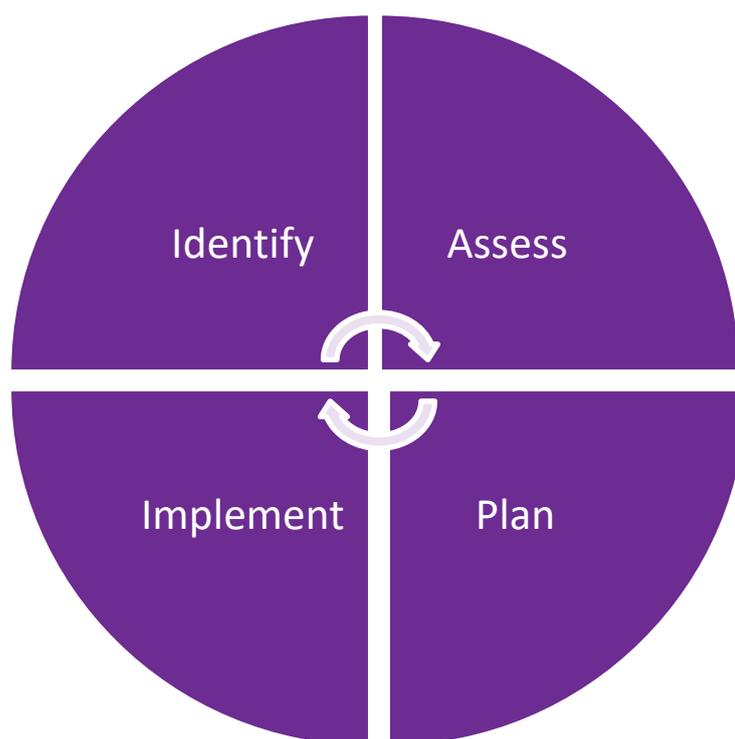
Capital expenditure requirement	2018/19 £'000	2018/19 £'000
Information technology	90	65
Fixtures and fittings	10	10
<b>Capital expenditure</b>	<b>100</b>	<b>75</b>

## 12. Corporate risk management

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

### The Authority's risk management process

- 12.2 The risk management process for the Authority is shown below:



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

- 12.3 Both the approach (process and matrix scoring system) and risk register are scrutinised, and where appropriate incremental improvements are made.
- 12.4 The Directors Group reviews the risk register quarterly. Every six months, the updated report is considered by the Audit and Risk Committee and thereafter by the Board. Risks are added, updated or deleted outside of this process when the need arises.
- 12.5 During the forthcoming year we will continue to manage the risks associated with our current business and look to managing the risks associated with the changes that we will be facing.
- 12.6 The key corporate risks to the delivery of the Authority's work during 2018/19 are set out in this plan.

We also hold an Assurance framework that sits alongside the risk register to provide additional information to the Board.

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

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

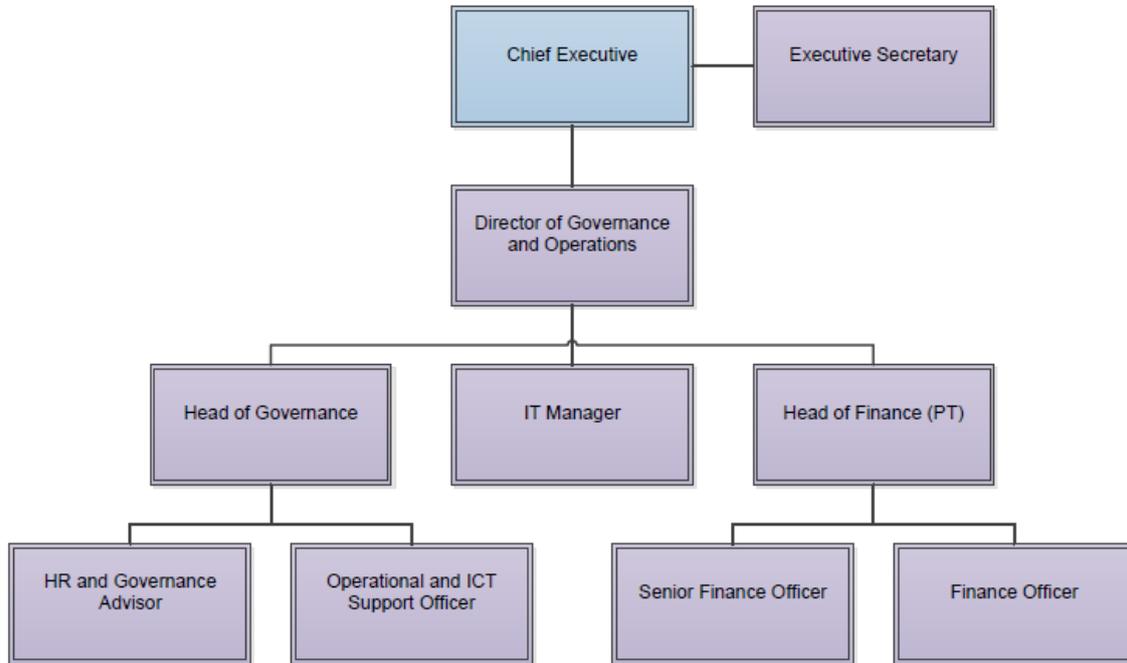
12.8 The risk matrix scoring system for opportunities is as follows:

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

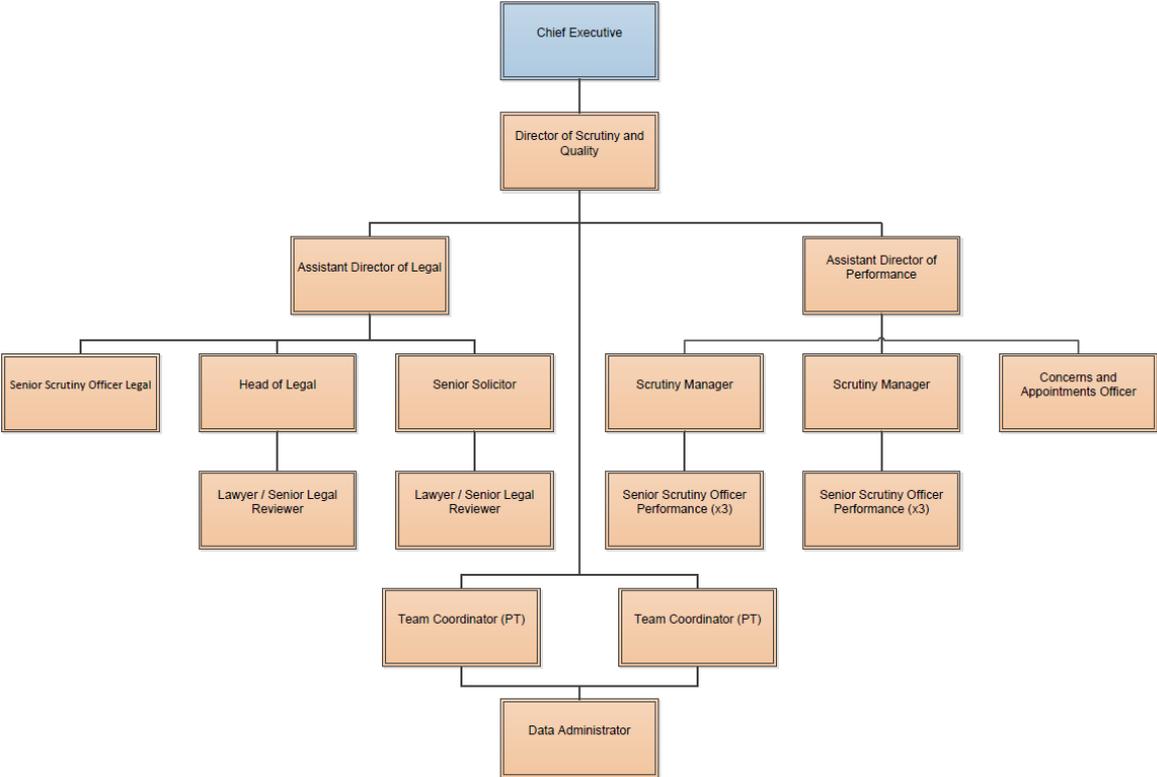
# 13. Organisation charts

13.1 Organisation charts can be found on the following pages.

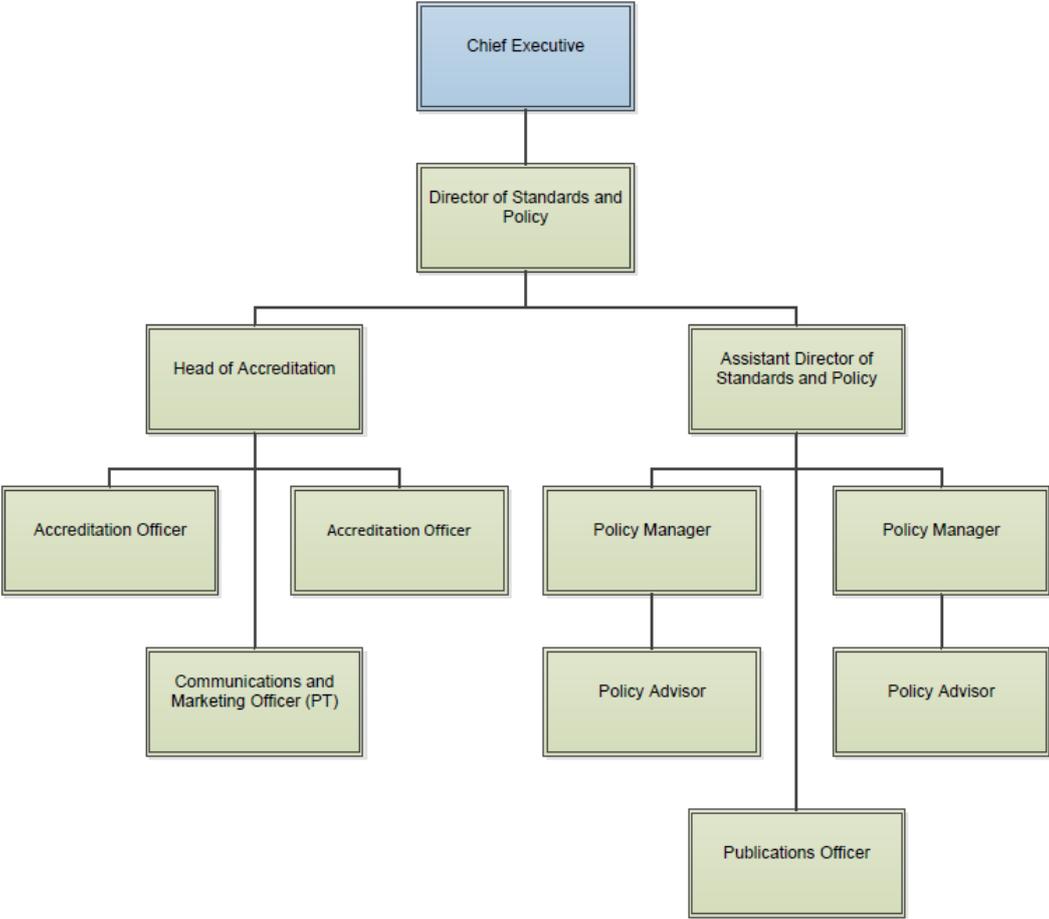
## Governance and Operations



# Scrutiny and Quality



# Standards and Policy









ISBN 978-1-5286-1319-4  
CCS0519278940

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