

Professional Standards Authority for Health and Social Care

# Annual Report and Accounts 2020/2021



HC 268  
SG/2021/127



# Professional Standards Authority for Health and Social Care

## Annual Report and Accounts 2020/2021

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## Foreword from the Chair and Chief Executive

We are pleased to introduce this annual report, our first since Caroline Corby took up position earlier this year as Chair. The report naturally focuses on 2020/21 and therefore reflects a period when the organisation was chaired by Dame Glenys Stacey and, for an interim period, Antony Townsend. We would like to take this opportunity to thank Dame Glenys and Antony for all they have done for our organisation and in turn, the sector and the wider public.

We oversee the work of nine statutory bodies that regulate health and social care professionals in the UK, and a further regulator, Social Work England (SWE), responsible for the regulation of social workers in England. In undertaking our oversight role, we strive to strike a proper balance between scrutiny on the one hand, and advice and support on the other. During 2021/22 we will be making changes to our performance review processes to ensure they continue to be proportionate and that they contribute to improvements in professional regulation.

In our scrutiny reviews of regulators' performance over the year, we have found that they have generally performed well against the standards we set. Across all the regulators an average of 90% of the standards were met and two of the regulators met all the standards. It is clear that the Health and Care Professions Council needs to improve its fitness to practise processes and it is good to see its commitment to do so – we will monitor this situation closely in 2021/22. In addition, throughout 2020/21 all the regulators have had to take steps to deal with the Covid-19 pandemic. This has had a significant impact on registrants and on the staff at the regulators. The Authority has provided support and guidance to the regulators in relation to their responses to the pandemic, including publishing guidance on virtual fitness to practise hearings. At the end of 2020/21 we published a review of the regulators' responses to the pandemic, which made recommendations about possible improvements in regulation and how we can prepare for future emergencies.

In reviewing regulators' decisions about whether individuals on their registers are fit to practise, we find that the bulk of cases are

managed to a high standard, with findings and sanctions that protect the public appropriately. However, every decision counts and there is room for improvement. For example, we find that some regulators are not consistently good at preparing cases properly for hearings and that serious concerns are not put before the Fitness to Practise panels that determine these cases. The numbers are very small, but over the last two years the proportion of cases that we have appealed successfully is more than double that of the previous two years. We also find that some panels do not always take full account of the public interest elements of fitness to practise and so reach decisions which the public – and sometimes the individual patients – do not understand.

As our evidence base grows, we are able increasingly to collate and analyse our data and information, to add value and to support the professions and their regulators. This year we have commissioned research on patient, public and professional perspectives on consistency between regulators; on the ethical dilemmas confronted by professionals during the pandemic; and on unconscious bias in decision-making.

As we have made plain in the past, we wish to see more proportionate, effective and efficient regulatory arrangements. In March 2021, we welcomed the government's consultation on regulatory reform for healthcare professionals. We support much of what is in the government proposals, but do have concerns that some changes may reduce public protection. We will continue to work with the government and others to address these issues and identify other ways to improve regulation.

The Accredited Registers programme has an important part to play now and in future, providing assurance for the public in relation to unregulated health and social care sectors. The programme now covers approximately 100,000 practitioners across 25 registers. During 2020/21 we completed a strategic review of the accredited registers programme and look forward to working with government and others to ensure that the programme is not just appropriately financed, but is better understood

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and is sufficiently well-targeted in the range of occupations it covers, so that it can be relied upon increasingly to provide welcome and proportionate assurance to the public.

We recognise that more than ever, collaborative approaches to regulation are needed, to promote coherence across the sector, and as cross-disciplinary teamwork is increasingly the norm in clinical settings and as new disciplines emerge. In November 2020 we held a successful three-part symposium on: learning from the Covid-19 pandemic; regulation in the four countries in the UK; and equality, diversity and inclusion in regulation.

To conclude, it has been a successful and productive year for the Authority. As we look forward to 2021/22 and beyond, the Professional Standards Authority remains as committed as ever to improving regulation to protect the public.

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# **Annual Report and Accounts 2020/2021**



## 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.<sup>1</sup> 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 in 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, and the wider 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 10 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 for 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.

### What we do

#### *Regulatory and standards setting work*

- 1.9 The Authority has powers to:
- Investigate, compare and report on the performance of each regulator. We are specifically required to report to Parliament on how far each regulator has

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<sup>1</sup> Available at [www.legislation.gov.uk/ukpga/2012/7/contents/enacted](http://www.legislation.gov.uk/ukpga/2012/7/contents/enacted)

complied with any duty imposed on it to promote the health, safety and wellbeing of patients, and the wider 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 public<sup>2</sup>
  - Give directions requiring a regulator to make rules under any power the body has to do so.
- 1.10 We promote the health and wellbeing of patients and the wider 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 regulators and support the quality of appointments to regulators' councils. In consultation with the regulators, 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 10 regulators 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 regulators 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 regulators, conduct research and introduce new ideas about regulation to the sector. We work closely with, and advise, the four UK government health departments and the Department for Education in England (in respect of Social Work England) on issues relating to the regulation of health and care professionals.
- 1.15 The regulators 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
  - Health and Care Professions Council (HCPC) which regulates arts therapists, biomedical scientists, chiropodists/podiatrists, clinical scientists, dieticians, hearing aid dispensers, occupational therapists, operating department

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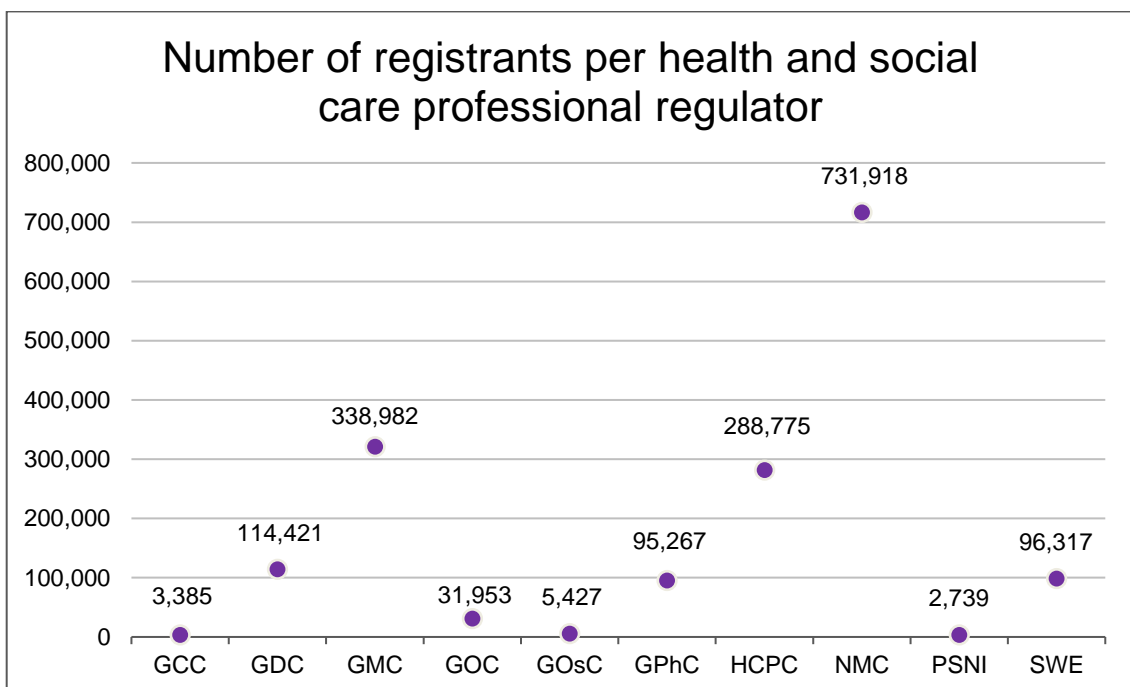
<sup>2</sup> As of 31 December 2015 the phrase 'insufficient to protect the public' replaced the phrase 'unduly lenient'.

practitioners, orthoptists, paramedics, physiotherapists, practitioner psychologists, prosthetists and orthotists, radiographers and speech and language therapists in the UK

- 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
- Social Work England (SWE) which regulates social workers in England.

1.16 Details of the number of registrants in each health and social care professional regulator we oversee (as at 31 March 2021) 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 2021, there were 25 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 Welsh Parliament, 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 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 regulators and to others that have similar functions to those of a regulator, 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 describe how we work with colleagues and external stakeholders. We strive to promote, develop and demonstrate these values in everything we do. A positive culture leads to better performance and better outcomes for patients and the public.
- 1.24 Our values are:
- Integrity – we will be open, honest and trust each other
  - Transparency – we will be clear about our performance and the reasons for our decisions with all stakeholders
  - Respect – we will treat each other, and those we work with outside the organisation, with respect at all times
  - Fairness – we will strive to be fair in all our decision-making
  - Teamwork – we will work in partnership to deliver better outcomes for patients and the public.
- 1.25 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.
- 1.26 We are independent but hold ourselves accountable to the public and to the parliaments and assembly of the UK for what we do and how we do it.
- 1.27 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.

- 1.28 We develop and promote right-touch regulation.<sup>3</sup> 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.<sup>4</sup> We apply the principles of right-touch regulation to our own work.

### **Our aim**

- 1.29 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 2019-22**

- 1.30 The Authority's corporate strategic objectives for 2019-22 which were agreed by the Board in May 2019 and reviewed annually are set out below.

#### **Strategic aim 1**

- 1.31 To protect the public by delivering highly effective oversight of regulation and registration.
- To deliver our statutory duties, targeting our resources where there is greatest risk to the public
  - To be transparent in our decision-making and reporting, recognising those who are committed to achieving high standards and being rigorous, clear and fair when reporting non-compliance with our standards
  - To support high standards in health and social care regulation and registration through the effective use of information, data and intelligence
  - To lead the development of more effective regulation through research, commissioned work, policy advice and the use of our right-touch assurance model; and by shaping regulatory reform.
- 1.32 In 2020/21 we:
- Delivered robust and fair performance reviews of the statutory regulators; used our Section 29 powers to review the outcomes of Fitness to Practise panels; managed the Accredited Registers programme; and reported our findings to Parliament
  - Undertook one commission; conducted audits; and provided policy advice to governments
  - Contributed to improvements in regulation through research, use of data, shaping regulatory reform, implementing our new standards, and encouraging collaboration

#### **Strategic aim 2**

- 1.33 To maintain strong relationships with statutory regulators, organisations with accredited registers and other stakeholders to improve the impact of our work.

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<sup>3</sup> Professional Standards Authority (2010). *Right-touch regulation*. Available at [www.professionalstandards.org.uk/policy-and-research/right-touch-regulation](http://www.professionalstandards.org.uk/policy-and-research/right-touch-regulation)

<sup>4</sup> Organisational excellence is defined as the consistent performance of good practice combined with continuous improvement.

- To work collaboratively with all regulators in health and social care to improve the effectiveness of regulation
- To be a leading voice in regulation, enhancing effectiveness through sharing research and learning
- To work with statutory regulators and organisations with accredited registers to facilitate the sharing of good practice and to support them in raising standards in professional practice
- To take account of the views of all stakeholders in developing our regulatory approach.

1.34 In 2020/21 we:

- Organised and contributed to events facilitating the sharing of knowledge, learning and good practice
- Revised our stakeholder engagement strategy and used this to shape regulatory reform and improve the way we work
- Sought feedback about our work from the regulators and organisations with accredited registers
- Engaged with system regulators in health and social care to seek synergies with professional regulation, and with others to share good practice in regulation and right-touch assurance.

### ***Strategic aim 3***

1.35 To have a skilled, diverse and motivated team who are proud to work at the Authority and are committed to achieving our objectives.

- To further improve the Authority's working environment and culture, and uphold the values of the organisation
- To lead, motivate and support colleagues to deliver excellent work
- To attract and retain the right people with the right skills
- To improve expertise and support delivery through high quality learning and development.

1.36 In 2020/21 we:

- Used feedback from staff to identify and implement improvements in our working environment
- Provided a range of relevant and useful professional development opportunities for all staff
- Conducted an audit of our EDI processes in order to develop an action plan for future work
- Reviewed our organisational values and promoted and monitored these values throughout the Authority.

### ***Strategic aim 4***

1.37 To seek continuous improvement in the way we run the Authority and our value for money for registrants, patients and the public.

- To maintain and review regularly the governance arrangements which give appropriate oversight to matters within the Authority's legislative remit
- To develop and maintain high quality leadership and management practises
- To maintain and improve cost-effectiveness and quality by systematically reviewing systems, processes and procedures, and by working with others
- To ensure the continued financial viability of the Authority.

1.38 In 2020/21 we:

- Reviewed our governance arrangements and further improved our assurance processes
- Invested in leadership and management development across the organisation
- Improved our effectiveness and increased our value for money, for example by improving the efficiency of processes and making better use of technology
- Demonstrated robust financial management and reporting.

### **Business principles**

1.39 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.

1.40 We set out below the principles that we work to:

- **Regulatory and standards setting work:** All fees from the regulators 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 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.

1.41 Surpluses will be applied according to these principles after the requirements of our reserves policy have been met.

1.42 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 internal auditor’s statement setting out our compliance with these business principles.
- 1.43 In conjunction with these principles our Board has established a reserves policy.
- 1.44 The Authority has agreed to hold reserves of three months’ total operating costs of circa £1.2 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.
- 1.45 The level and make-up of our reserves is reported later in our financial accounts (p80)
- 1.46 Any money taken from reserves during the year will need to be replaced in the following year(s).

## 2. Key performance indicators

- 2.1 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 and report them to the Board. 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.
- 2.2 Our performance against those KPIs that are most likely to be of public interest during 2020/21 is set out below:

Area of work	Key performance indicators	Performance
Section 29 decisions	100% of relevant decisions considered within statutory deadline	100% [2093/2093 <sup>5</sup> ]
Public concerns about Regulators	100% of concerns acknowledged within five working days	99.5% [548/551 <sup>6</sup> ]
Finance	To pay undisputed invoices: <ul style="list-style-type: none"> <li>• 60% in five days</li> <li>• 100% in 10 days</li> </ul> Budgeted income / expenditure variance less than 5% (excluding Section 29 that is outside our control)	54% [334/614 <sup>7</sup> ] 100% [614/614]

<sup>5</sup> The Authority reviewed all cases that were received within its statutory deadline within that deadline. However, 10 cases were received from regulators outside that deadline and so could not be reviewed. In all cases these were determinations which had taken place some months before we received them. We take steps so far as we can to check that we receive cases in time and inform regulators of delays. None of the cases involved were ones that we would have appealed and all were review hearings which had led to a restrictive sanction.

<sup>6</sup> Three cases were delayed because of administrative errors delaying the reply. Two concerns were delayed by transfers from other PSA mailboxes (resulting in one being four days late and another six days late) and another concern was acknowledged one day late. Reminders have been issued to ensure that all concerns are forwarded to the Concerns and Appointments Officer as soon as possible

<sup>7</sup> Payments of invoices within 5 working days are slightly down due to periods of staff shortages during the year and problems with BACS earlier in the year



	Payment error rate less than 3% Late purchase order rate less than 10%	5.93% [£4,171/£4,434 <sup>8</sup> ]  0.00% 0/614  13.26% [35/264 <sup>9</sup> ]
HR	Staff sickness no more than 2%  Staff turnover to be less than 10%  Average recruitment process less than 16 weeks	2.7% <sup>10</sup> [275/10046]  7% [3/44]  11.1 weeks
ICT	85% of helpdesk calls to be closed within 1 day System unavailability below 10 hours	91% [415/455]  0 hours
Information security	No. of incidents reported to the Information Commissioner's Office	0
Information requests (FOI / SAR / EIR)	(100%) Subject Access Requests dealt with within statutory deadlines  All (100%) Freedom of Information Act requests dealt with within statutory deadlines	100% [3/3]  96% [22/23] <sup>11</sup>
Audit – external	Unqualified opinion received for accounts	Received
Audit – internal	100% of planned reviews completed within that financial year	100%
Complaints	100% of complaints acknowledged in five days  Response to all complaints to be completed within 28 days	100% [2/2]  100% [2/2]

<sup>8</sup> Budgeted income/expenditure variance is higher (positive) than expected due to lower direct s29 legal costs and higher recoveries; lower training and recruitment costs; lower travel costs for both staff and Board members as well as underspend in publications and policy development

<sup>9</sup> Late Purchase Orders are slightly higher than expected due to some POs raised after invoices are received. All late POs are signed off by CE on individual level.

<sup>10</sup> Staff sickness was above target due mostly to three long-term absences (more than six weeks in total). Excluding these absences, the annual sickness absence is 0.5%.

<sup>11</sup> One FOI response was late, the request had gone to a 'junk' folder within Outlook and wasn't picked up. We were contacted by the sender 4 days after the initial deadline, we provided a partial response the same day and a full response within 5 working days. In future junk folders will be reviewed by a member of the team on a weekly basis to ensure nothing has been automatically sent there in error.

Health and safety	No reported incidents causing harm	0
Accredited Registers	90% of accredited registers will apply for continued accreditation.	100% [25/25] <sup>12</sup>
	New applications are put before the Panel with 15 days of receipt of all information/documentation required	N/A
	Renewal applications are considered by a Moderator by the accreditation renewal date	22% [5/23]
	Where a targeted review is required, this is put before the Panel within 5 working days of receipt of all information/documentation required	86% [6/7]
	Notifications advising of need to apply for renewal are issued 12 weeks before accreditation ceases.	92% [23/25]

### Performance analysis

- 2.3 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.
- 2.4 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 regulators, particularly their cooperation with the business planning cycle and fee consultation.
- 2.5 Our policy work and our research programme continue to have influence.
- 2.6 The accredited registers programme is fully integrated into our work plans, governance and financial management. With 25 registers accredited covering approximately 100,000 practitioners, it is making a valuable contribution to quality and choice in health and care.

## 3. Regulatory and standards setting work

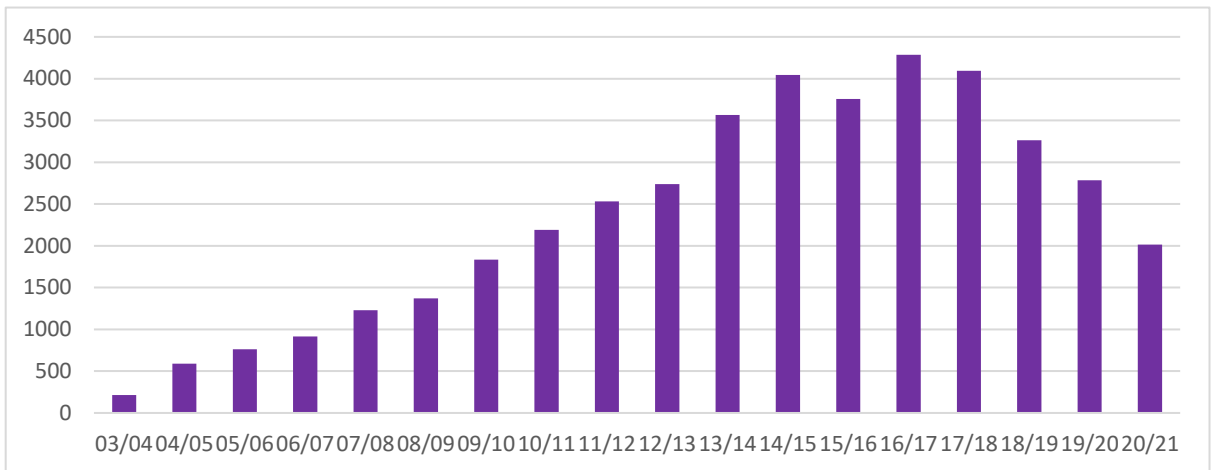
### Section 29

- 3.1 Under Section 29 of the National Health Service Reform and Health Care Professions Act 2002, we can refer final fitness to practise (FTP) decisions made by the ten regulators 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.
- 3.2 This year we have seen a 27% decrease in the number of fitness to practise determinations notified to us by the regulators, from 2,783 in 2019/20 to 2,018 in 2020/21 (see table 2). This large decrease in case numbers is likely to be due to the

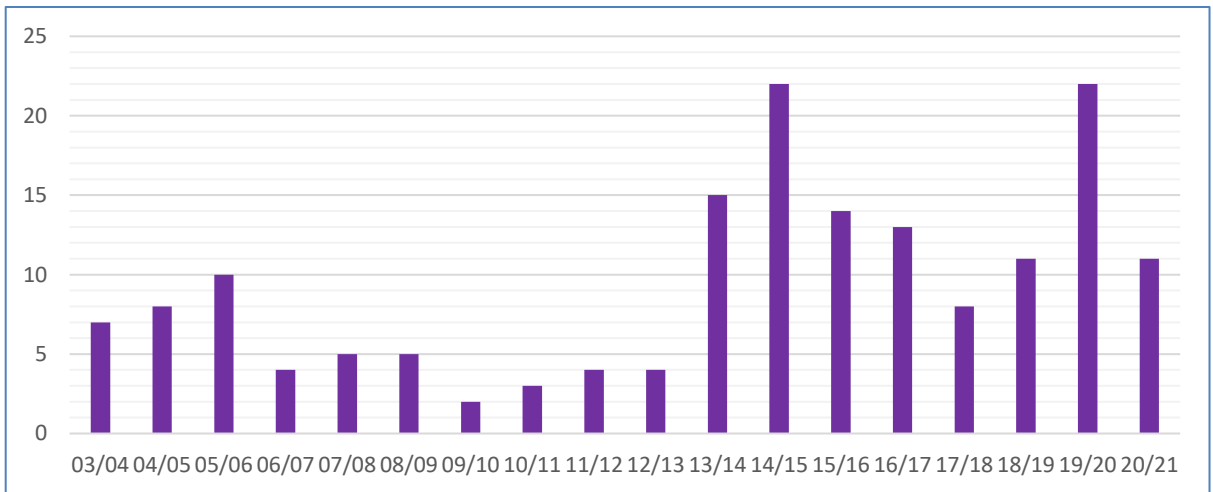
<sup>12</sup> See paragraph 3.52 for explanation on missed targets

- impact of the Covid-19 pandemic on the ability of regulators to hold fitness to practise hearings. For the bulk of regulators, no substantive hearings were heard between April and July 2020, though review hearings continued to be held. After July, most regulators began to hold substantive hearings virtually and the majority of hearings were held in this way for the rest of the year.
- 3.3 The majority of the determinations that we reviewed (44%) were NMC panel decisions.
  - 3.4 Of the 2,018 cases we received in 2020/21, 96% (1943) were closed with no requirement for more information. However, 404 of these cases had resulted in the regulator removing the registrant's name from its register, not restoring them to the register, or suspending them indefinitely, therefore raising no concerns about public protection and requiring no Authority intervention. We also do not look at cases where a review panel has imposed a further suspension, further conditions, or where a suspension has been imposed for the maximum period in a case involving the registrant's health, performance, language impairment, or non-compliance with the regulatory process. Under this approach, 330 cases were closed.
  - 3.5 Towards the end of the year we also took the decision not to review NMC cases where the panel found the registrant's fitness to practise impaired but where their registration had lapsed during the FTP process and therefore the halting of the proceedings would result in their name being removed from the Register. We were notified of 51 such cases this year.
  - 3.6 Of the cases received during 2020/21, we requested further information and undertook detailed case reviews in 75 cases (4%), compared to 147 in 2019/20.
  - 3.7 During 2020/21, we considered 20 panel determinations at formal case meetings. Nineteen of these were 'Section 29' case meetings, and one meeting was held to consider whether or not to join a GMC appeal ('Section 40B meeting'). By way of comparison, in 2019/20, we held 32 meetings, one of which was also a Section 40B case meeting. The reduction in detailed case reviews and case meetings is likely to reflect the fact that we saw fewer substantive hearings. Our experience is that review hearings rarely give rise to significant concerns.
  - 3.8 We referred 11 cases to Court under our Section 29 jurisdiction (21 in 2019/20) and joined as a party to one GMC appeal. Our appeals in two cases referred within this financial year were upheld or settled by consent, one was withdrawn, and eight remaining cases are listed for hearing in the 2021/22 financial year, the outcomes of which will be reported in next year's annual report.
  - 3.9 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.
  - 3.10 This year we have seen a decrease in the percentage of cases referred to Court (down from 0.79% to 0.55%) when compared to the previous year (see table 3).
  - 3.11 Of the 11 referrals to Court that we made in 2020/21, three related to decisions made by the Medical Practitioners Tribunal Service (one of which is a GMC appeal which we have joined as a party), four related to NMC panel decisions, one related to an HCPC panel decision, one related to a GOC panel decision, one related to a decision of a GPhC panel, and one to an SWE panel decision

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



**Table 3 – Number of cases referred to Court annually**



**Table 4 – Progress of cases referred to Court**

<b>Regulator</b>	<b>No of determinations referred to Court under Section 29 of the 2002 act</b>	<b>Outcome</b>
NMC	Four	<p>One appeal was settled by Consent Order and the finding of no impairment was replaced with a finding of impairment.</p> <p>A second appeal was withdrawn after further information was provided by the NMC.</p> <p>We expect the remaining two appeals to be concluded during 2021/22.</p>
GMC	Three (One under Section 40B) where we are joined the GMC's appeal	<p>One appeal was allowed, and the suspension was replaced with erasure.</p> <p>We expect the other Section 29 appeal and the Section 40B to be concluded during 2021/22.</p>
HPC	One	We expect this appeal to be concluded during 2021/22.
SWE	One	We expect this appeal to be concluded during 2021/22
GPhC	One	We expect this appeal to be concluded during 2021/22
GOC	One	We expect this appeal to be concluded during 2021/22

### **Outreach**

- 3.12 The Authority is keen to provide support and expertise for those involved in fitness to practise hearings. Our team has provided presentations to the HCPC and GDC on its work.

### **Virtual hearings guidance**

- 3.13 The Authority worked with regulators and representative bodies to provide guidance on the conduct of virtual hearings. The aim was to ensure that there was minimal disruption caused by the pandemic to the progress of fitness to practise hearings while recognising the legitimate concerns of a number of representative bodies about the privacy, fairness and technological aspects of such hearings. We published our guidance in September 2020 and will review it in the coming year.

### **Performance review**

- 3.14 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 11 performance review reports, covering nine regulators. Three of these reports were from the performance review cycle that commenced in January 2019 and eight were from the January 2020 cycle. The remaining two reports for the 2020 cycle will be published later in 2021.

- 3.15 Of those reports published during the year from the 2019 cycle of reviews, the GOC, NMC and PSNI all met 22 of the 24 Standards.
- 3.16 For the 2020 cycle we introduced our updated Standards of Good Regulation, which reduced the number of Standards from 24 to 18. The number of Standards across the four key regulatory functions (guidance and standards, education and training, registration and fitness to practise) was reduced from 24 to 13, which included removing duplication across the Standards and combining a number into broader, more outcomes focused Standards. We also introduced a set of five General Standards that relate to the performance of the organisation more broadly. These General Standards cover five key areas: providing accurate, accessible information; being clear about organisational purpose and applying policies consistently and appropriately; equality diversity and inclusion; reporting on performance; and consulting and working with stakeholders to identify and manage risks to the public.
- 3.17 Of those reports published against the new Standards in the 2020 cycle, the GOsC and GMC met all of the Standards, the GCC and NMC met 17 of 18 Standards, the GDC and GOC met 16 of 18 Standards, the GPhC met 15 of 18 Standards, and the HCPC met 13 of 18 Standards. As we are still in the first cycle of using the new Standards, we have not yet evaluated their implementation, but will look to do so in the next financial year.
- 3.18 Last year, we introduced a process whereby our Board would formally consider ongoing and serious concerns about a regulator's performance and decide whether they needed to take action, which might include writing to a regulator's Chair and the relevant governmental departments and secretaries of state to alert them to the problems. We used this process in respect of the HCPC because the concerns that we had identified since 2017 had not been adequately addressed by the HCPC and the relevant Standards had not been met for four years. The Board agreed that these concerns should be escalated, and we wrote to the Chair of the HCPC, and to the Secretary of State for Health and Social Care and the Chair of the Health and Social Care Select Committee. We also introduced closer monitoring of the HCPC's fitness to practise improvement plan from January 2021. Following the findings of our latest performance review, the HCPC has established a further improvement programme demonstrating commitment to improving its performance in fitness to practise and to engaging with us on this issue. We will continue to monitor the HCPC's fitness to practise performance and the implementation of its improvement plan.
- 3.19 As part of our evidence gathering for the performance review process, we collect data quarterly, which allows us to identify trends over time and has helped us to drill down into areas of the regulators' performance. We also collect an annual dataset from the regulators. Below is a table laying out some of the key statistics for the period 1 April 2020-31 March 2021. This information has not been audited by us.

Data for 1 April 2020 to 31 March 2021	GCC	GDC	GMC	GOC	GOsC	GPhC	HCPC	NMC	PSNI	SWE
Number of registrants	3,385	114,421	338,982	31,953	5,427	95,267	288,775	731,918	2,739	96,317
Number of new initial registration applications received	156	8,369	17,794	449	274	1,625	18,604	34,577	158	5,155
Number of registration appeals concluded where no new information was presented, and that were upheld.	0	0	0	0	0	0	0	0	0	0
Median time (in days) taken to process initial registration applications for:										
• UK graduates	1	15	1	5	2	Pharmacist = 0 Pharmacy Technician = 0	4	0	10	N/A*
• International non-EU graduates	2	30	16	4	2	Pharmacist = 0 Pharmacy Technician = 0	65	1	N/A	N/A*
• EU graduates	1	28	28	4	2	Pharmacist = 0 Pharmacy Technician = N/A	59	0	2 weeks	N/A*
Annual retention fee	£800	£680 (for Dentists & £72 per specialty) £114 (for Dental Care Professionals)	£408	£360	£320 (Year 1 entry) £430 (Year 2 UK) £215 (Year 2 reduced rate) £570 (Year 3 UK) £320 (Year 3 reduced rate)	£257 (Pharmacist) £121 (Pharmacy Technicians) £365 (Premises)	£180 for two years. £90 for first two years for new UK graduates	£120	£398 for pharmacists £155 for pharmacy premises	£90
The time taken (in weeks) from receipt of initial complaint to the final investigating committee decision:										
• Median time taken to conclude	29	46	41.7	74	26	80.1	54.4	85	103	48.6
• Longest case to conclude	156	384	331	283	69	201.7	287.9	304	131	237.9
• Shortest case to conclude	8	7	1.1	16	8	32.0	11.3	25	74	3.8
The time taken (in weeks) from receipt of initial complaint to final fitness to practise hearing determination:										
• Median time taken to conclude	96	109	103.9	141	66	119.1	129	118	94	133.2

Data for 1 April 2020 to 31 March 2021	GCC	GDC	GMC	GOC	GOsC	GPhC	HCPC	NMC	PSNI	SWE
• Longest case to conclude	150	363	478	415	196	209.9	281.3	356	216	296.9
• Shortest case to conclude	51	35	7.1	52	49	40.7	11.1	45	79	48.6
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	29	6	8.1	25	6	5.4	21	4	6	21.4
• Receipt of information	3	3	2.7	4	5	2.9	3	N/A	5	3.5
Number of registrant/ Authority appeals against final fitness to practise decisions:										
• Registrant appeals	0	4	16	2	5	2	8	9	0	4
• Authority appeals	0	0	3	1	0	1	1	4	0	1
Number of judicial review applications where leave has been given	0	0	1	0	0	1	1	0	0	0

\*Social Work England's systems did not allow it to collect this data in a way that could be used for this purpose for the full year.

3.20 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.

3.21 This year, we examined our process for assessing regulators' performance, with a view to introducing an updated approach from January 2022. In July 2020 we sought initial, general feedback from the regulators and stakeholders on our approach. This feedback, combined with other feedback that we have received over the past five years and a desk-based review we undertook of similar schemes, informed a consultation into specific areas of our approach to performance review. The consultation ran from December 2020 to March 2021, and at the time of writing this annual report, we are currently analysing the results. The responses to the consultation will shape the updated approach we develop for 2022 onwards.

### *Social Work England*

3.22 SWE came into operation on 2 December 2019 and the Authority had been closely involved in overseeing the transfer of responsibilities from the HCPC to SWE.



Throughout this year, we have been closely monitoring SWE's performance as part of its first annual performance review. We established a system of quarterly reviews to allow us to feed back to SWE and seek clarification on any areas of concern as they arose. This informed our overall annual assessment at the end of 2020. At the time of writing, we have not yet completed our annual assessment.

- 3.23 As part of this work, we also reviewed all accepted outcomes decisions reached by SWE case examiners. These are decisions taken by case examiners as part of SWE's fitness to practise process where they will propose an outcome to the registrant and, if the registrant agrees, the matter will not proceed to a hearing. This is a new process and we considered it important that we should review it to ensure that the outcomes were protecting the public.
- 3.24 We reviewed 41 cases in 2020. We sent an initial review to SWE in August 2020 and will be preparing a formal report for publication in May 2021. SWE responded positively to the points that we raised. We had a particular concern over the way in which SWE dealt with some cases where the registrant indicated that they wished to leave the register. SWE suspended the process and has been developing a different approach.

### *Covid-19*

- 3.25 The Covid-19 pandemic placed strong pressures on regulators, requiring many of them to undertake significant new work at short notice (including establishing temporary registers) and adjusting their processes to a period of lockdown. The Authority has been impressed by the way in which the regulators have addressed the concerns and we will review their detailed performance as part of our performance reviews. We were keen to ensure that the Authority's performance reviews did not inhibit urgent work, while ensuring that we could look at matters which were likely affect public protection.
- 3.26 We informed the regulators that we would be adopting a more flexible approach to the reviews, taking notice particularly of the challenges facing them. This meant that we would provide more time for responses and seek to reduce the ambit of our targeted reviews where we could do so consistently with protecting the public. We indicated that we would only undertake audits in exceptional circumstances. We saw this as a temporary approach while the regulators adjusted to the situation and, in March 2021, indicated that we would be returning to our previous approach, while remaining flexible in respect of timescales, given the ongoing pandemic.
- 3.27 Given the staggered nature of our performance review cycle, a number of the reports we have published this year only cover a short period where Covid-19 has affected a regulator's performance. We have taken this into account where relevant, and expect to see the effects of Covid-19 on performance, particularly in relation to areas such as fitness to practise timeliness, to become more apparent in future reports that cover this period, and to continue for some time.

### **Concerns about regulators**

- 3.28 We are often contacted by both members of the public and health and care professionals who want to share their experience of the regulators with us. In addition, we receive many general requests for information or assistance about health and care services.

- 3.29 Often, individuals are seeking help with their concerns. While we cannot investigate individual complaints about the regulators or other bodies, the concerns about regulators we receive provide us with insight into how well they fulfil their role to protect the public. The feedback we receive helps us identify areas of the regulators' work to look at most closely in our performance reviews.
- 3.30 During 2020/21 we received 551 'concerns' or contacts, an increase of more than 30% on 2019/20 when we received 416. However, a large number of these may be attributed to our office closure during the pandemic, which meant more individuals writing to us and requiring a full answer to an enquiry. These enquiries include those that are outside of our remit which would previously have been immediately directed by phone to the relevant organisation, and therefore not recorded in our numbers. Many of these enquiries were about general health and care matters and the increase did not appear to indicate a generalised increase in concerns about regulators.
- 3.31 The largest category of concerns (56) were about the fitness to practise decisions made by regulators in the early stages of their process. The next largest category was general fitness to practise concerns, split between those raised by the public (33) and those raised by registrants (23).
- 3.32 We were also contacted by 14 individuals concerned that the final outcome of a fitness to practise case was insufficient. Those concerns were considered by the Section 29 team during its reviews and the outcome communicated to those who contacted us.
- 3.33 The proportion of concerns we received from members of the public and registrants remained similar to last year with a little over two thirds raised by the public.

### **Scrutiny of regulators' council appointments processes**

- 3.34 We assist the Privy Council with appointments to the regulators' councils (except the PSNI and SWE) by scrutinising the process used by regulators to recommend candidates for appointment. We provide advice to the Privy Council in relation to all open competitions for appointments and reappointments processes. We also provide, if the Privy Council requests it, advice in relation to any other aspect of the Privy Council's appointments function.
- 3.35 In 2020/21, we provided advice to the Privy Council in relation to 14 processes run by seven of the eight regulators. Six of these processes related to appointments via open competition, covering 13 vacancies, including one recommendation for a council chair. The other six processes related to reappointments, covering 18 council members considered for reappointment, also including one chair of a council. We advised the Privy Council that it could have confidence in all of these processes.
- 3.36 During the year we consulted with the regulators to gain their views on our requirement to anonymise the identity of candidates until the end of their panel's shortlisting stage. We also sought their views more generally on our process and where this could be improved or streamlined. October's Scrutiny Committee considered the responses, deciding to retain anonymisation but to encourage a light-touch approach from the regulators.
- 3.37 In December we held a well-attended online seminar to consider how to implement this approach and the 'positive actions' the regulators could take to increase the

diversity of their councils. Two regulators, the NMC and the HCPC, shared their experience of developing associate member and council member apprentice roles and it is hoped this approach will contribute increasing diversity within regulator councils.

### Policy and research projects

- 3.38 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 and academics to stimulate research, learning and improvement. Our objective is to ensure that regulation and registration are based on evidence of what works so that regulators are effective at protecting the public.
- 3.39 During the year we worked with government on their plans for regulatory reform, commenting on drafts and taking part in discussions. We also published research on patient and public perspectives of the regulators' fitness to practise processes, and a review by Cardiff University of the body of research carried out and commissioned by us and the regulators to evaluate its usefulness as a body of evidence supporting regulatory practice. We commissioned research into unconscious bias in decision-making, public and professional perceptions of the value of consistency by regulators, and the ethical dilemmas faced by regulated professionals during the pandemic. These are due for publication early in 2021/22.
- 3.40 We conducted a Covid learning review, which will also be published early in 2021/22, containing cases studies from each of the regulators, to identify lessons for professional regulation from the early stages of responding to the pandemic.
- 3.41 A number of issues arose in the external policy environment which have also required a policy response, including the Cumberlege review, Medicines and Medical Devices Bill, and several consultations by professional regulators. The recent government consultations on reform, *Regulating healthcare professionals, protecting the public (March 2021)*, the BEIS consultation (*October 2020*) on recognition of professional qualifications and regulation of professions, and the White Paper *Working together to improve health and social care for all (February 2021)* with proposals for a Health and Care Bill are likely to be a significant focus for the Authority during the next financial year. We also provided feedback at short notice on changes being proposed by the regulators we oversee in response to the Covid-19 pandemic and produced a number of briefing papers to support our engagement activities.
- 3.42 We have continued to hold events, having adapted them to online seminars. Seminars in Wales on developments in regulation and Scotland on duty of candour attracted increased attendance and our online symposium, which included a focus this year on equality and diversity, also proved successful. We were unable to hold our academic conference as planned. We have had a particular focus this year on further improving our stakeholder engagement, building on the findings from our perceptions and stakeholder engagement audits.

### Legislative reform

- 3.43 The Government published its consultation on reform of legislation for all the healthcare regulators the Authority oversees at the end of March 2021. This

followed the response to the four-country consultation *Promoting professionalism, reforming regulation*, which was published by the Department of Health and Social Care in July 2019.

- 3.44 The Authority has long called for changes to the outdated and piecemeal legal framework for professional regulation and it remains our view that reform of the sector is needed to support the delivery of health and care services in the future in a flexible and innovative way. This was brought into sharper focus by the emergency action that a number of the regulators were required to take in the light of the workforce challenges brought about by Covid-19. This highlighted the need to ensure a balance between regulatory agility and protecting the public.
- 3.45 The Government proposals are a significant milestone for reform and broadly echo many of the changes proposed by the Authority, although there are some proposals that give us cause for concern. The Authority has cautioned that the proposed additional flexibility for regulators must be balanced by effective oversight to ensure that patients and the wider public are protected, and the public can continue to have confidence in regulation.
- 3.46 The Authority worked with colleagues in the Department for Health and Social Care and the regulators on all aspects of the proposals, covering governance, registration, and education and training, as well as fitness to practise. Our primary aim has been to ensure that the reforms stay focused on public protection. We will be setting out the detail of our positions across the breadth of the reforms in our full public response to the consultation in June 2021.

### Accredited Registers

- 3.47 The Authority's accredited registers programme covers approximately 100,000 practitioners from a range of different professions in health and social care.
- 3.48 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.



- 3.49 For 2020/21, the fees for the programme were a fixed fee of £13,798 for initial application, and then a fixed fee of £10,414.00 plus a variable charge of £0.10 per registrant for each annual renewal. We receive an annual subvention from the Department of Health and Social Care to address the deficit caused by expenditure on the programme exceeding income from fees. However, this year the amount of subvention received was capped at the level we received for 2019/20, despite having higher operational costs. This required us to make cost-efficiency savings in year to reduce the impact on our reserves. We have recently agreed a new fee model for the 2021/22 year and beyond that ensures the programme is self-funding for future years.

- 3.50 We have 25 accredited registers within the programme, covering many occupations. Accreditation is reviewed annually. By the end of the financial year, we had renewed accreditation of all 25 registers. We received but have not yet accredited four new applications. 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 (changes that must be made within a specified timeframe to maintain accreditation) and recommendations (actions that would promote best practice but do not have to be completed in order to maintain accreditation) 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.
- 3.51 The table below shows the full list of accredited registers, and the number of conditions and recommendations, that were in place at 31 March 2021.
- 3.52 Delays associated with Covid-19 have accentuated a backlog of renewals of accreditation. Covid-19 had a significant impact on performance at the beginning of 2020/21 and caused delays both internally and to Accredited Registers. Revisions to our process made in November 2020 are helping to reduce the backlog. Our KPI position for accreditation renewals to be considered by the annual renewal date had improved slightly from 19% as reported in January 2021 to 23% in March 2021. However, since this KPI is reported cumulatively and represents overall performance since April 2020, our overall performance against this KPI for 2020/21 as at the end of March will not change significantly. For comparison, we achieved 33% for this KPI in 2019/20.
- In terms of other KPIs, we achieved 92% year-to-date for our KPI to notify the need to apply for renewal being issued 12 weeks before accreditation ceases. Of the two registers missed, one was in April 2020 due to an extension request from the register due to Covid-19 impacts, and the second was due an internal delay. We have achieved 83% against our KPI to put a targeted review before the Panel within five working days of receipt of all information/documentation required. One was delayed by two working days.
  - Timeliness of the accreditation process, and whether more fundamental changes are needed to achieve this on an ongoing basis, is being considered as part of our strategic review. We will also consider how our reporting should best take account of external factors that are beyond our control.
  - 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.
  - 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. It requires concerted

effort by us, accredited registers, and other stakeholders with an interest in ensuring public protection, delivering services and promoting public health. 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 in raising awareness.

- The DHSC has been working with us this year to secure changes to the Rehabilitation of Offenders Act and the Safeguarding Vulnerable Groups Act (SVGA) 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.

3.53 On 11 January 2021, we suspended accreditation of the Society of Homeopaths as we determined it had not met Conditions imposed following an in-year review in August 2020. We undertake an in-year review when serious concerns are raised between annual reviews of accreditation. Suspension means that the Society and its registrants are not permitted to use the Authority’s Accredited Registers quality mark. The period of suspension is one year and to be lifted the Society will need to provide evidence against all outstanding Conditions and undergo an assessment against all the Standards for Accredited Registers. More information about this decision can be found on our website.<sup>13</sup>

Register	Last accredited	Conditions <sup>14</sup>	Recommendations <sup>15</sup>
Academy for Healthcare Science	17 March 2021	0	1
Alliance of Private Sector Practitioners	05 November 2020	0	2
Association of Child Psychotherapists	6 October 2020	0	4
Association of Christian Counsellors	16 June 2020	0	3
British Acupuncture Council	29 April 2021	4	1
British Association for Counselling & Psychotherapy	24 August 2020	0	3
British Association of Play Therapists	04 February 2021	0	1

<sup>13</sup> [https://www.professionalstandards.org.uk/docs/default-source/accredited-registers/panel-decisions/society-of-homeopaths-in-year-conditions-review.pdf?sfvrsn=55277620\\_6](https://www.professionalstandards.org.uk/docs/default-source/accredited-registers/panel-decisions/society-of-homeopaths-in-year-conditions-review.pdf?sfvrsn=55277620_6)

<sup>14</sup> Conditions are changes that must be made within a specified timeframe to maintain accreditation.

<sup>15</sup> Recommendations are actions that would promote good practice but do not have to be completed in order to maintain accreditation

British Association of Sports Rehabilitators and Trainers	24 December 2020	0	0
British Psychoanalytical Council	24 February 2021	3	2
Complementary and Natural Healthcare Council	21 December 2020	0	0
Counselling & Psychotherapy in Scotland	30 June 2020	0	2
Federation of Holistic Therapists	20 May 2020 [review ongoing]	1	2
Human Givens Institute	19 August 2020	1	0
International Federation of Aromatherapists	27 May 2021	0	3
Joint Council for Cosmetic Practitioners	1 May 2021	0	3
National Counselling Society/National Hypnotherapy Society	23 December 2020	1	3
Play Therapy UK	25 June 2020 [review ongoing]	0	3
Registration Council for Clinical Physiologists	20 April 2020 Merged with Academy of Healthcare Science.	0	2
Register of Clinical Technologists	19 January 2021	0	3 + 2 issued from Notification of Change
Save Face	19 February 2021	0	2
Society of Homeopaths	11 January 2021	Suspended	
UK Association for Humanistic Psychology Practitioners	08 October 2020	1	4
UK Board of Healthcare Chaplaincy	1 December 2020	0	4
UK Public Health Register	23 April 2021	0	3
UK Council for Psychotherapy	12 February 2021	0	2

### **Strategic Review of the Accredited Registers programme**

- 3.54 Our board determined this year that we should carry out a strategic review of the programme to determine whether it could become financially self-sustaining and what changes were needed to improve its contribution to public protection. Our public consultation on the strategic review closed on 18 February 2021. We received more than 90 responses from a range of stakeholders across the UK including NHS bodies, charities representing patients, employers, current and prospective registers, and members of the public. Some organisations had surveyed their own members on specific areas. We also held ‘roundtable’ events with patient groups and employers in January. A full report and an update on the strategic review will be published early in 2021/22.

### **Commissions from Government(s)**

- 3.55 There have been no commissions from government this year.

### **Advice to other organisations**

- 3.56 We undertook one commission for an overseas organisation, which was completed in March 2021 as planned. The purpose of the work was to help provide another perspective on an area of work involving several stakeholders, to inform the organisation’s own development of policy options. Although this work is not yet published, we expect that we will be able to do so in the future once this development work and related negotiations with stakeholders has completed.

### **Financial summary**

- 3.57 Our funding for 2020/21 comprised £4.4 million in fees paid by the regulators and £0.16 million subvention funding paid by DHSC. In 2019/20 our funding was £4.3 million fees raised from the regulators and £0.2 million subvention funding paid by DHSC.
- 3.58 At 31 March 2021 we carried forward total reserves of £2.3 million, £0.6 million of which were unrestricted and £1.7 million restricted (2019/20: £2.1 million in total, 0.6 million unrestricted and £1.5 million restricted) after net operating expenditure of £0.01 million (2019/20: net operating expenditure £0.246 million). We returned £0.15 million to the regulators in the 2021/22 business planning exercise (£0.228 million in 2020/21). Net operating expenditure for 2020/21 is calculated net of fees received from the regulators, which is recorded as income in accordance with IFRS 15.
- 3.59 During the year ending 31 March 2021, we generated a surplus that increased our reserve position by £0.148 million.
- 3.60 During the year the Board has developed and updated the Authority reserves policy.
- 3.61 A description of accounting policies is shown in note 1 to the accounts.

### **Transparency**

- 3.62 The Authority is committed to the provision of information to the public.
- 3.63 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.

- 3.64 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.
- 3.65 During the 2020/21 financial year, 100% of invoices were paid in 10 days and 54% (by number of invoices) and 48% (by total invoice value) within five days. Details of our payment record can be found on our website.<sup>16</sup>
- 3.66 No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.
- 3.67 The balance owed to trade payables as at 31 March 2021 was £18,000 (2019/20: £24,000). As a proportion of the total amount invoiced by suppliers in the year, this is equivalent to 1.68 days (2019/20: 4.5 days).
- 3.68 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

- 3.69 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.
- 3.70 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.
- 3.71 We occupy 2.58% of the building, part of which is occupied by our own tenants.
- 3.72 Rainwater is collected and used to supply the sanitary facilities, reducing our clean water consumption.
- 3.73 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 into 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.

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<sup>16</sup> [www.professionalstandards.org.uk/about-us/ask-us-for-information/government-disclosure/payment-statistics](http://www.professionalstandards.org.uk/about-us/ask-us-for-information/government-disclosure/payment-statistics)

3.74 Our gas and water consumption are calculated as 2.58% of the building 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 tenant. Our consumption for 2020/21 and the previous year is set out below.

	2020/21	2019/20
<b>Gas</b>	4,552kWh	4,885kWh
<b>Electricity</b>	48,393kWh	62,733kWh
<b>Water</b>	43.48 m <sup>3</sup>	127.03m <sup>3</sup>
<b>Waste removed</b>	0.30 tonnes	2.41 tonnes

3.75 The installation of waste compactors has reduced the frequency of collections from daily to fortnightly, reducing vehicle emissions.

3.76 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.

3.77 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.

3.78 We have continued to collect environmental information regarding journeys made by Board and staff members.

Mode of travel	2020/21		2019/20	
	CO <sup>2</sup> /kg Total	CO <sup>2</sup> /kg Average per full-time equivalent*	CO <sup>2</sup> /kg Total	CO <sup>2</sup> /kg Average per full-time equivalent*
<b>Air*</b>	N/A	N/A	2165	53
<b>Rail</b>	N/A	N/A	492	12

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

3.79 No corporate travel was booked this year as a result of Covid-19 restrictions.

**Human rights**

3.80 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.

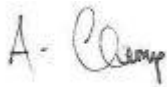
3.81 We endeavour to ensure that we do not infringe on human rights, avoid complicity in the human rights abuses of others, and comply with the laws of the countries in which we work.

### **Anti-corruption and anti-bribery**

- 3.82 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.
- 3.83 Our whistleblowing and fraud policies 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**

- 3.84 Details of this can be found in paragraphs 4.25-4.29.  
Approved by the Board



Alan Clamp,  
Accounting Officer  
15 June 2021

## 4. Accountability report

### Corporate governance report

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

#### Directors' report

- 4.2 We have an executive team as shown below, covering our three areas of work: Corporate Services; Scrutiny and Quality; and Standards and Policy.
- 4.3 A register of Executive and Non-Executive interests is available on our website.<sup>17</sup>
- 4.4 Directors are members of staff and are paid in accordance with staff policies.

Alan Clamp	Chief Executive
Jane Carey	Director of Corporate Services
Mark Stobbs	Director of Scrutiny and Quality
Christine Braithwaite	Director of Standards and Policy

#### *The Authority's Board*

- 4.5 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 10 regulators we oversee so that we are independent of the health and social care professions and regulators.
- 4.6 The Board is the Authority's highest decision-making forum, where significant strategic and operational matters are discussed, and consequential decisions taken.
- 4.7 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.
- 4.8 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

<sup>17</sup> <https://www.professionalstandards.org.uk/docs/default-source/board/board-register-of-interests.pdf?status=Temp&sfvrsn=0.5964619146864651>

- 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.
- 4.9 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.
- 4.10 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.
- 4.11 Dame Glenys Stacey was appointed Chair of the Authority from 1 April 2020. She stepped down on 31 August 2020. Antony Townsend acted as Interim Chair, from 1 September 2020, while we undertook a recruitment exercise. Caroline Corby was appointed by the Privy Council as the new Chair and took up post on 1 February 2021.
- 4.12 Four Board members were appointed for a second term during 2020/21.
- 4.13 Details of all Board appointments and who makes them are shown in the table below.
- 4.14 Details of the directorships and significant interests held by the Board are contained within the register of interests held on our website.<sup>18</sup>

### **Board members**

<b>Board member</b>	<b>Appointed by</b>
Dame Glenys Stacey (Chair)	Privy Council (April 2020 to August 2020)
Caroline Corby (Chair)	Privy Council (February 2021)
Antony Townsend	Privy Council (reappointed 2019)
Frances Done CBE	Privy Council (reappointed 2021)
Renata Drinkwater	Privy Council (reappointed 2019)
Thomas Frawley CBE	Department of Health Northern Ireland (reappointed 2021)
Moiram Ali	Scottish Ministers (reappointed 2021)
Marcus Longley	Welsh Ministers (reappointed 2021)
Alan Clamp	Authority's Board (2018)

- 4.15 No personal data related incidents were reported to the Information Commissioner in the year.

<sup>18</sup> [www.professionalstandards.org.uk/docs/default-source/board/board-register-of-interests.pdf](http://www.professionalstandards.org.uk/docs/default-source/board/board-register-of-interests.pdf)

- 4.16 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.
- 4.17 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.

## Statement of Accounting Officer's Responsibilities

- 4.18 The Privy Council 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'.
- 4.19 Under 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 the Privy council has directed the Professional Standards Authority to prepare for each financial year a statement of accounts in the form and on the basis of the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Professional Standards Authority and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.
- 4.20 In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:
- Observe the Accounts Direction issued by the Privy Council, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
  - Make judgements and estimates on a reasonable basis
  - Prepare the accounts on a going concern basis
  - State whether applicable accounting standards as set out in the Government Financial reporting Manual have been followed, and disclose and explain any material departures in the accounts
  - Confirm that the Annual report and Accounts as a whole is fair, balanced and understandable and take responsibility for the Annual report and Accounts and the judgements required for determining that it is fair, balanced and understandable.
- 4.21 As the Accounting Officer, I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the Professional Standards Authority auditors are aware of that information. So far as I am aware there is no relevant audit information of which the auditors are unaware,



Alan Clamp  
Accounting Officer  
15 June 2021

## **Governance statement**

### ***Scope of responsibility***

- 4.22 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.
- 4.23 The Authority reports to the UK Parliament and works closely with the devolved administrations in Northern Ireland, Scotland and Wales, the Department of Health and Social Care in England, and the Department for Education 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.

### ***Compliance with HM Treasury's corporate governance code***

- 4.24 We have complied with HM Treasury's Corporate Governance Code in so far as it is applicable to us.

### ***Risk management approach and Risk register***

- 4.25 The Directors Group reviews the risk register monthly. The updated register is considered by the Audit and Risk Committee (ARC) and thereafter by the Board. Risks are added, updated or deleted outside of this process when the need arises.
- 4.26 The Board completed a thorough review of its risk management policies and practices during 2020/21 taking account of ARC advice. The committee actively considered and challenged the risk register on a regular basis.
- 4.27 The most significant risks for 2020/21 related to the impact of the Covid-19 pandemic, regulatory reform and the financial sustainability of the Accredited Registers Programme.
- 4.28 The Directors Group develops and maintains the internal control framework and provides assurance to the Audit and Risk Committee, which in turn provides strategic advice to the Board, where overall responsibility is held that the Authority's arrangements are effective.
- 4.29 The key elements of the system of internal control include:
- Financial procedures detailing financial controls, the responsibilities of and authorities delegated to the Directors Group
  - Business planning processes setting out the objectives of the Authority supported by detailed annual income, expenditure, capital and cash flow budgets
  - Regular reviews of performance along with variance reporting, scenario planning and re-forecasting
  - The assurance framework.

### ***Assurance framework***

- 4.30 The Assurance Framework is the means of assuring the Board members about the operation of the Authority.



- 4.31 During 2020/21 the Framework was subject to Internal Audit, as part of the review of Corporate Governance. It was recommended that the Framework should be set out in terms of the three line of defence model. This has been updated and agreed with the Board. 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.
- 4.32 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.

### *Chair of the Board*

- 4.33 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*

- 4.34 There were six Board meetings held in public between 1 April 2020 and 31 March 2021.
- 4.35 Members' attendance at Board meetings during 2020/21 was as follows:

<b>Board member</b>	<b>Number of meetings attended</b>	<b>Possible</b>
Dame Glenys Stacey (Chair)	2	2
Caroline Corby (Chair)	1	1
Antony Townsend <sup>19</sup>	6	6
Frances Done CBE	6	6
Renata Drinkwater	6	6
Thomas Frawley CBE	6	6
Moiram Ali	6	6
Marcus Longley	6	6
Alan Clamp	6	6

<sup>19</sup> This includes three meetings as interim Chair.

- 4.36 During the year under review, the Board was active in ensuring that our statutory functions were maintained and that the risks we were encountering were being addressed. 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.
- 4.37 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 the Scrutiny Committee, the Audit and Risk Committee, and the Finance 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 receives finance reports at every meeting and reviews the risk register twice a year.
- 4.38 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.
- 4.39 The Board plays an important role in establishing the strategic direction for the Authority and considers this and related issues at its annual planning event.
- 4.40 The Board also reviews its own performance as part of its strategic planning. The Board considers that it is functioning effectively.
- 4.41 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.
- 4.42 The Board also reviews information it receives about the Authority's performance from external parties including the statutory regulators, the accredited registers, the Departments of Health in England, Scotland, Wales and Northern Ireland and the Department for Education in England.
- 4.43 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.
- 4.44 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***

- 4.45 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.
- 4.46 Four Audit and Risk Committee meetings were held between 1 April 2020 and 31 March 2021.

4.47 Members' attendance at committee meetings during 2020/21 was as follows:

Committee member	Number of meetings attended	Possible
Frances Done CBE	4	4
Moiram Ali	4	4
Marcus Longley	4	4

4.48 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.

4.49 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.

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

4.51 Typically, the Board delegates final approval of the Annual Report and Accounts to this Committee.

#### **Internal audit**

4.52 Mazars were our internal auditors for 2020/21.

4.53 The internal audit work this year focused on:

- Efficiency and effectiveness of S29 processes
- Corporate Governance
- Core financial controls
- Payments to suppliers and banking
- Stakeholder engagement
- Follow up actions
- Adherence to our business principles and reserves policy.

#### **S29 effectiveness**

4.54 This review received Substantial Assurance. One significant recommendation around improving data verification was made and has already been implemented.

### ***Corporate Governance***

- 4.55 This review received Adequate Assurance. Two significant recommendations were made around administration of Board meetings and developing a skills matrix for Board members.

### ***Core financial controls***

- 4.56 The review focused on accounts payable and payroll and received Substantial Assurance. One significant recommendation around verifying changes to staff bank details was accepted and has been implemented.

### ***Payments to suppliers and banking***

- 4.57 This review received Adequate Assurance. Recommendations to update the Scheme of Delegation and Financial Procedures documents were accepted and have already been implemented.

### ***Stakeholder engagement***

- 4.58 This was a follow up to an advisory review carried out in 2019/20 to assess progress made since then. It was concluded in March 2021 and received Adequate Assurance. Four significant recommendations have been accepted and will be progressed in the coming year.

### ***Adherence to our business principles and reserves policy***

- 4.59 This review considered whether the Authority was acting in accordance with our business principles and reserves policy.
- 4.60 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 2020/21.’
- 4.61 The Committee monitored the implementation of all audit findings. A summary of these and the work taken to address them was reported to the committee by the internal auditors at the May 2021 meeting. All work had been completed to schedule.

### ***Scrutiny Committee***

- 4.62 The Scrutiny Committee receives reports on the operation of our scrutiny and oversight of the 10 health and care professional regulators and provides quality assurance of Section 29 decisions and the accredited registers programme and the performance reviews of the regulators.
- 4.63 Three Scrutiny Committee meetings were held between 1 April 2020 and 31 March 2021.

4.64

Members' attendance at committee meetings during 2020/21 was as follows:

Committee member	Number of meetings attended	Possible
Antony Townsend	3	3
Renata Drinkwater	3	3
Thomas Frawley CBE	3	3

#### *Appointments to regulators' councils*

- 4.65 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. A member also attended the conference organised by the Authority about the process.

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

- 4.66 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 all but one 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. It also reviewed an audit of initial decisions taken by external counsel. Members of the Committee chaired some case meetings under this process in the course of the year.

#### *Annual performance review of regulators*

- 4.67 The Scrutiny Committee has received regular reports on the progress of the Performance Review process. The Committee has been content with that process. The Committee has provided guidance in respect of the review of the process for assessing regulators' performance. It provided advice to the Board in respect of whether concerns about regulators' performance should be escalated.

#### *Accredited Registers*

- 4.68 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.
- 4.69 The Committee has also been closely involved in the review of the Accredited Regulators programme and has provided advice and views on the process.
- 4.70 The Committee was also kept informed about the communications activities and engagement with stakeholders to raise awareness of the programme.

#### *Finance Committee*

- 4.71 The Finance Committee was established in May 2020. The Finance Committee provides support, advice and recommendations to the Board and Accounting Officer in relation to the Board's responsibilities for finance matters (both capital and

revenue). The Committee supersedes the remuneration committee in dealing with matters concerning staff and Board remuneration.

- 4.72 Five Finance Committee meetings were held between 23 July 2020 and 31 March 2021.
- 4.73 Members' attendance at committee meetings during 2020/21 was as follows:

Committee member	Number of meetings attended	Possible
Renata Drinkwater	5	5
Frances Done	5	5
Antony Townsend	5	5

### *Pension scheme regulations*

- 4.74 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.

### *Data handling*

- 4.75 Our system of internal control is based on the HMG Security Policy Framework and we continue to monitor and review our compliance with it.
- 4.76 We hold little personal information. The main type of personal data we hold relates to our own staff. Staff are required to work through remote access to our server and two factor authentications are in place to provide another layer of security.
- 4.77 Staff continue to undertake a combination of the government's 'Protecting Information' online training and the Authority's internal information security training. The 'Protecting Information' training is assessment-based.
- 4.78 All staff are required to complete the level appropriate to their level of responsibility for data-handling. All staff completed the training in 2020/21.
- 4.79 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.
- 4.80 This statement has been prepared following consideration of the Authority's Annual Assessment of Information Risk Management for 2020/21 and the assurance provided by it.
- 4.81 We have no personal data incidents to report.

### *The purpose of the system of internal control*

- 4.82 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.

- 4.83 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.
- 4.84 Our system of internal control has been in place for the year ended 31 March 2021 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

- 4.85 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.
- 4.86 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 Corporate Services 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.
- 4.87 Mazars have been our internal auditors for the year under review. The Head of Internal Audit in his report for 2020/21 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'.

- 4.88 I do not consider that we have significant weaknesses in our system of internal controls. A programme of regular 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.
- 4.89 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.
- 4.90 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.



Alan Clamp  
Accounting Officer  
15 June 2021



## Remuneration and staff report

### Remuneration policy

- 4.91 The Remuneration Committee dealt with remuneration issues arising until 17 February 2020. In May 2020 this responsibility passed to the newly established Finance Committee.
- 4.92 No Remuneration Committee meetings were held between 1 April 2020 and 31 March 2021.
- 4.93 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

- 4.94 The Nominations Committee ensures that the Authority has an appropriate Board membership by overseeing areas such as Board performance and recruitment.
- 4.95 One Nominations Committee meetings was held between 1 April 2020 and 31 March 2021. Members' attendance is shown below.

Board member	Number of meetings attended	Possible
Frances Done CBE	1	1
Antony Townsend	1	1
Renata Drinkwater	1	1

### Senior managers' contracts

Name	Title	Date of contract	Unexpired term	Notice period
Alan Clamp	Chief Executive	1 November 2018	Permanent contract	6 months
John McDermott	Director of Corporate Services	5 September 2016 <sup>20</sup>	Permanent contract	3 months
Jane Carey	Director of Corporate Services	11 January 2021	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

<sup>20</sup> Leaver as at 14th August 2020

### Senior managers' salaries

Name	Salary 2020/21 £'000	Expenses payments (taxable) Total £000	Performance pay and bonuses £000	Long-term performance pay & bonuses £' 000	All pension-related benefits £' 000	TOTAL 2020/21 £'000
Alan Clamp	175-180	0	0	0	42	220-225
Jane Carey*	20-25	0	0	0	5	25-30
Mark Stobbs	120-125	0	0	0	30	150-155
Christine Braithwaite	120-125	0	0	0	36	155-160
John McDermott**	75-80***	0	0	0	15	90-95

\* From 11<sup>th</sup> of January. WTE salary is £95k-£100k

\*\* Up to 14<sup>th</sup> of August. WTE salary £125k- £130k

\*\*\*Including payment in lieu of notice £28K, not including ex-gratia payment of £30k

Name	Salary 2019/20 £'000	Expenses payments (taxable) Total £000	Performance pay and bonuses £000	Long-term performance pay & bonuses £' 000	All pension-related benefits £' 000	TOTAL 2019/20 £'000
Alan Clamp	175-180	0	0	0	40	210-215
John McDermott	115-120	0	0	0	28	140-145
Mark Stobbs	115-120	0	0	0	28	140-145
Christine Braithwaite	115-120	0	0	0	33	145-150

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

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

4.98 Total remuneration includes salary and all pension-related benefits calculated in accordance with the NHS Pensions guidance,<sup>21</sup> 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 or benefits-in-kind in 2020/21 or 2019/20. In 2020-21 one Director has received severance payment in Lieu of Notice of £28k and an Ex-gratia payment of £30k (none in 2019/20).

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<sup>21</sup> Disclosure of Senior Managers' Remuneration (Greenbury) 2015.

## 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 2021 (bands of £5,000)	Lump sum at age 60 related to accrued pension as at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value as at 1 April 2020 (to the nearest £1,000)	Cash Equivalent Transfer Value as at 31 March 2021 (to the nearest £1,000)	Real increase in the Cash Equivalent Transfer Value during the reporting year (to the nearest £1,000)
Alan Clamp	Chief Executive	2.5-5	N/A*	5-10	N/A*	62	113	24
Jane Carey	Director of Corporate Services	0-2.5	N/A*	0-5	N/A*	-	6	2
Mark Stobbs	Director of Scrutiny and Quality	0-2.5	N/A*	10-15	N/A*	116	159	23
Christine Braithwaite	Director of Standards and Policy	0-2.5	5-7.5	25-30	75-100	N/A**	N/A**	N/A**
John McDermott	Director of Corporate Services	0-2.5	N/A*	10-15	N/A*	84	99	6

\* Not applicable in the 2008 and 2015 scheme.

\*\* Not applicable as individual over 60.

\*\*\* Up to 14<sup>th</sup> of August

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

### Cash Equivalent Transfer Value

4.100 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.

4.101 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**

4.102 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.

4.103 No compensation has been paid to former senior managers or payments made to third parties for the services of a senior manager.

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

4.105 No senior manager had expenses subject to UK tax.

#### **Authority Board members' remuneration**

4.106 The Chair receives remuneration of £34,530 pa (2019/20: £33,688 pa); members receive annual remuneration of £8,078 (2019/20: £7,881), the Audit and Risk Committee Chair receives annual remuneration of £13,465 (2019/20: £13,137), the Scrutiny Committee Chair receives annual remuneration of £13,465 (2019/20: £13,137) and the Finance Committee Chair receives annual remuneration of £13,465. Members' remuneration during the year amounted to £103,827 (2019/20: £90,894) including social security costs.

4.107 Members' remuneration is subject to tax and national insurance through PAYE.

4.108 In addition, expenses amounting to £1,177 (2019/20: £13,710.25) 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.

4.109 Members' remuneration has been audited by the Comptroller and Auditor General.

4.110 Payments to individual members are disclosed below.

4.111 No Board members were members of the NHS pension scheme in 2020/21.

## Payments made to the Authority's Board members during 2020/21

	2020/21 Salary (bands of £5,000)	2020/21 Travel expenses (bands of £5,000)	2019/20 Salary (bands of £5,000)	2019/20 Travel expenses (bands of £5,000)
<b>Chair</b>				
Caroline Corby*	5-10	0	-	-
Glenys Stacey**	10-15	0	-	-
George Jenkins OBE***	0	0-5	30-35	0-5
<b>Members</b>				
Antony Townsend****	25-30	0	5-10	0-5
Frances Done CBE (Audit and Risk Chair)	10-15	0	10-15	0-5
Renata Drinkwater*****	10-15	0	5-10	0-5
Thomas Frawley CBE	5-10	0	5-10	0-5
Moiram Ali	5-10	0-5	5-10	0-5
Marcus Longley	5-10	0-5	5-10	0-5

\*From 1/02/2021

\*\*From 1/04/2020-31/08/2020

\*\*\*Up to 31/03/2020

\*\*\*\* Interim chair from 1/09/2020-31/01/2021

\*\*\*\*\* Chair of the Finance Committee 1/07/2020

### Staff report

- 4.112 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.
- 4.113 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.
- 4.114 We have achieved a London Healthy Workforce Award reflecting our commitment to the wellbeing of our staff.
- 4.115 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.

- 4.116 Further information about the senior management team can be found in the Remuneration section of this report.
- 4.117 Our staff turnover this year was within our key performance indicator.
- 4.118 As part of our corporate social responsibility we encourage our staff to support charities and other community organisations. Staff are active in fundraising for a number of good causes.

### **Fair pay disclosures**

- 4.119 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.
- 4.120 The remuneration of the Chief Executive in the financial year 2020/21 was £177,500 (calculated as middle of the band). This was 3.74 times the median remuneration of the workforce, which was £47,509.
- 4.121 The remuneration of the Chief Executive in the financial year 2019/20 was £177,500 (calculated as middle of the band). This was 3.57 times the median remuneration of the workforce, which was £49,733.
- 4.122 No employee received remuneration in excess of the Chief Executive in 2019/20 or 2020/21. Remuneration ranged from £31,672 to £179,478 (2019/20: £30,900 to £175,100).
- 4.123 Information on fair pay disclosures has been audited by the Comptroller and Auditor General.
- 4.124 At the end of 2020/21, two members of the senior management team were female (33%) (2019/20 one person, 17%) while overall, 32 employees were female (74%) (2019/20 64%, 27 employees).

### **Sickness absence**

- 4.125 A total of 275 days (2019/20, 413 days) were lost due to sickness absence in the year. This equates to 6.4 days (2019/20, 10 days) per person – 224 days of this absence related to three members of staff who had long-term absences during the year.

### **Policies relating to disability**

- 4.126 We are committed to applying our equal opportunities policy at all stages of recruitment and selection.
- 4.127 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 are eliminated from the process, in as far as it is possible to do so
- 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.

4.128 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.

4.129 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*

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

	Permanently employed	Other	Total 2020/21	Permanently employed	Other	Total 2019/20
Total	41.10	0.35	41.45	41.01	0.63	41.64

4.131 There were no staff engaged on capital projects in the period to 31 March 2021.

#### *Costs of persons employed*

	Permanently employed	Other	Total 2020/21	Permanently employed	Other	Total 2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	2,708	-	2,708	2,453	-	2,453
Social security costs	298	-	298	278	-	278
Superannuation costs	436	-	436	417	-	417
Agency/ temporary staff	-	52	52	-	80	80
	3,442	52	3,494	3,148	80	3,228



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

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>
< £10k	0	0	0
£10-£25k	0	1	1
>£25k	0	1	1
Total number of exit packages	0	2	2
	£'000	£'000	£'000
Total resource cost /£	0	42	42

4.133 Exit costs have been accounted for in full in the year of departure (£9k in 2019/20).

4.134 No redundancy costs were incurred in the financial year 2020/21 (none in 2019/20).

4.135 No persons were employed off payroll or on a consultancy basis during the year (none in 2019/20).

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

# Parliamentary accountability and audit report

## Clarifications

### *Losses and special payments*

4.137 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*

4.138 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 Regulators
- 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.

4.139 The income and expenditure for each segment are accounted for separately and we work to ensure that there is no cross-subsidy.

4.140 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 1.39-1.46.

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

### *Fees and charges*

4.142 The Health and Social Care Act 2012 provided for the Authority to be funded by the regulators that it oversees.

4.143 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.

4.144 The financial year 2020/21 was the fifth full year that the Authority has been funded primarily through fees. The fee period for 2021/22 will be from April to March covering the same period as the Authority's financial year.

4.145 Details of the related operating costs for our regulatory and standards setting function are shown below.

<b>31 March 2021</b>	<b>Regulatory and standards setting work</b>
	<b>£'000</b>
Operating costs	4,493
Operating income	(4,653)
<b>Net operating (income)/expenditure</b>	<b>(160)</b>

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

**Section 29 cases**

4.147 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.

4.148 This year we have seen a 27% decrease in the number of fitness to practise determinations notified to us by the regulators (2,018 in 2020/21 compared to 2,783 in 2019/20). During 2020/21 we requested further information and undertook detailed case reviews in 75 cases. By way of comparison, we undertook 147 detailed case reviews in 2019/20.

4.149 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**

4.150 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.

4.151 Assuming that our workload remains consistent with the current year we would not anticipate significant changes to our expenditure.

4.152 At the time of writing I am very confident about the ability of the Authority to continue as a going concern for the foreseeable future. All fees from the 10 statutory regulators for 2021/22 have been paid, representing around 95% of the expected income for the year. The regulators themselves continue to function during the Covid-19 pandemic. The accredited registers programme accounts for only 5% of Authority income. We have received provisional confirmation from the Department of Health and Social Care that the subvention funding of £100k is included in their financial plans. The Authority currently holds unrestricted reserves of approximately £600,000.

- 4.153 The Authority continues to carry out its statutory functions during the Covid-19 pandemic. The most significant change during 2021/22 will be fluctuations in the volume of fitness to practise cases coming from the regulators. There may be changes to the timing and scope of performance reviews for some regulators during the year, due to workloads at the regulators. At this point in time, however, I anticipate we will complete all the planned reviews within the business year.
- 4.154 The Authority has moved successfully to remote working during the Covid-19 pandemic. Remote working has been challenging but has not materially affected productivity.
- 4.155 Finally, I am not expecting any significant policy changes or legislation that will affect the ability of the Authority to continue as a going concern over the next 12 months.



Alan Clamp,  
Accounting Officer  
15 June 2021

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

### **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 2021 under the National Health Service Reform and Health Care Professions Act 2002. 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report, that is described in this report 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 2021 and the net operating cost for the year then ended;
- have been properly prepared in accordance with the National Health Service Reform and Health Care Professions Act 2002 and the Privy Council 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 for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. In applying the Ethical Standard 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 to the Accounts. 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 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**

The Professional Standards Authority for Health and Social Care's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, 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 when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Professional Standards Authority for Health and Social Care is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises information included in the Annual Report but does not include the parts of the Accountability Report, described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material

misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Privy Council directions made under the National Health Service Reform and Health Care Professions Act 2002; and
- the information given in the Performance Report, Key Performance Indicators, Regulatory and Standards Setting Work and Accountability 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**

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 material misstatements in the Performance Report, Key Performance Indicators, Regulatory and Standards Setting Work and Accountability Report. 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 Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- internal controls as the Board and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Professional Standards Authority for Health and Social Care's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer anticipates that the services provided by the Professional Standards Authority for Health and Social Care will not continue to be provided in the future.

### **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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

- I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.
- My procedures included the following:
  - Inquiring of management, the Professional Standards Authority for Health and Social Care's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Professional Standards Authority for Health and Social Care's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Professional Standards Authority for Health and Social Care's controls relating to the National Health Service Reform and Health Care Professions Act 2002;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of



this discussion, I identified potential for fraud in the following areas: revenue recognition for commissioning income, and posting of unusual journals; and

- obtaining an understanding of the Professional Standards Authority for Health and Social Care's framework of authority as well as other legal and regulatory frameworks that the Professional Standards Authority for Health and Social Care operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Professional Standards Authority for Health and Social Care. The key laws and regulations I considered in this context included National Health Service Reform and Health Care Professions Act 2002, Managing Public Money, Employment Law and tax legislation.
- In addition to the above, my procedures to respond to identified risks included the following:
  - reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
  - enquiring of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
  - reading minutes of meetings of those charged with governance and the Board; and
  - in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and
- Testing whether expenditure had been correctly recorded as restricted spend associated with regulatory and standards work or unrestricted spend associated with other areas of activity.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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.

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.

**Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date**  
**18 June 2021**

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

**6. Financial statements – statement of comprehensive net expenditure for the year ended 31 March 2021**

			2020/21 £'000		2019/20 £'000
<b><i>Expenditure</i></b>					
Staff costs	3		3,494		3,228
Other administrative costs	4		1,449		1,928
<b><i>Income</i></b>					
Fees Income	5		(4,394)		(4,313)
Operating income	6		(535)		(597)
<b>Net operating cost / (income)</b>			<b>14</b>		<b>246</b>

The notes on pages 66 to 83 form part of these accounts.

**Other comprehensive net expenditure**

- 6.1 There was no other comprehensive net expenditure in the year ended 31 March 2021 (none in the year ended 31 March 2020)

7. **Financial statements – statement of financial position as at 31 March 2021**

		31 March 2021		31 March 2020	
	Note	£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Intangible assets	7	161		177	
Property, plant and equipment	8	65		73	
<b>Total non-current assets</b>			<b>226</b>		<b>250</b>
<b>Current assets</b>					
Trade and other receivables	9	250		524	
Investments	10	0		750	
Cash and cash equivalents	11	6,757		5,343	
<b>Total current assets</b>			<b>7,007</b>		<b>6,617</b>
<b>Total Assets</b>			<b>7,233</b>		<b>6,867</b>
<b>Current liabilities</b>					
Trade and other payables	12	(4,942)		(4,724)	
Provisions	13	(10)		(10)	
<b>Total current liabilities</b>			<b>(4,952)</b>		<b>(4,734)</b>
<b>Assets less liabilities</b>			<b>2,281</b>		<b>2,133</b>
<b>Reserves</b>					
General reserves			<b>2,281</b>		<b>2,133</b>

The notes on pages 66 to 83 form part of these accounts.



Alan Clamp,  
Accounting Officer  
15 June 2021

8. **Financial statements – statement of cash flows for the year ended 31 March 2021**

	Note	2020/21	2019/20
		£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating (costs)/income for the year		(14)	(246)
Adjustment for non-cash transactions	4	81	220*
Decrease/(increase) in trade and other receivables	9	274	(348)
Increase/(decrease) in trade and other payables	12	218	55
Increase/(Decrease) in provisions	13	-	(3)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>559</b>	<b>(322)</b>
<b>Cash flows from investment activities</b>			
Purchase of property, plant, equipment and intangibles	7,8	(57)	(119)
Net disposal of investments	10	750	-
<b>Net cash inflow/(outflow) from investment activities</b>		<b>693</b>	<b>(119)</b>
<b>Cash flows from financing activities</b>			
<b>DHSC funding</b>		<b>162</b>	<b>70</b>
<b>Net cash flow from financing activities</b>		<b>162</b>	<b>70</b>
<b>Net financing</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>	11	1,414	(371)
Cash and cash equivalents at the beginning of the financial year	11	5,343	5,714
<b>Cash and cash equivalents at the end of the financial period</b>	11	<b>6,757</b>	<b>5,343</b>

\* Including £127k NHS pensions employer contribution increases notionally funded by DHSC

The notes on pages 66 to 83 form part of these accounts.

9. **Financial statements – statement of changes in taxpayer’s equity for the year ended 31 March 2021**

	Note	General reserve
		<b>£'000</b>
<b>Balance as at 1 April 2019</b>		<b>2,182</b>
<b>Changes in reserves in the year ended 31 March 2020</b>		
<b>Net operating (costs)/income</b>		(246)
<b>DHSC funding</b>		197*
<b>Balance as at 31 March 2020</b>		<b>2,133</b>
<b>Changes in reserves in the year to 31 March 2021</b>		
<b>Net operating (costs)/income</b>		(14)
<b>DHSC funding</b>		162**
<b>Balance as at 31 March 2021</b>	14	<b>2,281</b>

\*DHSC funding consists of DHSC subvention of AR funding and notional funding of £127k in respect of unexpected increase in NHS pensions employer contributions.

\*\*DHSC funding for Accredited Registers subvention

The notes on pages 66 to 83 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 2020/21 Government Financial Reporting Manual (FRoM) issued by HM Treasury.
- 10.2 The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the UK public sector context.
- 10.3 Where the FRoM 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.
- 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***

- 10.12 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.

- 10.13 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.
- 10.14 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.
- 10.15 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.
- 10.16 These provide a realistic reflection of the lives of the assets.
- 10.17 Depreciation is charged from the month in which the asset is acquired.

### **Investments**

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

### **Cash at bank and cash equivalents**

- 10.19 Cash is cash in hand and deposits with any financial institution with maturity date of less than three months.

### **Grant in aid and general reserve**

- 10.20 From 31 July 2015 the Authority was no longer primarily financed by grant-in-aid from the Department of Health and Social Care.
- 10.21 Revenue grant in aid received from the Department of Health and Social Care, was used to finance activities and expenditure which supported the statutory and other objectives of the Authority, was treated as contributions from a controlling party giving rise to a financial interest in the residual interest in the Authority, and therefore accounted for as financing by crediting them directly to the general reserve on a cash received basis.
- 10.22 In the year to 31 March 2021 the Authority received £162k subvention from the Department of Health and Social Care in respect of Authority's Accredited Registers programme

### **Reserves policy**

- 10.23 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.
- 10.24 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.



- 10.25 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.
- 10.26 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 regulators would be asked to provide funding that they had not budgeted for, resulting in pressure on their own budgets.
- 10.27 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.
- 10.28 Having reserves that can be called upon will also eliminate the need to pay arrangement fees and interest on any monies borrowed.
- 10.29 The Authority has agreed to hold reserves of three months' total operating costs of circa £1.2 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.
- 10.30 The intention is that over time the restricted element will amount to two months' total operating costs.
- 10.31 The level and make-up of our reserves will be reported through our Annual Report.
- 10.32 Any money taken from reserves during the year will need to be replaced in the following year(s).
- 10.33 Should there be a need to draw upon the restricted element of the reserves we will report this to the regulators at an appropriate point.

### **Fees income**

- 10.34 The FReM extends the definition of a contract within IFRS 15 Revenue from contracts with customers to include legislation (Fees Regulations 2015) that enables the Authority to receive cash or other financial assets. Fees received from the 10 statutory bodies are recognised over time i.e. over the financial year specified in the annual fee determination. 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**

- 10.35 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.

- 10.36 Premises income received from subtenants is income received from subletting Authority's premises. These are payable in full at the beginning of sublet period. Income is recognised monthly over the lease term in accordance with IAS 17. There has been no change in subtenant income recognition since 2017/18.
- 10.37 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.
- 10.38 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.
- 10.39 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***

- 10.40 Under its Section 29 powers, the Authority can appeal to the High Court against a regulator'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.
- 10.41 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.
- 10.42 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.

10.43 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**

10.44 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**

10.45 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.

10.46 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.

10.47 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**

10.48 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**

10.49 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.
- Amendments to IAS 1- Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 3 - Reference to the Conceptual Framework

- Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
- Amendment to IAS 1 - Classification of Liabilities as Current or Non-current — Deferral of Effective Date
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

10.50 IFRS 16 is effective from 2022/23 (for entities following FReM) and will be implemented by Authority in the financial year 2022/23. According to preliminary assessment it is not expected to have a material impact on net assets.

#### **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.

<b>2020/21</b>	<b>Regulatory and Standards setting work</b>	<b>Accredited registers</b>	<b>Commissions from Government(s)</b>	<b>Advice to other organisations</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating costs	4,493	441	0	9	4,943
Operating income	(4,653)	(258)	0	(18)	(4,929)
Net operating costs/(income)	(160)	183	0	(9)	14
<b>2019/20</b>	<b>Regulatory and Standards setting work</b>	<b>Accredited registers</b>	<b>Commissions from Government(s)</b>	<b>Advice to other organisations</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating costs	4,612	527	3	14	5,156
Operating income	(4,547)	(257)	(42)	(64)	(4,910)
Net operating costs/(income)	65	270	(39)	(50)	246

10.53 The work of these operating segments is described in the performance report.

### 3. Staff numbers and related costs

Costs of persons employed

	<b>Permanently employed</b>	<b>Other</b>	<b>Total 2020/21</b>	<b>Permanently employed</b>	<b>Other</b>	<b>Total 2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Salaries	2,708	-	2,708	2,453	-	2,453
Social security costs	298	-	298	278	-	278
Superannuation costs	436	-	436	417	-	417
Agency/temporary costs	-	52	52	-	80	80
	3,442	52	3,494	3,148	80	3,228

10.54 Full details regarding these matters are on pages 45 to 53 in the Remuneration Report.

### Average number of persons employed

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

	Permanently employed	Other	Total 2020/21	Permanently employed	Other	Total 2019/20
Total	41.10	0.35	41.45	41.01	0.63	41.64

### 4. Other administrative costs

	Notes	2020/21	2019/20
		£'000	£'000
Members' remuneration		104	93
Legal and professional fees		396	663
Premises and fixed plant		588	624
Training and recruitment		78	124
PR, communications and conferences		79	148
Establishment expenses		27	83
External audit fee		25	25
Other costs		71	75
<b>Total</b>		<b>1,368</b>	<b>1,835</b>
<b>Non cash expenditure:</b>			
Amortisation	7	43	40
Depreciation	8	38	53
<b>Total non cash expenditure</b>		<b>81</b>	<b>93</b>
<b>Total administrative costs</b>		<b>1,449</b>	<b>1,928</b>

\*The Authority made payments of £332,678.50 (£331,053.32 in 2019/20) 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

	2020/21	2019/20
	£'000	£'000
Fee Income from Regulators	4,394*	4,313
<b>Total</b>	<b>4,394</b>	<b>4,313</b>

\*Fee income relating to statutory 2020/21 fees: £4,394k was recognised in 2020/21. For fee income relating to 2021/22 it is expected that £4,515k will be recognised within 2021/22.

10.56 Fee income received from GMC (£834k), NMC (£1,909k) and HCPC (£753k) amounted to more than 10% of the total Authority's revenue individually. The fees are paid in 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

	2020/21	2019/20
	£'000	£'000
Section 29 cost recoveries	192	152
Accredited registers' income	258	257
Advice to other organisations	18	64
Subtenancy income	62	61
Other operating income	5	21
Commissions from Government	0	42
<b>Total operating Income</b>	<b>535</b>	<b>597</b>

## 7. Intangibles

	<b>Section 29 database &amp; Other intangible assets</b>
	<b>£'000</b>
<b>Valuation</b>	
At 1 April 2020	586
Reclassification	2
Additions	25
At 31 March 2021	613
<b>Amortisation</b>	
At 1 April 2020	409
Charge for the period	43
At 31 March 2021	452
<b>Net book value</b>	
<b>At 31 March 2021</b>	161
At 31 March 2020	177
<b>31 March 2020</b>	<b>Section 29 database</b>
	<b>£'000</b>
<b>Valuation</b>	
At 1 April 2019	509
Additions	77
At 31 March 2020	586
<b>Amortisation</b>	
At 1 April 2019	369
Charge for the period	40
At 31 March 2020	409
<b>Net book value</b>	
<b>At 31 March 2020</b>	177
At 31 March 2019	140



## 8. Property, Plant and Equipment

### Property, Plant and Equipment

	Furniture, fixtures and fittings	IT equipment	Total
	£'000	£'000	£'000
<b>Valuation</b>			
At 1 April 2020	145	427	572
Additions	8	24	32
Disposals	-	(2)	(2)
Reclassification		(2)	(2)
At 31 March 2021	153	447	600
<b>Depreciation</b>			
At 1 April 2020	131	368	499
Charge in period	2*	36	38
Disposals	-	(2)	(2)
At 31 March 2021	133	402	535
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>20</b>	<b>45</b>	<b>65</b>
<b>At 31 March 2020</b>	<b>14</b>	<b>59</b>	<b>73</b>

10.57 \*including adjustment to bring all depreciation in line with policy

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

	<b>Furniture, fixtures and fittings</b>	<b>IT equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Valuation</b>			
At 1 April 2019	154	513	667
Additions	0	42	42
Disposals	(9)	(128)	(137)
At 31 March 2020	145	427	572
<b>Depreciation</b>			
At 1 April 2019	133	450	583
Charge in period	7	46	53
Disposals	(9)	(128)	(137)
At 31 March 2020	131	368	499
<b>Net book value</b>			
<b>At 31 March 2020</b>	<b>14</b>	<b>59</b>	<b>73</b>
<b>At 31 March 2019</b>	<b>21</b>	<b>63</b>	<b>84</b>

## 9. Trade and other receivables

10.59 Amounts falling due within one year:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade and other receivables	45	305
Prepayments	205	219
<b>Total trade and other receivables</b>	<b>250</b>	<b>524</b>

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

## 10. Investments

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2020	750	750
Net change in deposits	(750)	0
Balance at 31 March 2021	0	750

10.61 Investments are short-term deposits that are entered with financial institutions with maturity date of over three months and no longer than nine months. The deposits comply with the Authority's reserves policy. As at 31<sup>st</sup> of March short term deposit

has matured and will be reinvested. As at 31 March 2020, no short-term deposits were maturing after more than one year.

### 11. Cash and cash equivalents

	2020/21	2019/20
	£'000	£'000
Balance at 1 April	5,343	5,714
Net changes in cash and cash equivalent balances	1,414	(371)
<b>Balance at 31 March</b>	<b>6,757</b>	<b>5,343</b>
<i>The following balances were held at:</i>		
Government Banking Service	198	1
Commercial banks and cash in hand	6,559	5,342
<b>Balance at 31 March</b>	<b>6,757</b>	<b>5,343</b>

### 12. Trade and other payables

10.62 Amounts falling due within one year:

	31 March 2021	31 March 2020
	£'000	£'000
Trade and other payables	18	24
Taxation and social security	84	84
Accruals and deferred income	4,840**	4,616*
<b>Total trade and other payables</b>	<b>4,942</b>	<b>4,724</b>

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

\*\* Closing values of contract liabilities.

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

### 13. Provisions

	Provisions
	£'000
Balance at 31 March 2020	10
Arising during the period	-
Provision used	-
<b>Balance at 31 March 2021</b>	<b>10</b>

10.64 The HMRC provision as at 31 March 2021 represents the Authority's tax liability on interest received from bank investments

## 14. Additional general reserves note

	<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 2020</b>	617	1,516*	2,133*
<b>Changes in reserves in the year ended 31 March 2021</b>			
Regulatory and Standards setting work		160	160
Accredited registers	(21)**		(21)
Commissions from Government(s)	0		0
Advice to other organisations	9		9
<b>Other accounting adjustments</b>			
<b>Balance as at 31 March 2021</b>	<b>605</b>	<b>1,676</b>	<b>2,281</b>

10.65 \*This includes both cash and non-cash elements.

10.66 \*\*Including DHSC subvention of £162k

## 15. Contingent assets and liabilities

### Assets

10.67 One High Court case was concluded by consent orders and costs were ordered in the Authority's favour. Final recovery amounts are under negotiations in the case between GMC and the Authority (three cases as at 31 March 2020).

### Liabilities

10.68 Eight High Court cases under the Authority's Section 29 powers were undecided as at 31 March 2021. There was, therefore, uncertainty, as at that date, as to the result of the cases and related financial consequences, pending a final judgment.

10.69 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 regulator and its registrant. The Authority considers it is possible but not probable that such obligation will arise.

## 16. Capital commitments

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

## 17. Commitments under leases

### Operating leases

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

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

<b>Buildings</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Due not later than one year	324	324
Later than one year and not later than five years	189	513
<b>Total commitments under operating leases</b>	<b>513</b>	<b>837</b>

10.73 An amount of £325k has been recognised as lease payment in the Statement of Comprehensive Net Expenditure.

10.74 The Authority sub-leases its premises to one subtenant and recognises rent and service charge sub-lease receipts as income. An amount of £39K in respect of these charges has been recognised as income in the Statement of Comprehensive Net Expenditure.

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

<b>Future minimum sub-lease receipts</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Due not later than one year	39	39
Later than one year and not later than five years	23	62
<b>Total minimum sub-lease receipts</b>	<b>62</b>	<b>101</b>

### Finance leases

10.76 The Authority did not have any finance leases in the period to 31 March 2021 and 31 March 2020.

## 18. Related parties

10.77 The Authority is accountable to the UK Parliament.

10.78 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.

10.79 During the period to 31 March 2021, the Authority received £162k subvention from Department of Health and Social Care in respect of Accredited Registers programme (£70k in 2019/20). During the period to 31 March 2021, no other funds

were received from the Department of Health and Social Care (2019/20: £42K in respect of commissioned work and £127k as a notional funding in respect of NHS Pensions employer's contributions increase).

- 10.80 During the period to 31 March 2021, the Authority has not received any funding from any Devolved Administrations (none in 2019/20).
- 10.81 The HCPC belongs to the Department of Health and Social Care group and is regarded as a related party. During the period to 31 March 2021 the Authority has received £0.78m in respect of 2021/22 fee income (2019/20 £0.75 million in respect of 2020/21 fee income) from HCPC. In addition to this Authority has received £74k from HCPC in respect of seven High Court cases under the Authority's Section 29 power (2019/20: £41k).
- 10.82 The NMC belongs to the Department of Health and Social Care group and is regarded as a related party. During the period to 31 March 2021, the Authority has received £1.98m in respect of 2021/22 fee income from NMC (2019/20 £1.91m in respect of 2020/21 fee income). In addition to this Authority has received £58k from NMC in respect of seven High Court cases under the Authority's Section 29 power (2018/19: £98k).
- 10.83 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 2021 no Board member undertook any related party transactions with the Authority (other than the standard remuneration detailed above in the Remuneration and Staff Report).
- 10.84 The senior management team is also asked to disclose any related party transactions. During 2020/21, 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**

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

## **20. Events after the reporting period**

- 10.86 These accounts were authorised for issue on the date they were certified by the Comptroller and Auditor General.

## **21. Financial Instruments**

- 10.87 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**

- 10.88 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.
- 10.89 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.

- 10.90 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**

- 10.91 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**

- 10.92 The Authority had no borrowing and most fees from the regulators were received in 2020/21 so the Authority's exposure to this risk was very low. As of 31 March 2021, the Authority had a non-interest-bearing cash balance of £5,851,030.10 and £906,444.87 in a bank deposit generating a small amount of interest.

#### **Credit risk**

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

#### **Liquidity risk**

- 10.94 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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