

Agenda Item 13

Enclosure 9

**Health and Care Professions Council
22 May 2019**

Draft annual report 2018-19

For discussion

**From Roz Allison, Head of Communications
and Jameela Khan, Director of Finance**

Draft annual report 2018–19

Executive Summary

The annual report and accounts is made up of the performance report, the accountability report and the financial statements.

The performance report provides information about the HCPC, our work during the year and our plans for the future. The accountability report explains how we are structured and managed. The financial statements (not included here) set out our income and expenditure and assets, liabilities and reserves in detail.

Previous consideration	The draft report has been considered by SMT.
Decision	The Council is asked to review and discuss tone and messaging in the following sections of the draft annual report: <ul style="list-style-type: none">• performance report• accountability report
Next steps	The final draft, including financial statements, will be considered by Audit Committee in June 2019 and Council in July 2019.
Strategic priority	Strategic priority 2: Ensure our communication and engagement activities are proactive, effective and informed by stakeholder views and expectations
Risk	Strategic Risk 4. Failure to be an efficient regulator Strategic Risk 5. Failure of leadership, governance or culture The risk appetite for communication is 'open'.
Financial and resource implications	Within current budget.
Author	Roz Allison, Head of Communications roz.allison@hcpc-uk.org Jameela Khan, Interim Director of Finance jameela.khan@hcpc-uk.org

Annual report and accounts 2018–19

The Health and Care Professions Council
Annual Report and Accounts 2018–19

Presented to Parliament and the Scottish Parliament pursuant to
Articles 44(2) and 46(7) of the Health and Social Work Professions
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HC [XXX]

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Performance report: overview

Foreword from the Chair

I joined the Health and Care Professions Council (HCPC) in March 2019, inspired by the importance of the HCPC's role to protect the public by setting and upholding standards for professions and those who train them.

The HCPC is unique in that it specialises in multi-profession regulation, with sixteen healthcare professions under its aegis. Within legislative boundaries, the HCPC strives to make regulation as simple, accessible, consistent, fair and streamlined as possible – a constant work in progress. Significant efforts are made to ensure that standards are upheld and developed in a way that truly appreciates the differences between professions. There are separate standards of proficiency, produced in collaboration with professional bodies; and registrants inform our decisions on assessing the quality of continuing professional development (CPD) undertaken and fitness to practise when complaints are made.

A focus on cost efficiency does not, however, dampen ambitions. The HCPC is determined to do its utmost to prevent harm to the public. That means taking a proactive stance by more effectively engaging with our professionals and their employers, and turning the information we gather through our regulatory processes into practical insights.

This is a strategically important time for regulation with government proposing reforms to how regulation is delivered. The HCPC, service-user complainants and our registrants would certainly benefit from modernised legislation as this would allow us to decrease the adversarial elements in the system we manage in favour of increasing alternative means of resolving issues.

I am pleased that regulators are keen to move away from the current reactive model to one which actively supports professionals' practice to help prevent harm to service users. I believe that if we work together, system wide, with professional bodies and other regulators, we can transform the positive impact we have.

I'm excited by the possibilities and looking forward to deeper and more meaningful collaboration to this end. Over the next year I will be engaging with all our key stakeholders to review and refresh the HCPC's strategy, and I know that HCPC employees have the passion and dedication to deliver it.

Christine Elliott
Chair

Foreword from the Chief Executive and Registrar

The HCPC is committed to delivering value to our registrants and the public we protect. Over the last year the HCPC has been focused on creating efficiencies, making significant strides in streamlining, cutting costs and improving the way we work internally and with registrants.

This year saw the completion of the first phase of our Fitness to Practise Improvement Plan. A root and branch review of this regulatory function has delivered a restructure, tightened roles and processes and the introduction of a new Threshold Policy. Changes to this policy ensure that decisions made in the initial stages of the fitness to practise (FTP) process are proportionate, risk based and consistent so that resources are focused on investigating complaints that raise FTP concerns.

These efficiencies have been essential, as over the last year the HCPC has seen a 24% increase in the number of FTP complaints being raised each month, from 186 in April to 230 a month since October. Cases have also become more complex requiring more time for investigation. The most significant change was in complaints about our social work registrants, but this trend is not exclusive to them. It is one the HCPC will need to respond to going forward.

A strategic view of our finances was completed to ensure the HCPC could continue to deliver a progressive form of regulation. This forecast reflected requirements to respond to the changing needs of the public, digital expectations of our registrants, and our desire to be proactive in public protection. We need to invest to achieve this.

It also prepared the organisation for the loss of income from social workers as regulation passes to the newly formed Social Work England – a regulator with an expanded remit to manage the significant challenges for this profession. Our project team has worked diligently over the last year to ensure the transfer will be timely and effective.

This work determined our need to raise the fees from £90 to £106 – an increase that is not supported by all our registrants and their trade union representatives. The fee increase, at time of writing, is subject to parliamentary process.

We are now focused on embedding learning from the last year and continual improvement projects in order deliver even better value. Our desire to become ever more efficient and sufficiently agile to respond to the changes that will come is still strong.

We continue to advocate for regulatory reform that would allow us to move more swiftly and efficiently. We are looking forward to the outcome of the government's consultation on regulatory reform, which could make a big difference to our effectiveness and efficiency, and the experience of our registrants and service users.

Marc Seale
Chief Executive and Registrar

Performance report: overview

About us

We regulate:

- Arts therapists
- Biomedical scientists
- Chiropodists / podiatrists
- Clinical scientists
- Dietitians
- Hearing aid dispensers
- Occupational therapists
- Operating department practitioners
- Orthoptists
- Paramedics
- Physiotherapists
- Practitioner psychologists
- Prosthetists / orthotists
- Radiographers
- Social workers in England
- Speech and language therapists

As a regulator of 16 health and care professionals in the UK our role is to protect the public. We achieve this by:

- setting the standards for education and training, professional skills, conduct, performance and ethics;
- keeping a Register of professionals who meet these standards;
- approving education programmes that professionals must complete prior to registration; and
- taking action when registrants do not meet our standards.

As of 31 March 2019 we had 369,139 registrants on our Register from the 16 professions we regulate.

Purpose of this report

The Annual report and accounts is made up of the Performance report, the Accountability report and the Financial statements. The Performance report provides information about the HCPC, our work during the year and our plans for the future; the Accountability report explains how we are structured and managed; and the Financial statements set out our income and expenditure and assets, liabilities and reserves in detail. Our performance in our Education and FTP functions is also set out in more detail in separate reports which are published annually and available from our website.

Our work at a glance

In the last year the HCPC has:

Set new standards for prescribing and developed information on self-referral which will inform new guidance

Revised the indicative sanctions policy and guidance on confidentiality

Planned for the review of our standards of proficiency

Registered 20,701 professionals

Approved 82 new education programmes

Approved 160 major changes to education programmes

Reviewed 210 existing education programmes

Received 2,289 complaints

Delivered 420 cases to Fitness to Practise hearings

Delivering by our strategic priorities

Strategic priority 1: Improve our performance to achieve the Professional Standards Authority's Standards of Good Regulation

At our last review the Professional Standards Authority for Health and Social Care (PSA) found that the HCPC met 18 out of 24 of its standards. Our Fitness to Practise Improvement Plan was immediately launched to address concerns raised and work to address them has already been completed. This was quality-assured as fully addressing the concerns raised. As part of the annual PSA performance review process, we have provided evidence to the PSA of the work we have undertaken to address its standards of good regulation.

The plan implemented a number of things, including a new threshold policy, revised job descriptions, tighter processes and improved guidance for teams to enable more effective triage, case preparation and scheduling of FTP cases. An investment was also made to reduce the number of older cases, which has brought the age profile of our cases down significantly.

Whilst considerable efforts have gone into streamlining this function, the total number of new concerns received has grown, exceeding our expectations. In April 2018 the HCPC was seeing on average 186 new concerns being raised per month, but since October 2018 the average has grown to 230 per month. The cases have also become more complex requiring more investigation and time.

Cases relating to social workers are the most frequent and most complex. However, we are seeing an increase from all professions. We are monitoring carefully as to whether

Performance report: overview

the improvements made are sufficient to manage the increase in demand and reduce the case load.

Strategic priority 2: Ensure our communication and engagement activities are proactive, effective and informed by stakeholder views and expectations

This year the HCPC undertook stakeholder market research to understand perceptions of the HCPC. The multi-method research uncovered high levels of confidence in, and awareness of, the HCPC and our standards and reported feedback that the HCPC was effective in its communications and collaboration.

Areas for development identified from the research are informing our communications strategy and stakeholder engagement plans. The research uncovered a need to differentiate the role of a regulator from professional bodies and continue to promote the need for employers to check the registration of their employees. Further work to build understanding of our CPD and FTP processes, and when and how to raise a concern or self-refer, is also needed.

A desire among stakeholders in Scotland, Wales and Northern Ireland for continued and increased engagement was also found. Indeed, in February we undertook a pilot stakeholder engagement event in Edinburgh on the strategic direction of the HCPC. The event and discussion topics were well received by attendees and there was support for similar events in the future.

With regulators moving from a reactionary to a preventative approach, promoting professionalism and understanding triggers for disengagement are key areas of focus for the HCPC. A new professional liaison service will engage employers face to face, focusing on the impact of working cultures on a professional's practice, the triggers that may lead to impaired fitness to practise and how and when to raise concerns. It will also engage students directly and through educators to promote an understanding of what it means to be a registered professional.

The Education Department has been working in partnership with the Council of Deans of Health, Deans of Allied Health from across the UK and professional body representatives from the Chartered Society of Physiotherapy to establish a working group to review our approach to the quality assurance of education and training programmes. The working group has met in February and March. Engagement and consultation will continue through 2019–20 on a revised quality assurance model.

Strategic priority 3: The organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment

The HCPC undertook a detailed financial analysis to build a five-year plan, taking into account the loss of income as social work registration moves to the newly formed Social Work England, and in order to determine the fees it needed to charge from October 2019.

At its meeting on 14 February 2019, the HCPC Council agreed to increase the registration renewal fee by £16 from £90 to £106 per year. Subject to parliamentary approval, this will take effect in October.

Performance report: overview

This decision was carefully considered and followed an in-depth analysis of the responses to the consultation. Council recognised that the majority of respondents disagreed with proposals to increase the renewal fee and explored the concerns of many organisations and the individual registrants who responded. However, Council agreed the need to safeguard the HCPC's financial sustainability, to ensure that it can continue to fulfil its statutory role to protect the public and its commitment to meet the expectations of stakeholders.

The HCPC has committed investment into processes and systems to improve stakeholder experience over the last year. This included the launch of a new user-journey focused website, tendering for an improved FTP case management system, agreeing an investment plan for an essential change of Registration management system and the implementation of ongoing upgrades to the Education provider management system.

Strategic priority 4: Make better use of data, intelligence and research evidence to drive improvement and engagement

In response to feedback from the 2017 People Like Us research, materials have been developed and promoted to registrants to help them understand when and how to self-refer. These will be further promoted to registrants and their employers in 2019–20.

The Policy Department has commissioned literature reviews on the characteristics of effective clinical and peer supervision in the workplace and into factors affecting fitness to practise among registrants who return to work after not practising for a while. It has also commenced in-house research to consider characteristics of FTP cases, particularly those ending in no action. This work will continue in 2019–20 as part of our prevention agenda, informing engagement by our proposed new Professional Liaison Service and content for a Return to Practise event pilot.

In addition, the Policy Department has commissioned a film showing the benefits of Schwartz Rounds, a form of group reflection on the emotional and social aspects of health and care practice, together with research about the impact of FTP processes on registrant wellbeing. This is the starting point of a suite of work on registrant health and wellbeing, and the role the HCPC has in supporting registrants in this regard.

Determined to learn from others, the HCPC also scrutinises recommendations from inquiries involving other regulators to ensure we learn necessary lessons. Sector insight also informed the development of the HCPC equality, diversity and inclusion policy and action plan which demonstrate our commitment to equality of opportunity for our registrants and for our employees.

Performance report: performance analysis

Key operating and financial statistics and financial commentary

The tables below show the key operating and financial statistics for the five years to 31 March 2019. These statistics among others are captured on a monthly basis by the HCPC's management information systems and reported to Council four times a year in the Chief Executive's report. Council meeting papers are available on the HCPC website at www.hcpc-uk.org/aboutus/council/councilmeetings

Income and expenditure summary	2014–15	2015–16	2016–17	2017–18	2018–19
	£000	£000	£000	£000	£000
Registrants' fee income	26,303	28,310	31,449	33,372	34,425
<i>Of which: social workers' fees</i>	<i>7,106</i>	<i>7,456</i>	<i>8,028</i>	<i>8,640</i>	<i>8,796</i>
Payroll costs	9,636	10,539	11,638	12,810	13,777
Non-payroll costs	15,739	16,926	18,561	20,493	20,331
Depreciation	762	822	1,103	809	849
Total operating expenditure	26,137	28,287	31,302	34,112	34,957
Operating surplus / (deficit)	166	23	147	(740)	(532)
Other costs	110	–	–	–	–
Other income, net of tax	303	135	131	125	949
Impairment (loss) / reversal	80	256	6	–	185
Retained surplus / (deficit)	441	414	284	(615)	232
Revaluation gains / (losses)	104	486	261	(829)	276
Total recognised gains / (losses)	545	900	545	(1,444)	508

In 2018–19, our fee income increased by £2m or 6% on the previous year. This was the product of a 2.2% growth in the size of the Register.

Performance report: performance analysis

Operating expenditure increased by £0.85m or 2.5%. The table below shows the operating expenditure by department from 2014–15 to 2018–19.

Expenditure by department	2014–15	2015–16	2016–17	2017–18	2018–19
	£000	£000	£000	£000	£000
Education	889	1,047	1,113	1,094	935
Registration	3,104	3,211	3,732	3,340	3,253
Fitness to practise	12,881	13,189	14,939	15,874	16,361
Communications	1,141	1,374	1,054	1,067	811
Policy and standards	382	434	395	411	338
Information technology	1,659	1,805	1,951	2,277	2,312
Major projects	546	616	461	1,569	1,759
Office services, including premises	1,465	1,754	2,369	2,529	3,053
Other department costs (for example, HR and Governance)	3,309	3,446	3,326	4,263	4,361
Depreciation	761	822	1,103	809	849
PSA levy	–	589	859	879	924
Total operating expenditure	26,137	28,287	31,302	34,112	34,957
	£	£	£	£	£
Total cost per registrant	78.99	82.77	89.35	94.48	94.70

As can be seen from the table the decrease in education, registration and communication and policy expenditure is mainly as a result of the restructuring done last year.

The increase in FTP costs is due to a combination of factors, including an increase in number of FTP cases received in year from 2,302 in 2017–18 to 2,424 in 2018–19 and a change in Council-approved threshold for investigations, resulting in more investigating committee panel activity. A major review of roles within FTP as part of our wider Improvement Plan has developed new roles, and there have been additional costs to maintain activity during this review and recruitment process.

Increase in office services is due to increase in rent and business rate and planned equipment purchases. Other increase in costs is mainly inflation or increased activity such as but not limited to the increase in number of projects.

The increase in levy we pay to the PSA is due to the growth of our Register.

Our operating deficit has reduced by £205k, 27% mainly due to growth in the Register and saving realised from the restructure last year.

Other income (net of tax) of £949k, is made up of interest income of £94k (2017–18, £125k) rental income £106k (2017–18, nil) and a grant income of £749k from the Department of Education to support the transfer of social workers to Social Work England.

In 2017–18, we suffered an impairment loss of £829k as we undertook a refurbishment of the 186 Kennington Park Road building. The result of the refurbishment has resulted in

Performance report: performance analysis

the revaluation gain of £276k in this financial year. Details of the annual revaluation of the properties are set out in note 8 to the Financial statements.

Balance Sheet (summary)	2014–15	2015–16	2016–17	2017–18	2018–19
	£000	£000	£000	£000	£000
Fixed assets	5,205	6,454	6,943	7,213	7,898
Cash and deposits	18,048	17,615	19,529	18,892	18,663
Deferred income	(17,332)	(18,800)	(20,749)	(21,311)	(22,148)
Other working capital, net	(2,199)	(734)	(554)	(1,012)	(179)
Liabilities greater than one year	(161)	(74)	(163)	(220)	(163)
Total reserves	3,561	4,461	5,006	3,562	4,071
Free reserves	(1,644)	(1,993)	(1,937)	(3,651)	(3,828)
Capital expenditure	1,040	1,330	1,325	1,908	1,443
Net flow of cash plus deposits	2,010	(433)	1,914	(637)	(996)
	£	£	£	£	£
Total reserves per registrant	10.76	13.05	14.29	9.87	11.03

Out of total fixed assets of £7.9m (2018, £7.2m), £5.7m is our freehold offices in Kennington, London. We carry our land and buildings on our balance sheet at valuation. This year the value of the building has increased by £276k.

As a result of the requirement for registrants to pay their fees in advance, we hold relatively large cash balances. The aggregate of cash at bank and short term deposits was £18.6m at 31 March 2019 (2018, £18.9m). These are not surpluses or profits; the element of fees received in advance is reflected in the deferred income balance of £22.1m (2018, £21.3m), and fee income is recognised evenly through the renewal cycle.

Our total accumulated reserves are £4m at 31 March 2019, which represents approximately £11 per registrant. The increase in total reserves and free reserves in 2018–19 is the consequence of our surplus for the year and (in relation to the free reserves) our capital expenditure. Our reserves policy, set out below, explains the importance of free reserves.

Impact of the creation of a new regulator for social workers in England

The Children and Social Work Act 2017 established a new body, Social Work England (SWE), which will regulate social workers in England. SWE aims to take over regulation of social workers from the HCPC in December 2019, but this is subject to regular readiness reviews.

In 2018–19, we began closer working with the departments and SWE on the practicalities of the transfer of data and regulatory responsibilities and functions.

In April 2018, we signed a grant agreement with the Department for Education under which the department will fund the costs we incur on the transfer, so that those costs are not borne by our remaining registrants. Grant income of £749k has been received in this financial year and more to follow in 2019–20.

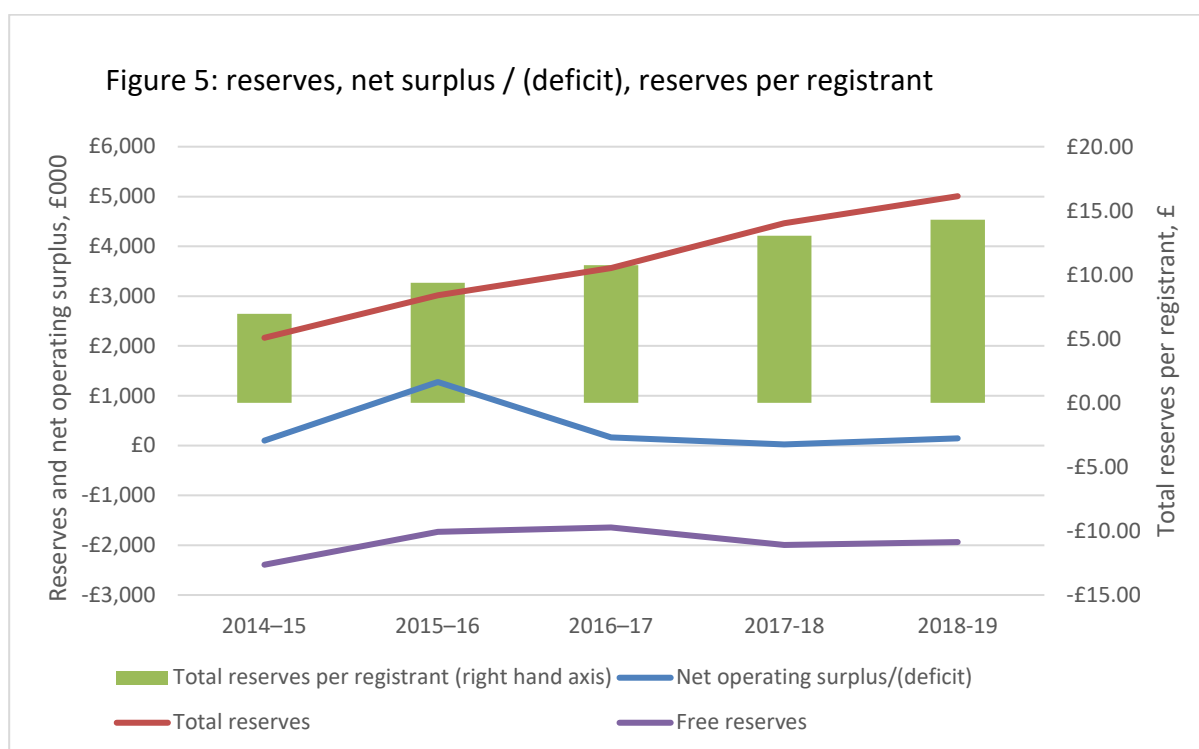
Performance report: performance analysis

The transfer of regulation of social workers in England to SWE will have a significant impact on the HCPC's operations, income and expenditure from 2019–20 onwards. Social workers represent over a quarter of our total registrants; income from social workers was £8.8m in 2018–19 and is budgeted to be £5.6m in 2019–20.

The loss of income will be partly offset by a reduction in our direct, variable costs, including the fees and travel costs of the members of FTP panels hearing social workers' cases, and related legal costs. However, the reduction in direct variable costs will be significantly less than the reduction in income, so the key financial impact of the transfer of regulation of social workers to SWE is a loss of contribution to the HCPC's fixed costs.

Alongside the cost of inflation, essential systems changes and the HCPC's desire to be even more proactive in our prevention of harm, this reduction in income contributed to Council determination that an increase our fees to £106 was required to allow the HCPC to continue to perform effective public protection. At time of writing, the proposed fee is subject to approval by the Privy Council and the Scottish and Westminster Parliaments.

Reserves policy



Our reserves policy was revised and approved at the Council meeting in May 2017 and will be reviewed every three years, or more frequently if there are significant changes in our operating or financial environment. Our legislation requires us to meet our costs out of our income from registrants' fees. Our annual budgeting and five-year planning process, and periodic fee reviews, are conducted with the aim of managing our finances on a sustainable basis. We do not aim to hold or accumulate excessive surpluses or deficits, as that would imply current registrants subsidising future registrants or vice versa.

Performance report: performance analysis

The policy sets a target range of free reserves. Free reserves are reserves that are not tied up in fixed assets. They are available to use as a source of working capital or to fund new investment. The target range for the period to 31 March 2022 recognises the expected financial impact on the HCPC of the transfer of regulation of social workers in England to SWE. The target range also recognises that our liquidity is provided by the requirement for registrants to pay their fees in advance. Because of this requirement, the HCPC is able to operate with negative free reserves.

The upper limit of our target range is zero free reserves, and the lower limit is negative free reserves equivalent to three months of budgeted operating expenses. Our actual free reserves as at 31 March 2019 are negative £3.8m, which is equivalent to over one month's expenditure in the 2019–20 budget, and within the target range. The budget setting process includes a recalculation of the target range of free reserves. If free reserves were expected to fall below the lower limit of the target range, an increase in our fees may be necessary.

Investment policy

Our investment policy was approved at the Council meeting in May 2017 and will be reviewed at least every three years. The policy provides the framework for the management of funds that are surplus to immediate requirements. The objectives of the policy, in order of priority, are to:

- ensure that our funds are held safely;
- ensure that we have sufficient liquidity to fund our operations; and
- achieve a return on surplus funds.

Surplus funds may be invested in sterling bank deposits with terms of up to 24 months in UK registered banks that have “investment grade” long term credit ratings from both Standard and Poor's and Moody's, and short dated UK government issued bonds (gilt-edged securities).

Going concern

Council is required to consider whether the HCPC is a going concern; that is, whether we are able to continue our operations, meeting our liabilities as they fall due, for at least twelve months from the date of approval of the Financial statements. Council's going concern review is based on the budget for 2019–20, the corporate plan for 2019–21 and the five-year plan.

As noted above, SWE is expected to replace the HCPC as the regulator for social workers in England in December 2019, leading to a loss of around £9m a year in income. We have to take action to reduce our cost base and continue to seek further cost efficiencies and income generating opportunities. We have made the decision to increase our fees to £106. At time of writing, the fee is subject to parliamentary process.

Council will continue to regularly review options in order to take appropriate steps. In the meantime, our cash balance ensures that we remain a going concern.

Future developments

The HCPC will continue to deliver by its corporate plan for 2018–20, which identifies four strategic priorities, whilst engaging stakeholders such as the Department of Health and Social Care, the PSA, professional bodies and our registrants in the redevelopment of our corporate strategy and plan.

Our current strategic priorities are:

1. **Improve our performance to achieve the PSA's Standards of Good Regulation.** The focus will be on embedding the new working structures and processes in the FTP teams. We will scope out and look to implement a new quality assurance model for education and training programmes.
2. **Ensure our communication and engagement activities are proactive, effective and informed by stakeholder views and expectations.** We will develop and deliver by a refreshed communications strategy and stakeholder engagement plan informed by our stakeholder research. We will scope out and propose a professional liaison service.
3. **The organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment.** We will monitor developments in the transfer of regulation of social workers and the parliamentary approval process for our new fees and adjust our financial forecasts and operations as required. We will also deliver the FTP case management system, new Registration management system and ongoing upgrades to the Education-provider management system.
4. **Make better use of data, intelligence and research evidence to drive improvement and engagement.** We will scope out and recruit, as finance allows, greater resource to allow us to interrogate and make accessible and more insightful the data we currently store.

Principal risks and uncertainties

Our strategic risk register recognises and prepares mitigating actions meeting the risk management processes described within the governance statement. The most significant risks are:

- **Failure to effectively deliver regulation** due to a lack of resources to deliver to PSA standards or as a result of the effort required to transfer the regulation of social work to SWE. The proposal to increase our fees is subject to parliamentary approval. The transfer of social work regulation has required, and will continue to require, careful planning and collaboration and sufficient resources funded by government.
- **Failure to anticipate and respond to changes in the external environment** such as Brexit, continued devolution of healthcare, addition and deletion of professions to regulate and potential regulatory reform. Preparations for a no-deal Brexit have been made and will be implemented if required. The HCPC has

Performance report: performance analysis

responded to the consultation on regulatory reform and will continue to engage with stakeholders to encourage reform and refine any future legislative changes.

- **Failure to be a trusted regulator and meet stakeholder expectations**, which includes the management of stakeholder engagement and key relationships as well as reputation management. Regular opinion polling helps the HCPC to understand stakeholders' needs and expectations. The stakeholder communications and engagement plan will be updated, and complemented by personal engagement plans for senior managers.
- **Failure to be an efficient regulator** due to the operational failure of processes or the inability to manage data as well as the vulnerability of IT security. This risk also includes financial security, timely and accurate reporting, and the recruitment, retention and training of Partners, Council and employees. Effective IT system design, maintenance of ISO27001 Information Security certification and development of a Quality Assurance function are helping to mitigate this risk, alongside the proposal to increase our fees.
- **Failure of leadership, governance or culture** including the effectiveness of Council, strategy setting, risk management and business planning, and the existence of relevant policies for whistleblowing, for example, and processes for performance development. Recruitment processes for Council are robust, and Council and Committee papers include well-reasoned decision making. An organisation-wide equality, diversity and inclusion policy has been approved and will bring long-term benefits for employees, stakeholders and the organisation. Training and internal communications ensure Partners, Council and employees are aware of such policies.

Christine Elliott
Chair

Marc Seale
Chief Executive and Registrar
Accounting Officer

Signature

Signature

Date

Date

Accountability report: Corporate governance report

Council's report

The membership of our Council and Committees at 31 March 2019 was as follows. Attendance at meetings is shown in the table on pages 30–31.

	Council ¹	Education and Training Committee	Audit Committee	Remuneration Committee	Tribunal Advisory Committee
Elaine Buckley ²	✓ R, Chair				
Graham Aitken					✓
Catherine Boyd					✓
Stephen Cohen ³	✓ L		✓ Chair		
Maureen Drake	✓ R	✓			
Christine Elliott ⁴	✓ L, Chair				
Kathryn Foreman ⁵	✓ L			✓ Chair	
Sue Gallone ⁶	✓ L		✓ Chair		
Philip Geering					✓
Sheila Hollingsworth					✓
Luke Jenkinson		✓			
Penny Joyce		✓			
Alan Kershaw					✓
Sonya Lam	✓ R	✓			
Eileen Mullan	✓ L		✓		
Joanna Mussen ⁷	✓ L	✓		✓	
Julie Parker			✓		
Marcia Saunders					✓
Gavin Scott ⁸	✓ L		✓	✓	
Nicola Scrivings				✓	
Robert Templeton	✓ R				
Graham Towl ⁹	✓ R			✓ Chair	
Stephen Wordsworth ¹⁰	✓ R	✓ Chair		✓	

1. For Council members, R denotes Registrant members, L denotes Lay members
2. Chair of the HCPC to 4 July 2018.
3. Chair of the Audit Committee to 4 July 2018, Deputy Chair of the HCPC from 5 July 2018.
4. Chair of the HCPC from 1 March 2019.
5. Member of the Remuneration Committee from 5 July 2018 and Chair from 1 August 2018.
6. Chair of Audit Committee from 5 July 2018.
7. Term ended on 28 February 2019.
8. Member of the Remuneration Committee until 4 July 2018, member of the Audit Committee from 5 July 2018.
9. Chair of the Remuneration Committee and member of the Council until 31 July 2018.
10. Member of the Remuneration Committee from 1 August 2018.

The membership of the Senior Management Team (SMT) at 31 March 2019 was as follows:

Marc Seale
John Barwick
Guy Gaskins
Jacqueline Ladds

Chief Executive and Registrar; Accounting Officer
Executive Director of Regulation
Executive Director of IT and Resources
Executive Director of Policy and External Relations

Information security and personal data-related incidents

The HCPC holds a range of information including sensitive personal data. We implemented an Information Security Management System and related procedures to safeguard the data rights of our registrants, stakeholders and the public and we achieved certification under ISO27001:2013[1] in June 2015. We were audited by BSI in April 2019 and our certification under ISO27001:2013 was maintained.

The HCPC has policies in place which require all information security incidents, including any loss of personal data, to be reported and we encourage an open reporting culture. All incidents are assigned a risk score and are reported to SMT along with any learning points and possible future mitigations.

In 2018–19, the HCPC recorded 78 personal information security incidents (2017–18, 66). Although there was an increase in incidents overall, no incidents were reported to the Information Commissioner's Office (ICO). This suggests there is improved awareness around information security. Despite our best efforts, given the volume of data processed by the HCPC, occasional errors are made. Human error is the leading cause of data incidents across all sectors. Annual information security training is being used to address these incidents.

The roll out of the General Data Protection Regulation and Data Protection Act 2018 has raised information security awareness amongst employees and stakeholders. Our policies and processes are reviewed annually and updated where appropriate.

Key relationships

We value our relationships with a wide range of stakeholder groups. These groups include the general public, employers, government, education providers, unions, voluntary sector organisations, professional bodies, other regulators and registrants. These key relationships are vital to our work.

Payment of suppliers

The HCPC paid 88% of purchase invoices within 30 days (2017–18, 89%) and no interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998 (2017–18, nil).

Information on anticipated future developments is set out in the performance report on page 16.

Arrangements for managing potential conflicts of interest are set out in the governance statement on page 21.

Statement of Accounting Officer's responsibilities

Under the Health and Social Work Professions Order 2001, the Privy Council has directed the HCPC to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and give a true and fair view of the state of affairs of the Health and Care Professions Council and of its net expenditure, application of resources, changes in reserves and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to take into consideration the accounting principles and disclosure 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;
- 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 Financial statements; and
- prepare the Financial statements on an ongoing concern basis.

The Privy Council has appointed the Chief Executive as Accounting Officer of the Health and Care Professions Council. The responsibilities of the Accounting Officer for keeping proper records and for safeguarding the Health and Care Professions Council's assets, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, are set out in Managing Public Money published by HM Treasury.

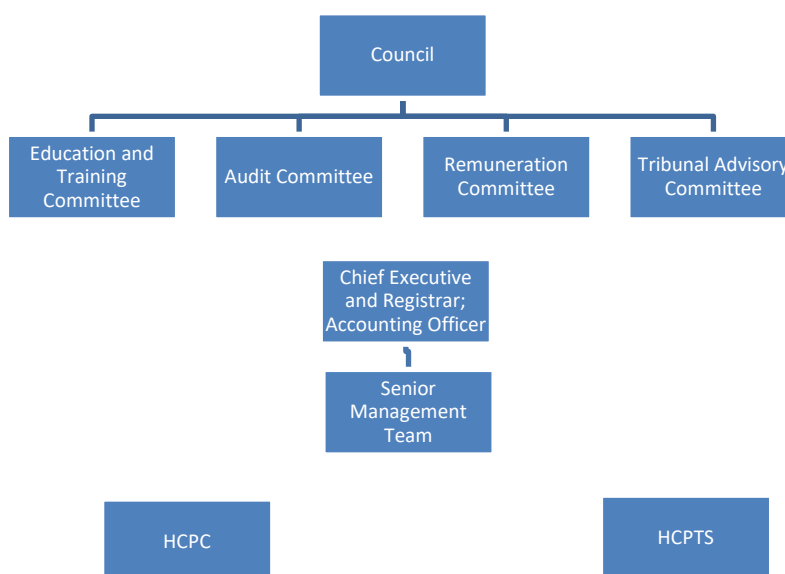
The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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

Governance statement

The governance statement describes the framework of controls at the HCPC, including the assurances on the operation of the control framework, and the processes for identifying and managing risk. Our Code of Corporate Governance incorporates a series of regulatory documents and policies which govern how we operate, take decisions and the procedures followed to ensure that our actions are fair, efficient, transparent and accountable to our stakeholders. Council and Committee members' interests are declared on our website¹. We adhere to the principles of the HM Treasury Corporate Governance Code of Good Practice 2011 and we adopt the supporting provisions of the Code to the extent that it is practical and appropriate and compatible with our legislation.

Governance structure



Membership of the Council and Committees is shown on page 18 and attendance at meetings during the year is shown on page 30–31.

The Council

The Council provides leadership and oversight for the HCPC, including the Health and Care Professions Tribunal Service (HCPTS). The Council operates collectively, concentrating on strategic issues affecting the organisation, as well as financial scrutiny and oversight of policies and performance, with a view to the long-term health and success of the HCPC.

The Council has twelve members including the Chair (six registrant members and six lay members). The Chair may be either a registrant or a lay member. There must be at least one member (lay or registrant) from each country of the United Kingdom.

¹ See www.hcpc-uk.org/aboutus/council/councilmembers/ and www.hcpc-uk.org/aboutus/committees/committeemembers/

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Appointments to the Council are made by the Privy Council, based upon recommendations made by the HCPC (which conducts the recruitment exercise). The PSA has oversight of the recruitment process and advises the Privy Council as to whether it is satisfied about the process that has been followed. Council members hold office for a term of up to four years and they may serve a maximum of eight years in any twenty-year period.

Whilst re-appointments can be made, subject to a satisfactory performance appraisal and the needs of the HCPC, a degree of change is often sought and there should be no expectation of automatic reappointment.

During 2018–19, two members of Council resigned (including the Chair of Council) and one member's term of office ended. An appointments exercise was run for a Chair of Council, which gained the PSA's assurance as a fair and transparent campaign. As a result, Christine Elliott was appointed as Chair by the Privy Council from 1 March 2019 for a term of four years. An appointments exercise will take place between April and July 2019 for the remaining Council member vacancies.

The Council has reviewed and updated its planning and performance monitoring frameworks with a view to ensuring more strategic oversight of the performance of the organisation, leaving operational detail to SMT. High-level management information is reviewed by Council at each of its meetings. A corporate plan, including milestones and key performance indicators (KPIs), is in place for the two years 2018–20. This plan is derived from the six objectives in the strategic intent 2016–20 and drawing together the work of the various departments. In 2019–20, performance against the corporate plan and the KPIs will be reported by SMT to the Council.

Council performance and effectiveness

The performance review system for individual Council members was agreed by the Council in 2015. There are a number of elements to it. The individual performance review system provides a mechanism for annual self-appraisal; a mechanism for appraisal of the Chair; and an opportunity for members of Council to discuss their perceptions and experiences of the HCPC with the Chair. The system is competency based, in common with many systems used for reviewing board members. Members complete a self-appraisal form, which is discussed with the Chair for feedback and identification of any development needs.

Assessment of the Council's performance is carried out through a meeting review at the conclusion of each Council meeting, and annually as part of the Council's strategy workshop. This gives Council the opportunity to reflect on collective performance at a strategic level and against the objectives set out in the Council's strategic intent document. Upon completion of the process, the Chair then presents a summary of key conclusions to Council.

The most recent assessment in relation to the collective performance of Council was conducted in October 2017. This review did not take place at the October 2018 strategy day, due to the recent resignation of the Chair of Council and shortened strategic planning session. A board effectiveness review will be undertaken in 2019, to be evaluated at the

Accountability report: Corporate governance report

Council's strategic workshop in October 2019. The individual performance appraisals process commenced in May 2019.

As part of the annual self-appraisal, members are asked to identify any learning and development needs. Training is then approached in two ways: training undertaken by Council or Committees as a whole and also training undertaken on an individual basis.

Education and Training Committee

The Education and Training Committee is a statutory committee which is responsible for, and advises the Council on, matters relating to education, training and registration. The Committee consists of six members, four drawn from the Council and two independent members. The independent members bring a quality assurance and newly-qualified perspective.

The Committee met five times in 2018–19. Attendance at these meetings is detailed in the table on pages 30–31 of this report. The matters considered by the Committee included the following:

- reviewing the results of a public consultation and recommending a change to the standards for prescribing;
- agreeing a holistic review of the HCPC's education quality assurance model;
- reviewing the introduction of the service user and carer involvement;
- further developing the HCPC's comparable qualifications list;
- reviewing the findings of the biennial education provider survey 2016-18;
- reviewing the HCPC's approach to quality assuring higher and degree apprenticeships;
- agreeing the outcomes of a review of the HCPC's approval process;
- recommending the review approach for the standards of proficiency; and
- specific education programme concerns.

During 2018–19 the Committee received regular reports on the performance of the Registration function in order to provide assurance on the registration decisions being taken on its behalf.

Audit Committee annual report to the Council and the Accounting Officer

The Audit Committee is made up of three members appointed by and from the Council, plus one independent member, all with recent, significant and relevant financial experience. Members of the Executive Team, other employees, the internal auditors (Grant Thornton UK LLP) and the external auditors (haysmacintyre and the National Audit Office) attend Audit Committee meetings by invitation.

The Audit Committee provides assurance on the HCPC's processes and procedures to the Council and the Accounting Officer by:

- advising the Council and the Accounting Officer on the appointment of the internal and external auditors and reviewing their work;
- reviewing the external auditors' management letters and any other relevant reports;

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- reviewing the HCPC's Annual Report and Accounts and making recommendations to the Council as appropriate;
- monitoring SMT's internal control and risk management processes and making recommendations to the Council as appropriate;
- making recommendations to the Council on the HCPC's accounting policies, anti-fraud policies and whistleblowing processes; and
- reviewing the internal auditors' programme, receiving reports on their work, and considering appropriate actions arising from those reports.

Grant Thornton UK LLP was the HCPC's internal auditors until 31 March 2019. From 1 April 2019 BDO LLP has been appointed as the HCPC's internal auditors for a three-year term.

Internal audit emphasis is focused on providing assurance on the integrity of our internal control, governance and risk management processes while also providing forward-looking and value-adding advice to SMT where possible. The internal auditors undertake an approved programme of audits, reporting to the Committee on the effectiveness of controls and making recommendations where appropriate.

During 2018–19, the Committee considered internal audit reports on:

- the HCPC's core financial controls;
- the office refurbishment project;
- the phase 1 registration project;
- the social worker transfer project;
- the Fitness to Practise Improvement Plan;
- strategic and operational planning; and
- the review of the five-year model.

Twelve medium rating (important) and eleven low rating (housekeeping) recommendations were made. No high rating (fundamental) recommendations were made. The internal auditors' annual report, delivered to the March 2019 Audit Committee meeting, provided substantial assurance in respect of the HCPC's corporate governance, risk management and internal controls.

Remuneration Committee

The Remuneration Committee determines the annual salary review for HCPC employees including SMT and the Chief Executive and Registrar. In 2018–19, the Committee considered and recommended proposed changes to the HCPC's pay system, following an independent review of pay and reward.

The Committee also made recommendations to Council on changes to the remuneration of Council and Committee members. This recommendation was informed by an independent benchmarking exercise.

Tribunal Advisory Committee

The Tribunal Advisory Committee was established as part of the establishment of the HCPTS. The Committee comprises six members, three who are existing panel chairs and three members who are independent of the tribunal process, and advises the Council on:

- the quality, ability and competencies required of panel members, panel chairs and legal assessors;
- the merit-based selection, by fair and open competition, of panel members, panel chairs and legal assessors; and
- arrangements for the training and assessment of panel members, panel chairs and legal assessors.

The Committee also provides guidance to HCPTS panels on matters of practice and procedure.

Accounting Officer

The Chief Executive and Registrar is Marc Seale who is appointed as the Accounting Officer by the Privy Council. The Accounting Officer has responsibility for maintaining a sound system of internal control that supports the achievement of the HCPC's policies, aims and objectives whilst safeguarding the HCPC's assets for which he is responsible.

The Chief Executive and Registrar, as the Accounting Officer, attends Council meetings and chairs SMT meetings. He is also the designated senior employee for employees to approach under the HCPC's whistleblowing policy.

Senior Management Team (SMT)

The three senior leadership roles are Executive Director of Regulation, Executive Director of Policy and External Relations and Executive Director of IT and Resources, and together with the Chief Executive and Registrar, they form SMT.

Risks and internal control

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 only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of our policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage them efficiently, effectively and economically.

Current risks are identified and evaluated as to their significance and probability of occurrence by SMT. Significant risks are recorded on the risk register and assigned a risk owner who is responsible for managing and mitigating the risk.

Accountability report: Corporate governance report

Risk management and mitigation is an ongoing process and is achieved through our normal operational processes and structures. For example:

- regular monitoring of management information identifies exceptions;
- recruitment and training processes help to ensure that employees have the right skills and experience; and
- plans, budgets, management structures and reporting lines ensure that work is focused on the achievement of our objectives and that managers are accountable for performance.

Where appropriate, additional procedures or controls are put in place to respond to identified risks. For example, as part of our management of business continuity risks, an annual disaster recovery exercise is undertaken to test business continuity processes.

The Council's regular agenda includes review of the risk register and consideration of any new risks.

The Audit Committee and SMT worked together to identify strategic risks. SMT developed a strategic risk register following feedback from the Audit Committee, listing five key strategic risk areas. Risk owners have been adjusted to reflect the new management structure. The strategic risks are as follows:

1. Failure to deliver effective regulatory functions
2. Failure to anticipate and respond to changes in the external environment
3. Failure to be a trusted regulator and meet stakeholder expectations
4. Failure to be an efficient regulator
5. Failure of governance, leadership or culture

For each of these risks, a range of mitigating controls is already in place.

Assurance on the effectiveness of the system of internal control

We obtain assurance that the risk management and internal control systems are operating effectively through the internal audit service, our internal quality assurance teams, and quality audits by the British Standards Institute.

Our internal auditors provide an independent appraisal service for management by measuring and evaluating the adequacy, reliability and effectiveness of management and internal control systems. We have chosen to outsource the provision of the internal audit service to ensure wholly independent and fully professional analysis and recommendations. Our provider during 2018–19 was Grant Thornton LLP, who was appointed from April 2015, following a competitive tender. From 1 April 2019 BDO LLP has been appointed as the HCPC's internal auditors for a three-year term. The internal auditors use our assessment of risk as documented in the risk register as well as their own professional judgment in proposing their programme of work to the Audit Committee. They make recommendations based on the appraisal of each system reviewed.

An annual assurance report is provided to the Accounting Officer and Audit Committee, giving the internal auditors' overall opinion on risk management, control and governance and their effectiveness in achieving the HCPC's agreed objectives. Their opinion for 2017–

Accountability report: Corporate governance report

18, reported to the June 2018 Audit Committee meeting, provided substantial assurance in respect of the HCPC's governance, risk management and internal control arrangements. At time of writing, we are awaiting delivery of assurance for 2018–19.

We have quality assurance teams covering our Education, Registration and FTP functions. As part of the restructuring of the leadership of the HCPC, in May 2018 we brought those teams (Complaints and Service Management and Business Process Improvement) together into a single Quality Department, reporting to the Executive Director of Policy and External Relations. Our quality management system complies with ISO 9001:200815 and is audited regularly by the British Standards Institute.

The PSA undertakes an annual performance review of the HCPC against its standards of good regulation and reports its findings to Parliament. The PSA's annual performance review for 2016–17 concluded that the HCPC had met 18 of the 24 standards. Improvement plans are in place which are addressing the PSA's findings in respect of the six standards which were deemed not met.

Responsibility for the system of internal control

Under the HCPC's Financial Regulations, the Council has ultimate responsibility for the administration of our finances, including the systems of risk management and internal control. The Financial Regulations provide for the Audit Committee to oversee audit and risk management arrangements. The Financial Regulations delegate responsibility for the system of internal control to the Chief Executive. As the Accounting Officer, the Chief Executive has a parallel responsibility to the Privy Council for reviewing the effectiveness of the system of internal control.

The reviews of the effectiveness of the system of internal control by the Council, the Audit Committee and the Accounting Officer are informed by the work of the internal auditors and managers within the organisation, by the quality audits by the British Standards Institute, and by comments made by the external auditors in their management letters and other reports.

Based on these reviews, we are satisfied that the system of internal control that has been in place for the year ending 31 March 2019 and up to the date of approval of the Annual Report and Accounts is appropriate and proportionate to manage the risks to achievement of our objectives, and complies with HM Treasury guidance.

Auditors and audit information

The Health and Social Work Professions Order 2001 requires that the annual accounts are audited by "persons the Council appoints", and then examined and certified by the Comptroller and Auditor General, who reports to Parliament. In previous years the National Audit Office has performed a dual role, auditing the accounts on behalf of Council and supporting the Comptroller and Auditor General's certification to Parliament. For 2018–19 onwards, the Council has appointed haysmacintyre to audit the accounts, reporting to the Council, alongside the National Audit Office, who will continue to audit the accounts, relying where appropriate on the work of haysmacintyre, and supporting the Comptroller and Auditor General's certification to Parliament. The auditors have audited the Financial statements and certain sections of the remuneration report. The cost of providing audit

Accountability report: Corporate governance report

services was £32,119 (£27,119 including VAT charged by haysmacintyre and £5,000 charged by the National Audit Office) (2017–18, £24,000 charged by haysmacintyre and £5,000 by the National Audit Office). There was no external auditor remuneration for non-audit work.

Assurances from outgoing Chair

Christine Elliott was appointed as Chair of Council on 1 March 2019. Christine Elliott sought formal assurance from Stephen Cohen, who confirmed that to his knowledge, there is no reason why she could not sign off the 2018–19 Annual Report and Accounts based on the information and assurances he received in his capacity as Deputy Chair from 5 July 2018 to 28 February 2019.

Christine Elliott
Chair

Marc Seale
Chief Executive and Registrar
Accounting Officer

Signature

Signature

Date

Date

Accountability report: remuneration and staff report

Council and Committee members' fees and expenses

In 2018–19, fees were paid to Council members at a daily rate for attendance at Council meetings or Committee meetings, and meetings attended on behalf of the HCPC where prior approval was given. From 2019–20, Council members' fees will be paid as salaries.² Fees are also paid for attendance at a conference or event which forms part of the member development programme where prior approval has been given and up to a maximum of six days per year. The daily fee rate for Council and Committee members in 2018–19 was £341. Expenses are payable for travelling and subsistence costs to reimburse the out-of-pocket expenses incurred, within the parameters set out in the Council and Committee members' expenses policy.

Council and Committee member fees totalling £141,335 (2017–18, £169,418) were paid and accrued to 20 members (2017–18, 20 members), including the independent members who are not also members of the Council. Benefits in kind with a total taxable value of £35,800 (2017–18, £49,000) were paid to Council and Committee members. The only benefits are travel and expenses claimed by Council and Committee members for travelling to meetings at the HCPC's offices in London, which are covered by a PAYE Settlement Agreement with HMRC. The gross taxable value of home-to-London travel and expenses is disclosed (to the nearest £100) in the following table in the column headed "Expenses". This column does not include Council members' expenses for travel to other locations, which are paid by the HCPC in accordance with the Council and Committee members' expenses policy, and are not a taxable benefit.

² The fees payable to Council members will be £12,000 per annum and to Committee Chairs will be £14,000 per annum.

Accountability report: remuneration and staff report

The fees for the period 1 April 2018 to 31 March 2019 for Council and Committee members paid and accrued were as follows:

Council / Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2018–19	2018–19				2017–18			
		Number of days	Fees £'000	Expenses* £'000	Total £'000	Number of days	Fees £'000	Expenses* £'000	Total £'000
Elaine Buckley ¹	Council (Chair up to 4 July 2019) 3/11	N/A	15–20	1.0	20–25	N/A	65–70	12.5	80–85
Catherine Boyd	Tribunal Advisory 4/4	4	0–5	0.4	0–5	4	0–5	0.1	0–5
Philip Geering	Tribunal Advisory 3/4	4	0–5	–	0–5	4	0–5	–	0–5
Christine Elliot ²	Council (Chair) 1/11	N/A	5–10	–	0–5	–	–	–	–
Stephen Cohen ³	Council 7/11 Audit (Chair up to 4 July 2018) 1/6	90	30–35	2.4	30–35	24	5–10	0	5–10
Maureen Drake	Council 11/11 Education and Training 5/7	19	5–10	3.6	10–15	22	5–10	5.1	10–15
Kathryn Foreman	Council 10/11 Remuneration (from 5 July 2018) (Chair from 1 August 2018) 3/4	19	5–10	3.3	5–10	7	0–5	1.1	0–5
Sue Gallone	Council 11/11 Audit 6/6	26	5–10	1.6	10–15	31	10–5	2.7	10–15
Sheila Hollingworth	Tribunal Advisory 3/4	3	0–5	0.6	0–5	4	0–5	1.4	0–5
Luke Jenkinson	Education and Training 7/7	11	0–5	2.0	5–10	3	0–5	0.8	0–5
Penny Joyce	Education and Training 6/7	9	0–5	1.0	0–5	2	0–5	0.1	0–5
Alan Kershaw	Tribunal Advisory 4/4	5	0–5	–	0–5	10	0–5	–	0–5
Sonya Lam	Council 11/11 Education and Training 7/7	27	5–10	4.0	10–15	30	10–15	4.9	15–20

Council / Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2018–19		2018–19				2017–18			
			Number of days	Fees £'000	Expenses* £'000	Total £'000	Number of days	Fees £'000	Expenses* £'000	Total £'000
Eileen Mullan	Council	8/11	15	5–10	2.9	5–10	20	5–10	4.3	10–15
	Audit	6/6								
Joanna Mussen	Council	9/11	23	5–10	1.6	5–10	25	5–10	4.7	10–15
	Education and Training	6/7								
	Remuneration	4/4								
Julie Parker	Audit	4/6	6	0–5	0.3	0–5	9	0–5	0.3	0–5
Marcia Saunders	Tribunal Advisory	4/4	11	0–5	–	0–5	8	0–5	–	0–5
Nicola Scrivings	Remuneration	4/4	4	0–5	0.3	0–5	6	0–5	0.2	0–5
Gavin Scott	Council	11/11	22	5–10	4.1	10–15	24	5–10	4.7	10–15
	Audit (from 5 July 2018)	5/6								
	Remuneration (up to 4 July 2018)	1/4								
Robert Templeton	Council	11/11	18	5–10	0.2	5–10	20	5–10	–	5–10
Graham Towl	Council (up to 31 July 2019)	3/11	9	0–5	3.2	5–10	18	5–10	5.5	10–15
	Remuneration (Chair up to 31 July 2018)	1/4								
Graham Aitkin	Tribunal Advisory	3/4	3	0–5	0.4	0–5	4	0–5	0.1	0–5
Nicola Wood			–	–	–	–	6	0–5	0.4	5–10
Stephen Wordsworth	Council	11/11	25	5–10	3.7	10–15	29	5–10	3.0	10–15
	Education and Training (Chair)	7/7								
	Remuneration (from 1 August 2018)	2/4								

1. The fees payable for Elaine Buckley's services as Chair of Council were fixed under the secondment agreement with Sheffield Hallam University, not variable according to the number of days actually worked. Under the agreement, Ms Buckley was anticipated to work approximately three days per week to fulfil her role as Chair. Ms Buckley's remuneration for 2018–19 disclosed in the table is the fee of £19,417 including VAT payable to the university under the secondment agreement.
 2. The fees payable to Christine Elliot as Chair of Council (who was appointed on 1 March 2019) are fixed as a salary of £65,000 per annum and not variable according to the number of days actually worked. Under the agreement, Ms Elliot is anticipated to work approximately three days per week to fulfil her role as Chair.
 3. The reason why Stephen Cohen's fees were significantly higher than his 2017–18 fees is because he was acting up in the role of Chair of Council from 5 July 2018 to 28 February 2019.
- * As discussed on page 29, these figures relate solely to expenses designated as a benefit in kind by HMRC.

Remuneration of the Chief Executive and Senior Management Team (SMT)

The salary levels for the Chief Executive and SMT are reviewed annually in March by the Remuneration Committee, after due consideration of annual performance and changes in market rates.

In the HCPC's remuneration package, the most significant item is salary. No performance bonuses are payable to any employee and no SMT members are on fixed-term contracts. The Chief Executive and SMT are members of the Friends Life pension scheme, which is a stakeholder, defined contribution scheme to which the HCPC contributes. The employer contribution levels are 16.5 per cent of pensionable salary for employee contracts pre-dating May 2007 and 7 per cent of salary for employee contracts dated May 2007 onwards, subject to an employee contribution of at least 3 per cent of salary.

The Chief Executive and Registrar's contract of employment requires a termination notice period of six months by the employee and twelve months by the employer. The remaining SMT members' contracts require a termination notice period of six months to be given by the employer or the employee after the probationary period.

Chief Executive and Registrar's remuneration

The Chief Executive and Registrar is Marc Seale. His remuneration was as follows.

	2018–19	2017–18
Salary	£195,597	£193,660
Taxable benefits	£4,674	£4,339
Employer's pension contributions	–	–
Total remuneration	£200,270	£197,999

The Chief Executive has waived his entitlement to employer pension contributions to his personal pension plan for 2018–19 and 2017–18.

The information in the above table was subject to audit.

Accountability report: remuneration and staff report

SMT remuneration

The salaries paid to SMT members other than the Chief Executive were as follows.

Name	Position	2018-19			2017-18		
		Salary £'000	Employer's pension contribution £'000	Total £'000	Salary £'000	Employer's pension contribution £'000	Total £'000
John Barwick	Executive Director of Regulation	110-115	5-10	120-125	95-100	5-10	100-105
Jacqueline Ladds	Executive Director of Policy and External Relations	105-110	5-10	115-120	80-85	5-10	90-95
Guy Gaskins	Executive Director of IT and Resources	105-110	5-10	115-120	95-100	5-10	100-105

Accountability report: remuneration and staff report

SMT remuneration (continued)

No benefits-in-kind were paid to SMT members during the year, except for the Chief Executive. The SMT employer's pension contributions are paid into the Friends Life pension scheme.

Fair pay disclosures

The Chief Executive and Registrar is the highest paid executive and employee. The ratio of his remuneration to the median salaries, and the range of employee remuneration, is as follows:

	2018–19	2017–18
Remuneration band of highest paid executive (£'000)	£200–£205	£195–£200
Median total	£33,000	£33,000
Remuneration ratio	6.1	6.0
Range of remuneration: difference between highest and lowest paid employee (full time equivalent, excluding apprentices, £'000)	£175–£180	£175–£180

Consultancy, off payroll engagements and exit packages

The HCPC does not use consultants to fill positions in the permanent employee complement. All employee posts are filled by either permanent or fixed-term employees, or (for short-term needs) by workers provided by employment agencies. Similarly, there are no off-payroll engagements.

Employee numbers and costs

Employee numbers and costs are shown in note 4 to the Financial statements on page 55, together with the cost of agency and contract workers.

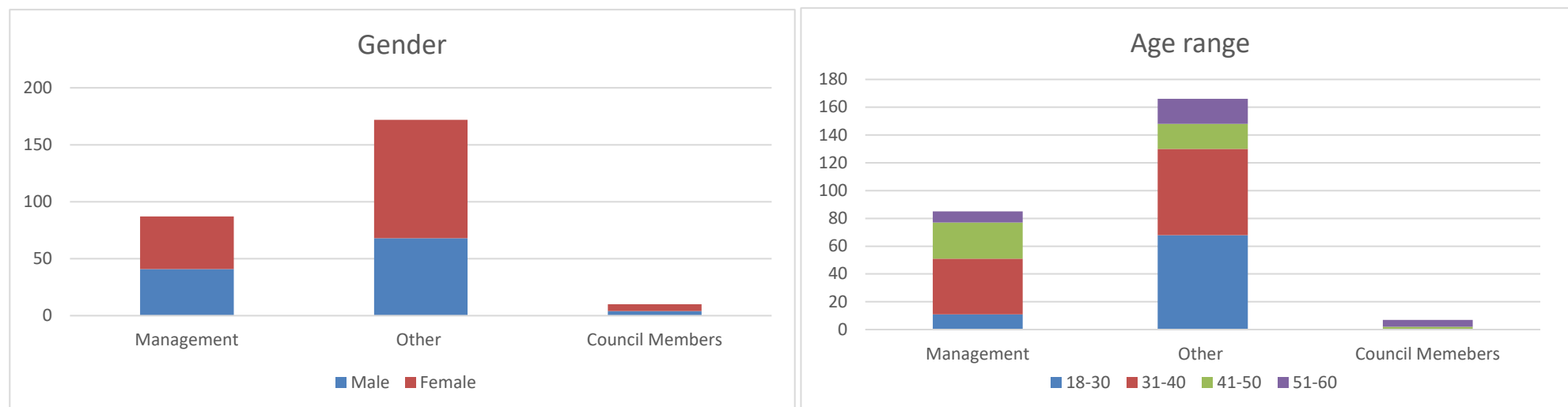
The information on this page was subject to audit.

Equality and diversity

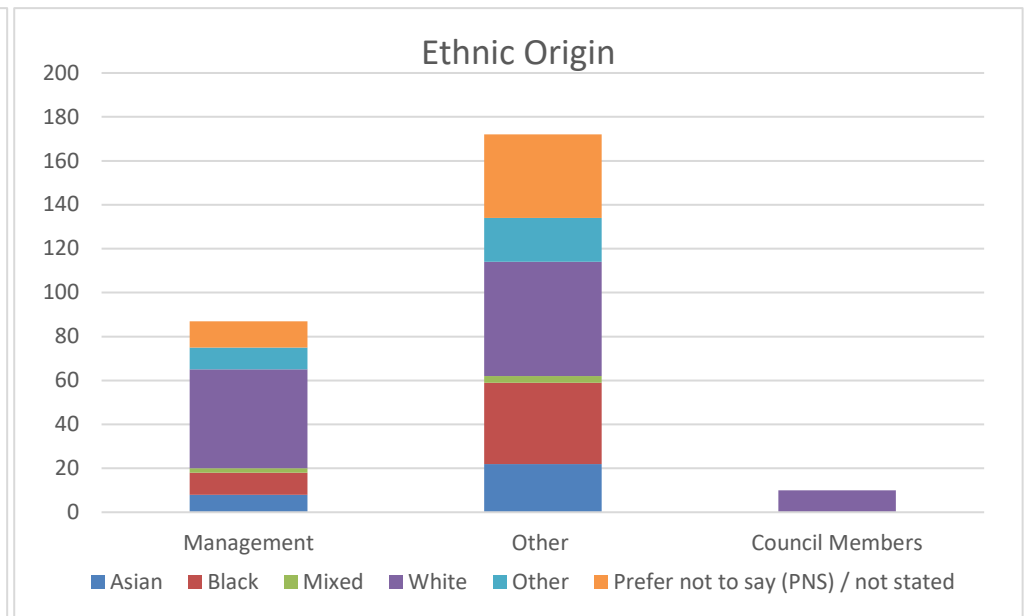
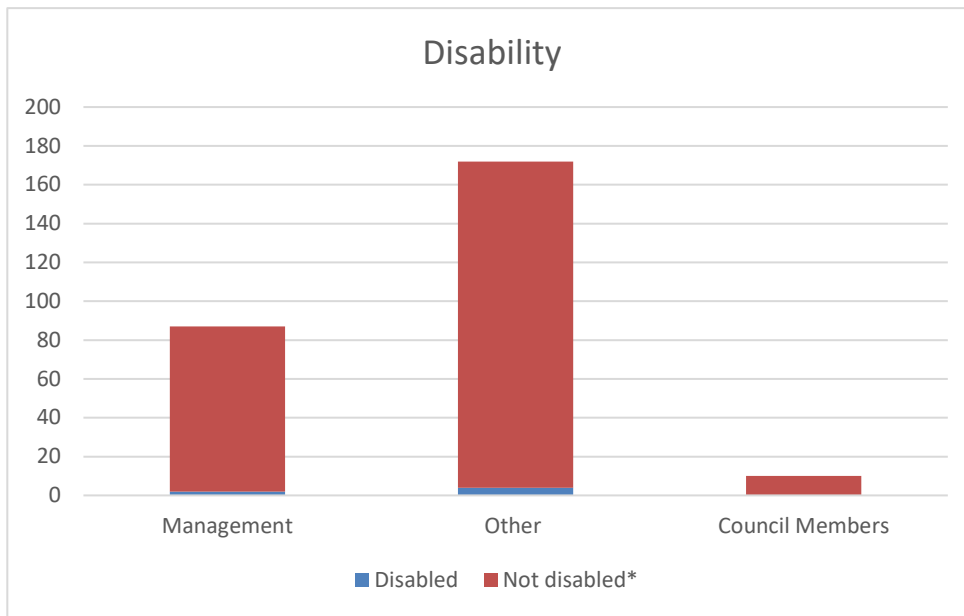
We are committed to meeting our obligations under the Equality Act 2010 and continuing to ensure that we are an organisation that values diversity and promotes equality. This includes ensuring Council and Committee members, Partners and employees receive regular training in equality and diversity matters, and ensuring that the organisation values participation and respectful working relationships.

We are an equal opportunities employer and provide opportunities and advancement for all suitably qualified persons regardless of age, disability, gender (including gender reassignment), race, marriage or civil partnership status, pregnancy and maternity, religion, belief (or non-belief) or sexual orientation. We are recognised as a positive place to work for disabled people, and are a Disability Confident Employer under the government Disability Confident Scheme.

Our diversity at 31 March 2019 was as follows:

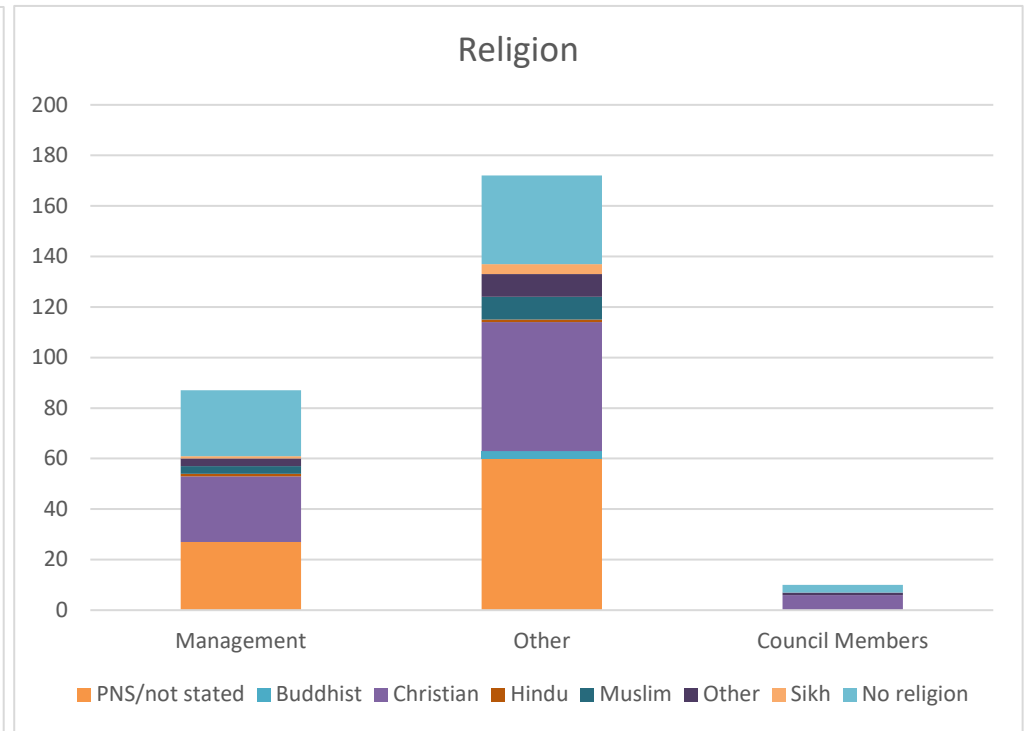
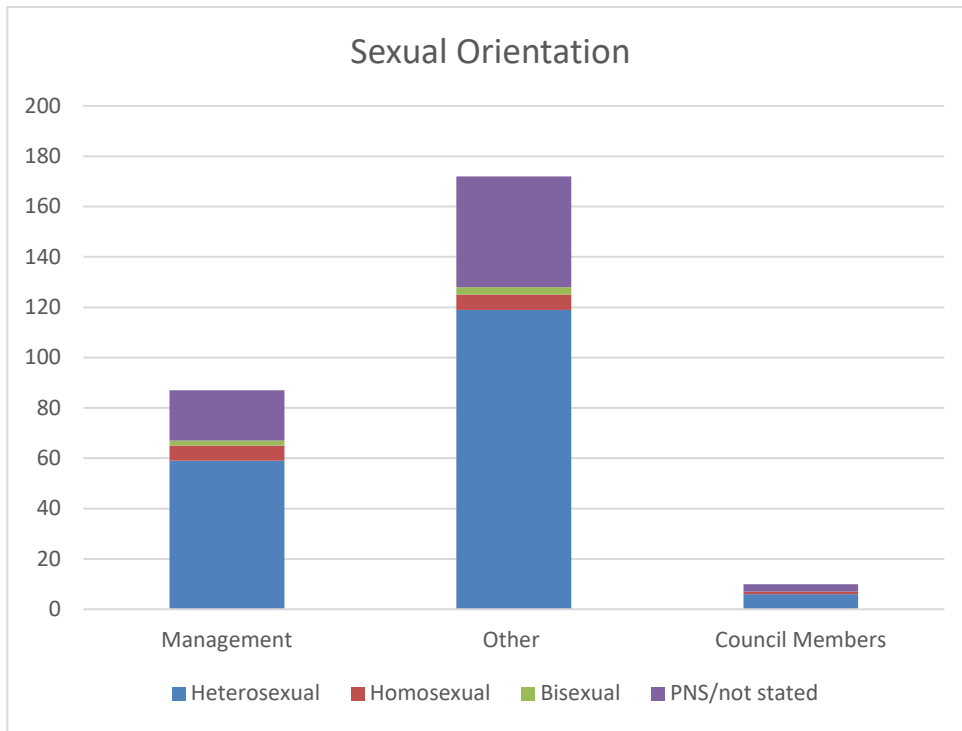


Accountability report: remuneration and staff report



* Data for employees includes prefer not to say and not stated.

Accountability report: remuneration and staff report



Gender pay gap

As at 5 April 2018, our mean gender pay gap for employees was 3.7% (2017–18, 9.3%) and our median gender pay gap was 0%³. We are committed to reducing our gender pay gap by attracting more women into senior and managerial roles. Steps planned for 2019–20 to achieve this aim include implementing changes to our pay and reward policy, rolling out live bias training to HR employees to reduce bias in recruitment, delivering unconscious bias training to all managers and reviewing the language of our recruitment materials to ensure that senior roles are attractive to women.

Health and safety

We are committed to complying with the Health and Safety at Work Act 1974 and other related UK and European requirements. This ensures that everyone at the HCPC premises, whether employees or visitors, continues to enjoy the benefits of a safe working environment. Nine health and safety incidents were reported during the year (2017–18, two). The increase is partly attributed to raised awareness of health and safety reporting processes across the organisation.

The total number of employee sick leave days in 2018–19 was 1,152 (2017–18, 1,533). The average number of sick days per full time equivalent employee in 2018–19 was 5 working days or 2% of working days (2017–18, 6.2 days, 2.4% of working days). The reduction is due to the focus on communicating the absence policy more effectively and also to a substantial increase in occupational health referrals in order to assist and support employees returning to work.

Corporate, social and environmental responsibility (CSR)

A cross-directorate working group organises our CSR activities, aiming to ensure that we make a positive contribution to our community, we behave ethically towards our suppliers, we minimise our impact on the environment and we are a safe place and a great place to work for our employees and partners.

In 2018–19, activities relating to CSR have included:

- fundraising and other activities for our charity of the year, Battersea Dogs and Cats Home;
- bake sales for Alzheimer's Society Cupcake Day and Macmillan Coffee Morning;
- Festive Eat, Give and Play: a festive bake sale, 12 Pets of Christmas quiz and gift collections for homelessness charity St Mungo's, Battersea Dog and Cats Home, and baby clothes library The Small Project;
- displays and information for World Mental Health Day, Armistice Centenary, Time to Talk Day and International Women's Day;
- fundraising for BBC Children in Need and Red Nose Day;
- working with Beanstalk to provide literacy support at a local school;
- collecting foreign currency and used stamps for charity;

³ In line with statutory requirements, the calculation for these figures includes HCPC Partners. The calculations for employee only result in a mean gender pay gap of 14.8% and a median gender pay gap of 5.28%. Our full gender pay gap report is available at www.hcpc-uk.org/resources/reports/2019/gender-pay-gap-report-2019/

- encouraging health and wellbeing at work (for example, through a cycle-to-work scheme); and
- raising awareness of environmental issues (including recycling, energy saving and water saving).

Accountability (the details below are subject to audit)

Fees charging

Article 45 of the Health and Social Work Professions Order 2001 provides that “the Council may charge such fees in connection with the exercise of its functions as it may, with the approval of the Privy Council, determine [and], subject to this article, the expenses of the Council are to be met out of fees received by the Council and other sums paid to it in connection with the exercise of its functions”.

Article 45 also provides that the government may make grants or loans to the Council, but we do not rely on government funding to cover our ordinary operating costs. In accordance with the Order and our reserves policy we set our fees at the levels required to recover our full costs and maintain our finances on a sustainable basis. We have complied with the charging requirements as set out in HM Treasury's guidance. The detailed breakdown of our fees is set out in note 2 to the Financial statements.

Losses and special payments; gifts; remote contingent liabilities

There were no losses, special payments, gifts or remote contingent liabilities within the terms of HM Treasury's guidance.

Christine Elliott
Chair

Marc Seale
Chief Executive and Registrar
Accounting Officer

Signature

Signature

Date

Date