



Health and Care Professions Council Annual report and accounts 2020–21

Health and Care Professions Council Annual Report and Accounts 2020-21

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and 46(7) of the Health Professions Order 2001

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Foreword by the Chair

This year, if I had to encapsulate our work at the HCPC in a single word it would be: change. Events have driven change, we are instigating it, at pace, and the future presents opportunity for far-reaching change through regulatory reform.

Our purpose is to promote high quality practice in the 15 professions we regulate and to champion high quality healthcare that the public can access safely and with confidence. A corporate strategy to fulfil this purpose is being implemented. Significantly, it is the first corporate strategy the HCPC has ever had. Co-created with our stakeholders, it puts delivering our core statutory responsibilities at its centre.

The strategy's impact is immediate. It's being used to make choices, to help our people prioritise and guide how they deliver services and functions. There is a deliberate plan to engage - the HCPC cannot change in isolation. We continue to develop our relationships with key stakeholders in the devolved nations, our registrants and the professional bodies. Through this engagement we can learn and work with others to promote high quality professional practice.

Our strategy commits us to continuously improve and innovate, upholding high standards in the professions we regulate. Our progress on Fitness to Practise (FtP) towards meeting PSA standards is a top priority. I have chaired an FtP improvement board, with the PSA and DHSC in attendance and providing feedback. We're working hard to meet the standards as quickly as is possible – a commitment and energy that has been recognised by the PSA.

Change must be inclusive if it is to be effective. Our programme of Council Apprenticeships is vital to getting diverse thinking and representation round the Council table. From new voices we will hear and learn new things. Through our Equality Diversity and Inclusion (EDI) Forum we are building a culture where everyone can feel included, listened to and valued.

Events have driven a great deal of change during the year. Mindful of remote working and the challenges registrants and employees face amid COVID-19, we have focused on wellbeing. The HCPC introduced a COVID-19 hub, signposting resources for our registrants to access information more easily. Initiated by the pandemic, our digital transformation projects have accelerated, increasing our efficiency and improving service user experience. The HCPC moved swiftly to conduct FtP hearings online, which meant we were able to continue to progress cases during the pandemic. We now operate with greater agility, bringing teams and people from different parts of the country to work online together and make decisions. Our increased flexibility and digitisation also helps us work towards meeting the challenge of climate change, though we recognise there is much more to do.

Momentum is building on regulatory reform in healthcare and this is an opportunity to be seized. There is much to strive for: innovation and efficiency; simplicity for the public; collaboration among regulators and sharing of data, used with intelligence, that will allow preventative measures and early stage intervention to protect the public. It is a conversation in which we must play an important role. Over the past 20 years the HCPC has proven it can regulate over a quarter of a million registrants across multiple professions, and that you don't need multiple systems to do it. Amid this once in a lifetime opportunity the HCPC can be a catalyst for significant progress.



Christine Elliott
Chair

Foreword by the Chief Executive & Registrar

Despite the challenges of COVID-19, and sometimes because of them, the HCPC has achieved a great deal during the year. Our priority throughout the pandemic has been to ensure the continued delivery of our core statutory functions.

The need to innovate quickly has been paramount. In response to the challenges of the pandemic we accelerated our digital transformation strategy. This included the launch of a new registration system which provides operational efficiencies and a better user experience. Staff rapidly shifted to remote working, we transitioned from paper based processes to digital and quickly provided Fitness to Practise (FtP) hearings virtually. However, the speed at which we had to make these changes did impact responsiveness due to reduced phone capacity and significant increase in email traffic. The organisation demonstrated agility with webinars and virtual education visits ensuring high professional standards were maintained.

Encouragingly, the pandemic also led to increased communication between regulators as we shared good practice, and this collaboration is something I believe will endure.

The HCPC has also played a part in the workforce response to COVID-19, quickly creating a temporary Register of over 25,000 healthcare workers, many of whom have played an important role in the vaccination programme. Long covid will mean that many of the professions we regulate, such as occupational therapists, speech therapists and physiotherapists, will find themselves on the front line of healthcare's response for months and maybe years to come.

Following the Professional Standards Authority (PSA) performance review, significant progress has been made through the implementation of our FtP Improvement Plan. The plan commits significant resource to meet all the standards set by the PSA and we are confident of doing so. Our effort is focussed on Professional Practice, moving to an

upstream approach to regulation through which the causes of FtP issues are identified and remedied before they impact the service user. By working with professions such as paramedics, who often identify where these root causes may occur, we are making progress towards a system that will be more effective and efficient, reducing FtP hearings which are often stressful for those involved.

Ever mindful of the financial constraints and pressures faced by our registrants, we continue to manage our organisation efficiently and to keep costs proportionate to the scale of our Register. Following extensive engagement with registrants, unions, and other stakeholders, the proposed annual fee increase of £8.12 came into effect from July 2021. The HCPC was able to reach a position on the fee increase which ensures we are able to progress our strategic priorities in the immediate term balanced against the financial pressure faced by many of our registrants. We will continue to engage with stakeholders when considering the need for future fee increases required to continue the delivery of our strategic priorities and we are evaluating the viability of smaller more regular increases.

The HCPC Council recently approved an ambitious five year corporate strategy. With the strategy approved and a new permanent Executive Leadership structure now established, we have a course set for the future. It is a future which also promises regulatory reform. I recently spoke at the Westminster Health Forum on how the system can embrace innovation and foster collaboration and I look forward to working with my colleagues and peers to shape regulation that is effective, responsive and compassionate.



John Barwick
Chief Executive and Registrar

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
- Speech and language therapists

As a regulator of 15 health and care professions 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 2021 we had 286,914 registrants on our Register from the 15 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.

Year in Highlights 2020-2021



I have thought about what one word I could use to describe the past year and the term surreal comes to mind.

I think the first step is to acknowledge what we are all going through and what we have felt. Although the pandemic was and continues to be challenging, I am proud to have worked on the frontline, supporting my profession and colleagues, and that I have contributed in some way to saving patients' limbs and lives.



24th March 2021

Khadijah Nazir Salim - specialised podiatrist, Oldham Care Organisation

Our Year in Highlights shows the HCPC's work from the 1st of April 2020 through to the 31st of March 2021. Importantly, it also conveys the experience of our registrants in what has been an unprecedented and extremely challenging time for the healthcare sector.

This year was about contending with COVID-19, but also about setting a clear course and direction for the HCPC with a new and ambitious Corporate Strategy. It was a year of progress, engagement, innovation and change, as we learnt to adapt our ways of working to become more innovative and flexible during the pandemic.

The HCPC's purpose is to promote high-quality professional practice and care that the public can access safely and with confidence. Our Corporate Strategy 2021-2026, co-created with our stakeholders, puts delivering our core statutory responsibilities at the centre.

Looking forwards, the upcoming Health and Care Bill and current momentum behind healthcare reform presents a golden opportunity for greater collaboration, innovation and flexibility within healthcare regulation. We believe the HCPC, as a multi-profession regulator with 20 years' experience, has an important role in shaping this regulatory change.

The HCPC Register

The HCPC is adapting to become a leaner, more efficient organisation by transferring regulation upstream where suitable, and laying the foundations from which we can deliver lean and intelligent regulation to health and care professionals.



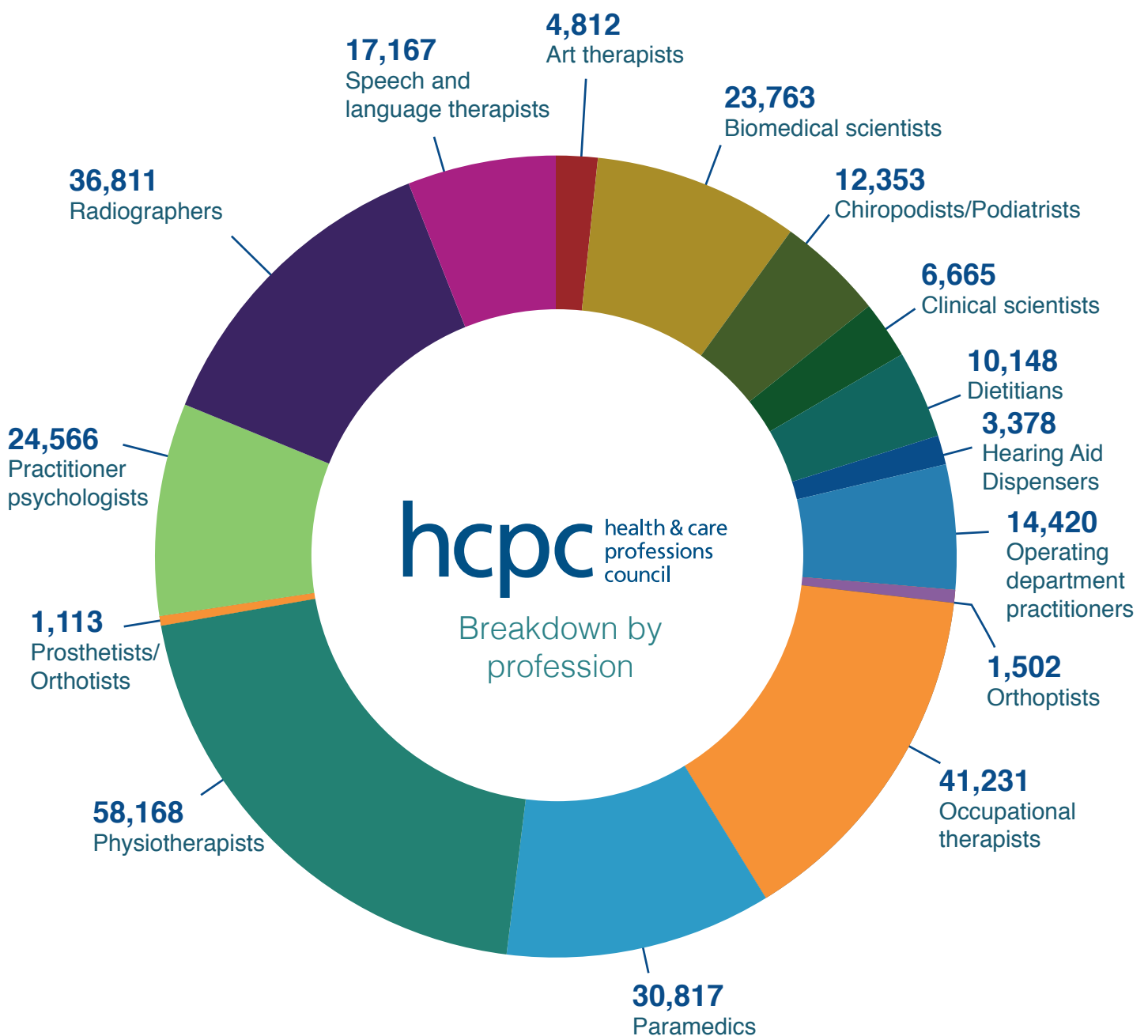
286,914

Total number of Registrants



15,518

Number of new registrants in the last FY



Response to COVID-19

Since March 2020 all our worlds have been upturned by the COVID-19 pandemic, but the world of healthcare has been particularly impacted. Our registrants and staff have bravely risen to the occasion, demonstrating flexibility and innovation to continue to provide their services and protect the public.



It's been a really difficult time for me personally and professionally. Fortunately, I have a great group of people supporting me which has helped to keep me going. My advice for any healthcare professional now is don't be afraid to talk to someone. There are also plenty of helpful wellbeing resources available from the NHS and a number of charities as well as the HCPC.



1st May 2020

Nick Groom, paramedic and Teaching Fellow at Oxford Brookes University



NHS

27,557 individuals were added to our Temporary Register of students and returners, to boost the healthcare workforce at a critical moment.

Many of our registrants joined the vaccine delivery force to assist with the rollout.



Registrants

We set up our COVID-19 hub with a dedicated set of resources and information to support our registrants.



Employees

We transitioned many of our day-to-day operations online, including Fitness to Practise hearings, registration renewals and approval and monitoring for new education programmes.

Focus on Professionalism and Standards

The HCPC works with the health and care professions, registrants and other stakeholders to set and reach the highest standards of care, which the public can have confidence in.



During the pandemic I helped set up a walk-in orthopaedic outpatient fracture service and I also carried out hundreds, if not thousands, of mobile x-rays. However, the biggest memory for me was working with a team to implant a bespoke orthopaedic implant.

“In these strange COVID-19 times, this work offered a small amount of normality, and a chance to see how the work we do on an everyday basis really makes a difference in people’s lives.”

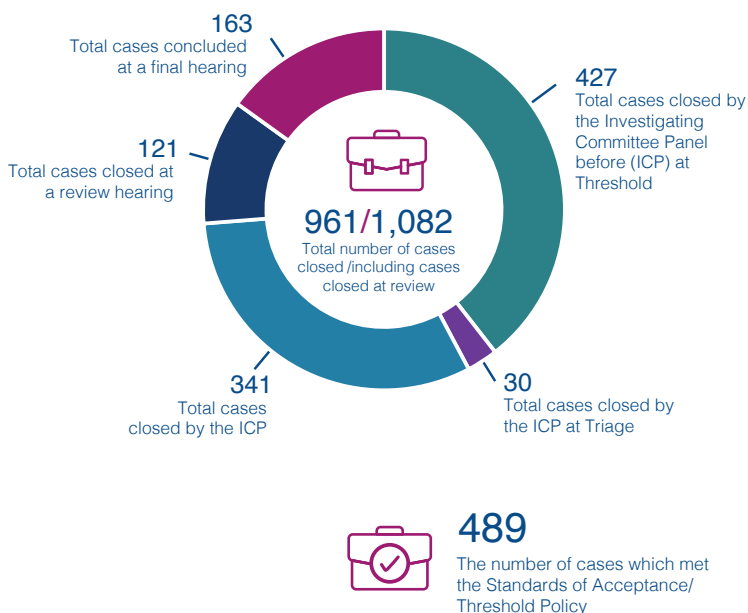


30th November 2020

Rachel Williams, Deputy Superintendent Radiographer at St George’s University Hospitals in London

Fitness to Practise (FtP)

The HCPC did not have to halt any of its Fitness to Practise investigations during the pandemic and managed to deliver hearings remotely.



Education

The HCPC quality assures education programmes, such as degree and other courses, that ensure applicants meet our Standards before joining our Register. We started the pilot of our new education Quality Assurance model in January. The new model will allow us to be much more flexible, data-led and risk-based when assessing the quality assurance of education providers.

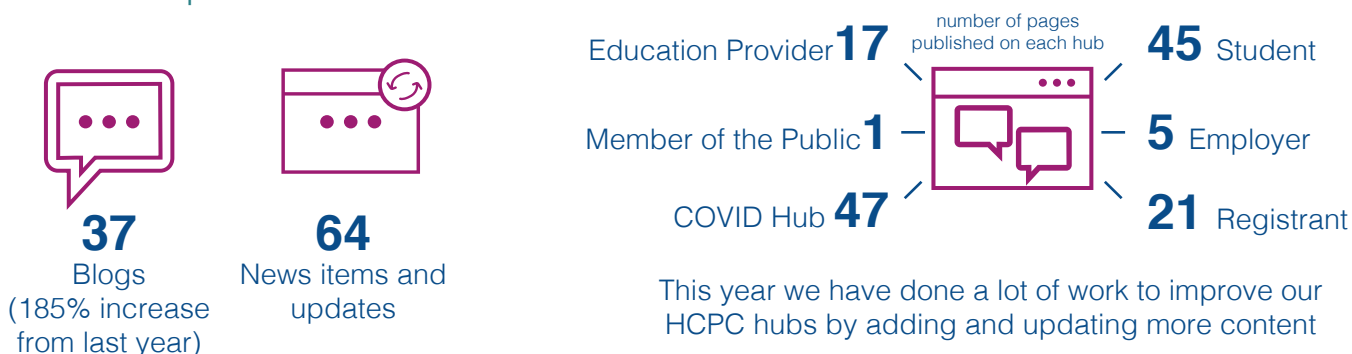
 **987**
Total approved programmes

 **74**
Number of new programmes

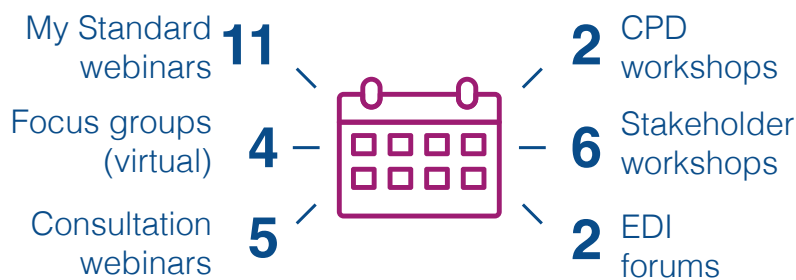
Building Visibility, Engagement and Collaboration

The HCPC is working to be more visible. Our stakeholders offer a rich pool of experience from which we can learn and generate ideas. We aim to inform, to drive engagement and, where there's opportunity, to collaborate. This year, we have continued to explore and utilise more effective ways to communicate, and have increased the volume of communication with all our stakeholders.

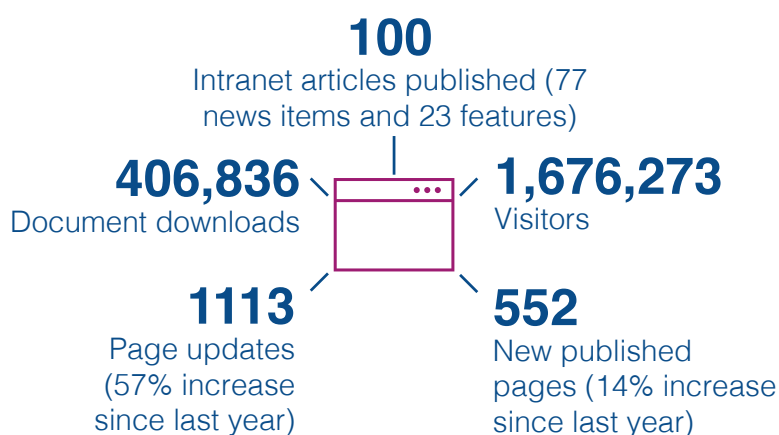
Content published



Events held by the HCPC



Website



Applying an Intelligent Data Driven Approach

Combining human experience and insight with the intelligent use of data to shape the organisation for the future is an area of focus for the HCPC. These innovations are key to improving stakeholder experience and help prevent issues before they arise.

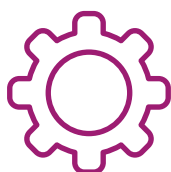


We decided to move the meetings online. This way it still feels very much like a group session where everyone can be together, albeit virtually... One of our participants recently described the sessions as a “lifeline” during these uncertain times.



22nd May 2020

Claire Molyneux, Arts Therapist, practising as a music therapist



Temporary Register

Our registration team very quickly designed a process for temporary registration to adapt to the needs of COVID-19.

There is now a new project to build on this and bring more of our registration processes online.



CRM

Our new Client Management System for registration has greatly improved service user experience through its two-factor authentication system.

Registrants are now able to renew their registration and also voluntarily deregister online.

Delivering Responsive and Empathetic Regulation

The HCPC is moving to a prevention-focused regulatory approach, which is also proportionate and risk-based, addressing issues before they arise with the aim of reducing emotionally challenging FtP hearings. We also strive to create an inclusive and caring environment for our employees.



Although there are relatively few practitioner psychologists doing the sort of work I specialise in now, it continues to be hugely important to stay informed about, and connected with, the world of professional psychology and psychology research.

I have various regular peer supervision arrangements, read about and watch developments in the HCPC and the BPS very closely, and view and attend appropriate CPD events as much as possible.



24th July 2020

Kairen Cullen, Educational Psychologist specialising in television and film



EDI

Our Equality, Diversity and Inclusion (EDI) Strategy was presented to Council for approval in March 2021.

Equality and Diversity consultants Diversity McKenzie's audit of the HCPC's organisation-wide approach to EDI rated our action planning, Equality Impact analysis and wellbeing initiatives as excellent.

As part of our ongoing EDI Action Plan (2021-2023) we set up the EDI Forum with 70+ members – the HCPC registrants and other stakeholders, as well as a Steering Group and Staff Group to guide our decision making.

Our 'MyEDI' survey was sent out in January this year. Thanks to a tailored and proactive communications approach, working closely with different stakeholders, we received 52,046 responses - a more than three-fold increase in response rate.

FtP improvement programme

We outlined and implemented 16 projects under our FtP Improvement Programme, and Council have approved significant funding to accelerate the programme. In 2021 we will begin moving into the benefits realisation stage of our FtP Improvement Plan as well as starting further improvement activities to improve the quality, pace and consistency of our FtP process.

This year our policy team also delivered a review of the regulation of Advanced Practice, a Registrant Health and Wellbeing Strategy and Action Plan, and a Professionalism and Prevention Framework, which endorses increased upstream activity, focussed on promoting professionalism and preventing and reducing harm.

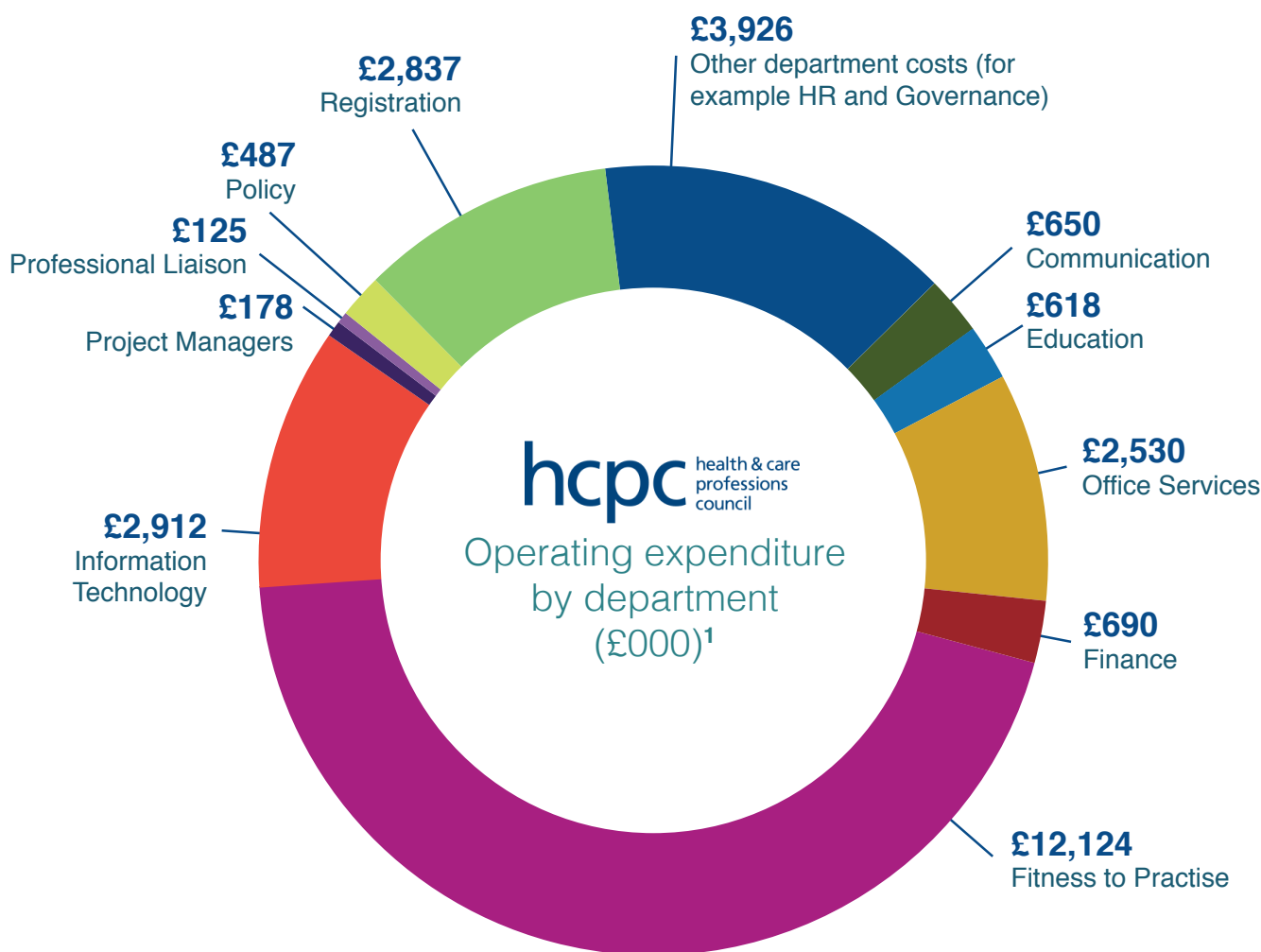
In addition, we began a review and consulted on updates to all 15 of our standards of proficiency - the professional standards all registrants must meet in order to become registered.

Delivering Efficiency and Value

The HCPC aims to deliver value for all stakeholders and the public purse.

For the first time since 2015, we are increasing our fees for registrants in the next annual cycle by £8.12. Given the context of COVID-19, the proposed increase, originally planned for 2020, was delayed until this year and the original amount of the increase has been halved. We also decided to keep the 50% discount graduate applicants receive during their first two years of registration.

The increased fee will be phased in over the next two years and will support the HCPC to implement measures to improve our ability to collect, interpret and share data - enabling us to better predict and prevent issues arising in professionals' education and practice. It will also enable better understanding of the impact of our work across different groups, supporting our equality, diversity and inclusion objectives.



1. Figures rounded to the nearest £000

Expenditure by department for the financial year 2020-2021 is set out above. Please refer to the accounts section for more detail.

Into the Future – The Next Five Years

Our 2021-2026 Corporate Strategy, launched in January this year, will form the cornerstone of the future development of the HCPC.

The HCPC will form its strategy in collaboration with stakeholders, listening to their thoughts, experiences and ideas for future regulation.

The strategy will focus on six key areas:

- 1 To promote high quality professional practice
- 2 To continuously improve and innovate
- 3 To develop insight and exert influence
- 4 To be visible, engaged and informed
- 5 To build a resilient, healthy, capable and sustainable organisation
- 6 To promote the value of regulation

Our Corporate Plan 2021-2022, provides further detail about how and when we will deliver on our key priorities in the next two years.

Regulatory reform

This year, the HCPC has begun to draw up our position on regulatory reform. We believe the forthcoming reforms to the regulation of health and care professionals, through the Health and Social Care Bill, are an opportunity to determine how the regulatory system can embrace innovation, foster collaboration, improve efficiency and ultimately provide better quality care for service users. The three key elements of the HCPC's position on regulatory reform are:

- Greater collaboration among professional regulators, and between regulators and the rest of the healthcare system, to reduce the siloes that exist. In the last year alone, the Cumberlege and Paterson inquiries, as well as many other reports before them, point to the dangers of siloed regulators.
- Recognition of the benefits of the multi-profession model of regulation and a commitment to build on it. The multi-profession model is effective, and proven in building common standards and focusing on outcome measures to support improvements across professions that are increasingly interconnected.
- Efficiency improvements in the regulatory landscape, including the sharing of a range of functions among regulators to improve performance, to enhance shared learning and reduce costs.



I have been lucky to work as an occupational therapist throughout the pandemic so far, while working closely with all members of the multi-disciplinary team to help with routines on the ward and ensuring optimal patient care during these times.

Working during this time really showed me the importance of a holistic approach to patient care.



7th August 2020
Gillian Reeley,
Occupational Therapist working
for Aberdeen Royal Infirmary,
NHS Grampian



Performance analysis

1. Launch of the Corporate Strategy

In January 2021 we launched our new ambitious Corporate Strategy. This was a significant undertaking and co-created with input from all our stakeholders: patients and service users, our registrants, partners, professional bodies, education providers, trade unions and employers. This took the form of registrant and partner focus groups; a service user online discussion forum; an education provider webinar hosted jointly with the Council of Deans of Health; and meetings with other key stakeholders, including the Chief Scientific Officers. We would like to thank our stakeholders for their engagement in our strategy development.

Our new [Corporate Strategy 2021-2026](#) embeds the improvements and priorities we set out in our Change Plan in the last financial year, to set a direction for the HCPC and take us forward for the next five years. The Corporate Strategy sets out our vision and goals, as well as six priority areas of work, which are to:

- Continuously improve and innovate
- Promote high quality professional practice
- Develop insight and exert influence
- Be visible, engaged and informed
- Build a resilient, healthy, capable and sustainable organisation
- Promote the value of regulation

At the heart of our mission is to uphold high standards in the professions we regulate. The strategy sets out our commitment to improving our core regulatory performance and meeting all the PSA's standards. It sets out an approach that is more empathetic and ultimately will be more effective in ensuring the very best outcomes for the public.

The HCPC's Corporate Strategy describes where we want to be and indicates our priorities for the next five years. In March 2021 we launched our [Corporate Plan 2021-2022](#), which includes further detail about how and when we will deliver on our key priorities in the short to medium term.

We will continue to work with and engage our stakeholders to get their feedback on how successfully we are delivering and implementing the key work areas identified within the strategy and will report annually on progress against the objectives we have set. The strategy is a living document which we expect to evolve and change over time as we evolve and change as an organisation. Its most important early impact is to set a structure and direction to make choices about what we prioritise and how we deliver the services and functions of the HCPC.

2. Organisational developments

FtP Improvement Programme

One of our main focuses this year has continued to be making improvements to our Fitness to Practise (FtP) operations, as set out by the PSA. The Council approved an ambitious FtP Improvement Plan, along with significant funding to accelerate the improvement programme in December 2020.

The key premise of the FtP Improvement Programme is that sustainable improvements can only be delivered by resolving the root causes rather than managing the symptoms.

We prioritised key projects to be delivered between January and July 2021. These include an FtP Recruitment and Retention strategy, targeted support to improve the age of cases, and a new Case Management System (CMS).

Our new CMS went live in June 2021. This incorporates our new risk assessment tool that will be used to assess and monitor the risk on all our cases. The new system will improve the information that management teams have available to plan and forecast workloads.

Professionalism and prevention

In 2020, we began to consider how we might move our approach to regulation to a model that is more upstream – an approach that has a greater focus on promoting professionalism and preventing harm. This led to the development of our first [Professionalism and Prevention Framework](#) (the Framework), which was approved by the Council in December 2020.

Professionalism and prevention represents our move away from the traditional thinking and approach to regulation, to one that will provide greater influence of, collaboration with and support for our stakeholders. The Framework identifies how we will support professionalism and help to prevent harm and outlines the developments needed over the next two years to begin our shift to a more upstream model of regulation. It recognises the need to develop our knowledge and insights, through the extraction and analysis of the wealth of information we hold, and the means to use this information to influence and support stakeholders to create cultures and working environments that promote and support our registrants' professionalism.

In 2020, we began to develop a Professional Liaison Service enabling us to increase our engagements with our stakeholders. We launched the employer hub section of our website, providing valuable resources for those who employ and manage our registrants. We also introduced and published three editions of the employer e-newsletter to increase our engagements and support for employers. We developed and delivered the #MyHCPCstandards workshop programme for registrants, and a range of resources to support registrants to understand and meet the Standards.

The Professional Liaison service will continue to be developed in a phased approach through 2021-2023.

Equality, Diversity and Inclusion

It is important to the HCPC to be a fair and inclusive regulator. We intend that everybody should be equally able to access our services and be treated fairly and supported when doing so.

This is even more pertinent in the context of the current social, economic and political climate. Global racial discrimination and health inequalities have been well documented for decades, but some of the disparities have been starkly brought to the fore in the last year, including the Black Lives Matter movement, and studies showing that COVID-19 disproportionately affected those from

an ethnic minority background¹. Now is a more important time than ever to demonstrate that EDI is one of our key focuses as a regulator and employer; ensuring that EDI good practice is embedded throughout all that we do.

Since last year, the HCPC has pushed for a stronger focus on Equality, Diversity and Inclusion (EDI). In July 2020, the Council approved a plan to develop our first EDI Strategy, which forms part of a wider suite of reforms to strengthen our organisational approach, governance and accountability structures. In January 2021, to support the development of the EDI Strategy, we commissioned an external audit and review of our approaches to EDI. The findings from the audit report informed our final EDI Strategy (2021-2025) which was presented at the March 2021 Council meeting for approval and publication. We are also developing an EDI Action Plan to further develop approaches to promoting and embedding EDI within our activities.

As part of our suite of reforms we created an EDI Forum, with 70+ members: both the HCPC registrants and key stakeholders who guide the HCPC on a range of relevant issues and concerns, as well as the development of policies and procedures. We have put a focus on sharing our health and wellbeing insights with employers and managers of the HCPC registrants through our Employer newsletter and hub. We have created an EDI Steering Group with Heads of Functions. HCPC also has a board apprenticeship scheme, which seeks to increase diversity of views on the board. This year, two apprentices from underrepresented groups began their training.

In order to increase our understanding of equality, diversity and inclusion (EDI) among HCPC registrants, the HCPC launched its MyEDI campaign in December 2020. This included a survey, to which we received 52,046 responses, representing around 18% of all registrants, more than triple our response rate from our EDI survey last year.

In addition, to encourage participation in the wider EDI and healthcare movement, in December 2020 the HCPC wrote to registrants, inviting them to take part in the United Kingdom Research Study into Ethnicity and COVID-19 Outcomes in Healthcare Workers (UK-REACH). This was a government-funded study which aimed to understand why people from certain ethnic minorities are more likely to have severe COVID-19.

Digital transformation

A core part of successfully delivering on the HCPC's new five-year corporate strategy is our plan for digital transformation.

Our [Digital Transformation Strategy](#), which was approved by the Council in September 2020, sets out our vision to be the UK's leading regulator for the effective use of digital technology and which will fully support our development as an agile organisation. The strategy will act as our roadmap, and we are already well under way with the implementation of the first phases of work. This includes updating all of our key regulatory systems in order to create a frictionless user experience, from registration to renewal and all other interactions with the HCPC.

We must also continually improve our systems and this strategy will help us to do that. We appreciate that the issues encountered with our new registration & finance IT system, created issues when collecting the direct debits of a number of our registrants. We communicated with those affected and resolved the issue as quickly as possible. These system issues also resulted in delays in finalising our accounts this year due to system linkage errors requiring manual work arounds.

¹ [Impact of COVID-19 on different ethnic minority groups - POST \(parliament.uk\)](#)

Our transformation journey will ensure that the HCPC is in the best position to exploit the latest technologies and approaches, all of which will be driven by our users' needs.

Fee rise

For the first time since 2015, we increased our fees for registrants in the next annual cycle. We recognize that fee rises are never welcomed, and we have sought to reduce costs and improve efficiency to reduce the impact of this rise. We also know that the last year has been an extremely challenging time for our registrants, and all health and care professions, as they have played and continue to play an essential role in the control of COVID-19, as well as delivering their usual services under immense pressure.

Given that context, the proposed increase, originally planned for 2020, was delayed until this year and the original amount of the increase has been halved. We have also decided to keep the 50% discount graduate applicants receive during their first two years of registration. We took these decisions in close collaboration with trade union colleagues, and based on feedback from a formal consultation. The increase of £8.12 was effective from the 1 July 2021.

We have spent a considerable amount of time over the last two years listening carefully to the concerns, arguments, and views raised about the impact of our original proposals. The HCPC met with representatives from Unison, Unite, and GMB to discuss with them the need to progress implementation of proposed registration fees increases. This engagement was useful, as we were able to articulate the need for the fee rise and gain understanding and support from the unions for the HCPC's position. In these meetings, we were also able to reiterate our intention to work closely with the unions regarding the pandemic and upstream regulation.

The revised increase reflects these discussions, while enabling us to make important improvements to the way we regulate. This includes improving our ability to collect, interpret and share data - enabling us to better predict and prevent issues arising in professionals' education and practice. It will also improve our understanding of the impact of our work across different groups, and thus support our EDI objectives.

The HCPC was able to reach a position on the fee increase which ensures we are able to progress our strategic priorities in the immediate term balanced against the financial pressure faced by many of our registrants. We will continue to engage with stakeholders when considering the need for future fee increases required to continue the delivery of our strategic priorities and we are evaluating the viability of smaller more regular increases.

Professional Standards Authority (PSA) Performance Review

The PSA Performance Review of the HCPC's performance in 2019 was published in December 2020, after being delayed because of COVID-19. In the review, the HCPC met 13 of the 18 standards. PSA recognised the work that has been done right across the HCPC to transform our way of working and champion high-quality practice. We acknowledge that there remains more to do, and we are determined to meet all of the PSA's standards.

This includes improvements in Fitness to Practise. We began the implementation of our FtP Improvement Plan in January 2021, and we are listening carefully to the feedback from stakeholders on the FtP Improvement Board including the DHSC and PSA. This work has progressed well and we are seeing sustained improvements that have been recognised by the PSA in its 2020-21 review of our performance.

The PSA Review recognises our strong commitment to equality, diversity and inclusion (EDI), and highlights the practical steps that we have taken so far and the investment we have made. To build

on this, we've created an EDI Stakeholder Forum so that we can regularly engage with registrants and other key stakeholders on EDI issues and ensure that our work is informed by that engagement.

UK withdrawal from the EU

Following the UK's withdrawal from the EU, the HCPC was able to implement the required policy changes within the stipulated time frame. We have reviewed the impact on current employees from the EU and have communicated to all staff the implications, signposting to where additional support can be found. We have also applied for sponsorship to allow the HCPC to appoint non-UK nationals using the new points-based system.

COVID-19 response

Temporary Register

In response to the COVID-19 pandemic, the HCPC worked with the UK Government and the Higher Education through the Council of Deans for Health to create two Temporary Registers, one for former registrants who have de-registered within the last three years and one for final year students. In total, 27,557 individuals were added to our Temporary Register to help manage the emergency response to the COVID-19 pandemic.

Adapting how we regulate

As with the majority of organisations, the pandemic presented significant operational challenges for the HCPC which impacted our response times and service levels. However, we identified and prioritised critical business areas and adapted to working remotely, with the organisation showing agility in meeting these challenges. We started doing remote hearings and conducting approval visits for new education programmes virtually.

Throughout the year, policy proposals and regular updates have been shared with key stakeholders including the DHSC and the devolved administrations, PSA, unions and the professional bodies. The HCPC adopted a collaborative approach with other healthcare regulators, particularly regarding temporary registration.

As a result of the pandemic, many HCPC professionals have had to adapt their ways of working, with some of them learning new skills and joining new teams. As outlined in the HCPC Corporate Strategy, we intend to embed the lessons learnt and best practice from the pandemic in our work going forward. In a survey by the Royal College of Occupational Therapists in October last year, 63% of participants said the pandemic had led to positive changes that they would like to see continued.

Support for registrants

The pandemic has been an incredibly challenging time for everyone, but particularly those working in the health and care sector. Supporting the health and wellbeing of our brave and hardworking registrants has therefore been a primary focus for the HCPC.

We have a dedicated set of resources to support registrants on our website, including nine information sheets on applying each of the Standards of conduct, performance and ethics during the pandemic, promoted through our social media channels. We have also shown our support through video content, including sharing registrants COVID-19 stories. We followed up on a story of a paramedic who had been evicted by his landlady due to fears of COVID-19 infection and wrote to the Secretary of State to highlight the issue.

Throughout the last financial year, the HCPC has received positive feedback on its responsiveness during the pandemic, and its ongoing engagement and responsiveness to stakeholder need for example, by extending the student register for some groups.

Vaccination delivery

In January, the HCPC submitted evidence to the Public Accounts Committee as part of its inquiry into preparations for potential COVID-19 vaccines. We also successfully lobbied government Ministers and key stakeholders to extend the invitation to register for vaccine administration to AHPs with prescribing rights, enabling many of our registrants to further assist in the national fight against COVID-19.

3. Regulatory developments

Regulatory reform

This year we have engaged with officials at DHSC to discuss our thinking on regulatory reform and have begun a campaign of engagement with politicians in anticipation of the forthcoming Health and Care Bill. Reforms to the regulation of health and care professionals are an opportunity to determine how the regulatory system can embrace innovation, foster collaboration, improve efficiency and ultimately provide better quality care for service users.

COVID-19 has rapidly transformed our registrants' way of working, but current legislation stifles further agility and innovation. The ability to act swiftly and innovate should not be confined to emergency situations. Enabling innovation, making full use of digital technology and providing flexibility for registrants must be core principles for healthcare regulators at all times. For further detail on the HCPC's position, see our Future Developments section.

Education quality assurance model

In the year under review, the HCPC has continued to develop an Education Quality Assurance Model which will enable bespoke, proportionate and effective regulatory engagement with education providers. In summer 2020, the HCPC engaged with education providers and visitors and hosted an exploratory workshop with the Education and Training Committee (ETC). The pilot started in January 2021 and is due to conclude in September 2021 and, if successful, we will transition to this new model by the end of 2021. We have completed the first phase of the pilot, which included establishing business processes, defining how standards will be applied at both an institution and programme level, developing a data and intelligence strategy, and creating a risk-based decision-making framework.

Registrant Health and Wellbeing

Recognising that our regulatory processes can be challenging for those involved, we commissioned research to explore our registrants' experiences of Fitness to Practise. This research, published in July 2020, developed our understanding of the impact this area of our work could have, and allowed us to identify how we could better support our registrants and make our processes less stressful for those involved. In December 2020, we published our Registrant Health and Wellbeing Strategy and Action Plan (2021-2024), which identified our commitment to embed a human approach to regulation, led with kindness and compassion.

Our [Registrant Health and Wellbeing Strategy](#) and [Action Plan](#) was approved by the Council in December 2020. Following that, we launched a programme of work to deliver the action plan. This work will continue into 2021/22.

The HCPC Consultations

During the year we launched three important consultations:

One explored a proposal to increase the threshold level of qualification for entry to the Register for Operating department practitioners, from diploma to degree level. Launched in January 2021, we saw an exceptionally high rate of responses, with good representation across the four UK countries.

The second explored changes to our Guidance on health and character. This guidance provides applicants and registrants with information about making a health or character declaration when applying to register or renewing their registration.

The third explored proposed changes to the Standards of proficiency for each of our 15 professions. These are the professional standards that all registrants must meet in order to become registered and remain registered. This consultation closed in October 2020 and the analysis of responses was completed and further development of the Standards undertaken.

4. Stakeholder engagement

COVID-19 and external stakeholders

Much of our stakeholder work this financial year has been COVID-19 related, including continued engagement with the Chief Allied Health Professions Officers, Government officials, the Council of Deans of Health, professional bodies, unions and education sector. The Chief Executive attended a summit chaired by the Minister of State, Helen Whately, on Temporary Registers to boost the NHC workforce during the pandemic. Our Chief Executive and Chair met with Government officials and parliamentarians across the four nations to specifically make the case for our registrants to be used in the delivery of the COVID-19 vaccines and also to seek clarity on access to vaccines for our professions, particularly those working in the independent sectors. The meetings provided a useful opportunity to further address and support the work we have started on registrant health and wellbeing. The Chief Executive also met with Department of Health and Social Care representatives to discuss COVID-19 cost recovery, regulatory oversight, and our fee increase.

The HCPC responded to the BEIS call for evidence on professional qualifications and regulation of professionals, in preparation for a Bill which will be introduced later this year. In our response to this call to evidence, we focused on two priority areas: Recognition of International Qualifications and Regulatory Reform. We emphasised the importance of the HCPC retaining the ability to set our own standards for the health and care professions we regulate. We expressed concerns that an automatic system of regulation, where we would have to automatically consider a certain country's education as comparable, may not be ideal.

The HCPC also drafted evidence to the Scottish Health and Sport Committee for the COVID-19: Supply of Personal Protective Equipment Inquiry. Our evidence for this submission included how an increase in workload pressure on health and care professionals has led to a potential increase in risk to the health and wellbeing of both patients and healthcare professionals and our clear position that it is the responsibility of all employers to ensure healthcare staff have access to, and use, suitable PPE, and receive appropriate training about COVID-19 symptoms and modes of transmission.

In March 2021 the HCPC hosted a two-part workshop with five other regulators and the Health Education England Centre for Advanced Practice, to explore plans for Advanced Practice and to discuss credentialing, alignment, support and areas of overlap.

Registrants

We have continued to regularly send our 'In Focus' newsletter to all registrants. In July, we ran a virtual CPD presentation and published a new video with registrants, sharing their tips on how they find time for CPD in a busy schedule. We also continued to run our MyStandards series, which received increased attendance this year due to the sessions being held online. We have supported various celebrations and awareness days on our social media feeds and continue to publish registrant stories on our website. These stories from our registrants of working during the pandemic informed the HCPC's response to the Health and Social Care Committee consultation on workforce burnout and resilience in the NHS and social care.

The HCPC also commissioned an independent review of our organisation-wide approach to EDI and the gap analysis for where we want to be as a champion of inclusivity. The 2020-21 registrant EDI survey saw a three-fold increase in responses as compared with the 2019-20 survey, largely due to a targeted communications campaign and close liaison with professional bodies.

Employees

With most HCPC staff working from home, we established monthly all-employee briefings with a live SMT Q&A alongside the Chief Executive's weekly briefing email, which have all been received well. Since holding the all-employee meetings virtually, we are averaging 200 attendees, which is around double the attendance pre-pandemic. The Chair publishes a 'View from Council' blog after each Council meeting, to deliver key updates and a summary of the period.

5. Look ahead

Our Corporate Plan 2021-2022, as explained in the first section of this Performance report, ensures that over the next 12 months we consolidate and embed the progress from our Change Plan in 2019-2020, and details how the HCPC plans to advance in our priority areas:

Continuously improve and innovate

Improving our performance against the PSA's standards is our most pressing priority for 2021. Our Council has approved an ambitious FtP Improvement Plan along with significant funding to accelerate it. In 2020 we launched our new registration IT system. In 2021-22 we will embed this new system and build on the foundations of this platform to enhance our registrants' experience and enable greater efficiency through transitioning more of our application process online.

Promote high quality professional practice

We established our Professional Liaison service in 2020, enabling us to increase our engagements with stakeholders. In 2021-22, we will develop this service further, extending our support and engagement for employers and registrants. We will also publish guidance in the most challenging areas of practice where registrants need support to provide the best care they can, for example professionalism, supervision & leadership and reflective practice. We will create materials for education providers and students on professionalism to support and embed learning around our standards and professionalism for our future registrants.

Develop insight and exert influence

In 2020, we initiated a project to identify any regulatory challenges or risks presented by registrants advancing their practice, and how the HCPC should respond to these. In 2021, we will use the intelligence gathered through research and engagement to stakeholders to determine what our approach should be. We will begin to develop our thought leadership programme, focusing on the importance of regulatory reform, as well as our role in supporting the workforce development agendas across the four nations.

In 2021, we are determined to take bold action and make firmer commitments to be recognised as an active anti discriminatory organisation that upholds and promotes best practice in equality, diversity and inclusion. After analysing the EDI data we collected in our second annual survey, we will increase the volume of registrant EDI data collected at the point of initial registration and renewal, as well as diversity data for parties involved in the FtP processes to understand the impact on protected groups and make the right interventions to support them.

Build a resilient, healthy, capable and sustainable organisation

The HCPC plans to evaluate its onboarding process and introduce new recruitment processes and induction training. We will introduce reward and recognition initiatives that recognise behaviours that best demonstrate our values. Embedding new ways of working and addressing our turnover rates will also be key priorities.

This year, our Council approved an ambitious Digital Transformation Strategy and we will continue to pursue this strategy and roadmap.

Promoting the value of regulation

This year will see significant reforms to the healthcare systems in England. We intend to play a central role in the regulatory reform proposals in the Health and Care Bill.

The three key elements of the HCPC's position on regulatory reform are:

- Greater collaboration among professional regulators, and between regulators and the rest of the healthcare system, to reduce the siloes that exist. In the last year alone, the Cumberlege and Paterson inquiries, as well as many other reports before them, point to the dangers of this.
- Recognition of the benefits of the multi-profession model of regulation and a commitment to build on it. The multi-profession model is effective and proven in building common standards and focusing on outcome measures to support improvements across professions, that are increasingly interconnected.
- Efficiency improvements in the regulatory landscape, including the sharing of a range of functions among regulators to improve performance, to enhance shared learning and reduce costs.

Key operating and financial statistics and financial commentary

The tables below show the key operating and financial statistics for 2020-21 and 2019-20. These statistics among others are captured on a monthly basis by the HCPC's management information systems and reported to Council at each meeting within 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	2020–21 £000	2019–20 £000
Registrants' fee income	27,162	32,651
<i>Of which: social workers' fees</i>	-	5,929
Payroll costs	12,247	13,908
Non-payroll costs	15,443	19,382
Depreciation and Amortisation	816	598
Business transformation costs	500	1,020
Total operating expenditure	29,007	34,908
Operating (deficit)	(1,845)	(2,257)
Other income, including grant income, net of tax	512	2,828
Impairment (loss)	-	(283)
Retained surplus	(1,333)	288
Revaluation gains	238	133
Total recognised gains / (deficit)	(1,095)	421

In 2020–21, our fee income decreased by £5.49m or 20% on the previous year. This was the product of a 26% reduction in the size of the Register, due to the transfer of social workers to SWE in December 2019.

Operating expenditure decreased by £5.90m predominantly a result of the HCPC right-sizing and transforming following the social worker transfer.

During the year there was an investment of £2.04m in Registration and Fitness to Practise systems which has resulted in an increase in software amortisation costs.

Our operating deficit has decreased by £0.41m (18%). A grant of £0.36m was received from the Department of Health and Social Care to facilitate the development of two Temporary Registers to support the NHS response to COVID-19. The overall retained surplus decreased by £1.33m.

On 31 March 2021, annual valuations of our properties were undertaken and resulted in a revaluation gain of £238k. As at the date of valuation, there was uncertainty relating to the London office market with occupiers being reluctant to commit to renewing their leases or moving into alternative accommodation, therefore the valuation was reported on the basis of 'material valuation uncertainty'. We will closely monitor the value of our properties and update the value as circumstances change. Details of the annual revaluation of the properties are set out in note 8 to the Financial statements.

Statement of Financial Position (summary)	2020–21 £000	2019–20 £000
Property, plant and equipment	6,487	6,298
Intangible assets	4,105	2,529
Cash and deposits	7,243	11,908
Deferred income	(18,561)	(17,067)
Other working capital, net	4,482	(986)
Liabilities greater than one year	(360)	(163)
Total reserves	3,396	4,491
Realisable Net Assets²	(709)	1,962
Capital expenditure	2,342	1,677
Net flow of cash	(3,168)	(4,483)
	£	£
Total reserves per registrant	11.85	15.95

From our total fixed assets of £10.6m (2020, £8.8m), £6.0m of this is our freehold offices in Kennington, London. We carry our land and buildings on our balance sheet at valuation, being the fair value at the balance sheet date. This year the value of the building has increased by £238k.

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 £7.2m at 31 March 2021 (2020, £11.9m). These are not surpluses or profits; the element of fees received in advance is reflected in the deferred income balance of £18.5m (2020, £17.1m), and fee income is recognised evenly throughout the renewal cycle.

Our total accumulated reserves are £3.4m at 31 March 2021, which represents approximately £11.85 per registrant or 1.6 months of fees. The decrease in total reserves and free reserves is the consequence of our deficit for the year. Our reserves policy is set out below.

As at 31 March 2021, the HCPC had contingent liability of £4.6m (2020 - £5.5m) which relates to the anticipated cost of concluding the backlog of Fitness to Practise concerns.

Financial impact of COVID-19

In March 2020, a number of departments diverted their resources in order to respond to the setting-up of the emergency Temporary Register(s).

COVID-19 has impacted on our activities; we had to cancel a number of pre-booked hearings and events and quickly adapt to a new way of working. While working remotely, we have made savings on premise costs, but incurred additional costs to increase capacity of our IT servers and to ensure the office is compliant with relevant health and safety regulations before staff can phase their return.

We have undertaken new and innovative ways of working such as conducting FtP hearings and education visits virtually; improving telephone capabilities and introducing electronic bundles and a secure portal for sharing of case documentation with partners for the preparation of Investigating Committee Panel meetings and FtP hearings. Although there are initial investments for this work, they will create new dimensions to the service we offer and ensure new agile ways of working.

² Total reserves (net assets) less intangible assets

Due to the COVID-19 pandemic, the Council has decided to postpone the implementation of a revised fee proposal, having recognised the extraordinary pressure many of our registrants face. The fee rise came into effect on 1 July 2021.

The pandemic has also impacted the property market. As mentioned above, although we have used a professional valuation of our freehold properties as at 31 March 2021, which indicated a small increase, the valuation had to be reported on the basis of ‘material valuation uncertainty’. No other assets are expected to be significantly impacted as a result of COVID-19.

Reserves policy

Our reserves policy was revised and approved at the Council meeting in May 2020 and is reviewed annually.

The HCPC approach to a Reserves Policy is based on this objective balancing the need to invest to ensure sustainability, while maintaining working capital through pre-paid registrants’ fees.

As a result of the pre-paid registrants’ fees, the HCPC operates with a significant cash balance which ensures that we have sufficient working capital.

If the Net Assets less Intangible Assets (the Realisable Net Assets) are positive, then if the HCPC were to encounter a situation where it would need to cease operating, it would be able to do so in an orderly fashion. The HCPC’s Reserves Policy is predicated on this basis.

As at March 2021, the HCPC has negative Realisable Net Assets. Due to the need to invest and delays in implementing fee increases, the current financial forecasts for the next 3 years indicate that the HCPC will continue, in the short term, to have negative Realisable Net Assets. The ambition is to return to positive Realisable Net Assets within 5 years and, during this time, maintain as a minimum positive Net Assets and positive cash balances.

Investment policy

Our investment policy was approved at the Council meeting in May 2017. An updated policy was approved by Council in September 2021. 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.

Going concern

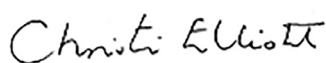
The HCPC is established in statute, and it would require an Act of Parliament to dissolve or abolish the organisation. The annual fees paid by registrants joining the Register or renewing their registration increased by £8.12 to £98.12 per annum on the 1st July 2021. The implementation of the fee increase was delayed as part of HCPC supporting its Registrants during the COVID-19 pandemic. There is a mechanism in place to continue to allow for fee increases in order to continue to increase the HCPC’s income.

As a result of COVID-19, demand for many professions that the HCPC regulate has increased. Given the level of demand, we are seeing an increase to the number of registrants and as such, along with the fee increase, the fee income we receive will increase.

The HCPC continues to seek ways to improve the service we provide. Investments in service improvements are being focused on improving our service and reducing cost, where appropriate. The Council will continue to regularly review options in order to take appropriate steps to balance investments in future developments and required expenditure with the HCPC's income. In the meantime, our cash balance ensures that we remain a going concern.

Key Performance Indicators

During 2020-21 our Council received regular reporting against agreed Key Performance Indicators (KPIs) spanning the HCPC's operations. KPI data and narrative is included in each iteration of the Chief Executive's Report on Organisational Performance, and can be read on our website [here](#).



Christine Elliott
Chair

Date 7 December 2021



John Barwick
*Chief Executive and Registrar
Accounting Officer*

Date 7 December 2021

Accountability Report

The Accountability Report sets out how we meet key accountability requirements to Parliament.

It is formed of three sections:

1. The Corporate Governance report sets out how the HCPC has been governed in 2020-21, including membership and organisation of our governance structures. The report includes the Council's report, the Statement of Accounting Officer's Responsibilities and the Governance Statement.
2. The Remuneration and staff report sets out the remuneration of our Council and Committee members, as well as members of our Senior Management Team and includes fair pay disclosures.
3. The Parliamentary accountability and audit report brings together key information to support accountability to Parliament, including a summary of fees and charges, contingent liabilities and the Certificate and Report of the Comptroller and Auditor General.

1. Corporate Governance Report

Council's report

The membership of our Council and Committees at 31 March 2021 was as follows. Attendance at meetings is shown in the table on pages 45-46.

Council	
Christine Elliott (Chair) Stephen Cohen Maureen Drake Sue Gallone Helen Gough	Sonya Lam Eileen Mullan David Stirling Kathryn Thirlaway Stephen Wordsworth
Education and Training Committee	Audit and Risk Assurance Committee
Maureen Drake (Chair) Helen Gough Kathryn Thirlaway Luke Jenkinson (independent member) Penny Joyce (independent member)	Sue Gallone (Chair) David Stirling Kathryn Foreman Julie Parker (independent member)
People and Resources Committee	Remuneration Committee
Stephen Cohen (Chair) Eileen Mullan Stephen Wordsworth	Sonya Lam (Chair) Stephen Cohen Nicola Scrivings (independent member)

The membership of the SMT at 31 March 2021 was as follows.

John Barwick	Chief Executive and Registrar
Jacqueline Ladds	Executive Director of Policy and External Relations
Andrew Smith	Executive Director of Regulation
Jo Moore	Executive Director of Corporate Services
Neil Cuthbertson	Executive Director of Digital Transformation
Claire Amor	Head of Governance
Gordon Dixon*	Director of Business Improvement
Claire Holt*	Director of HR and OD

* attended meetings of the SMT in 2020-21 as standing co-opted members

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 May 2021 and our re-certification, required every three years under ISO27001:2013 was confirmed. The next ISO27001:2013 BSI audit is scheduled for April 2022.

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 the Senior Management Team along with any learning points and possible future mitigations. Ransomware attacks on suppliers is a key concern at present. Internally we try to stay ahead of the increasingly complex data management environment.

In 2020–21 the HCPC recorded 43 personal information security incidents (2019–20: 87). Although there was a decrease in incidents overall, this may reflect less regulatory activity due to the pandemic lockdown over much of the financial year. Two incidents were reported to the Information Commissioner's Office (ICO) (2019-20: nil). Where possible, we use suppliers certified to ISO27001:2013. 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. We require 95% completion of the information security training, with a minimum pass mark of 80%.

We continue to address information security in our discussions with potential suppliers and develop new methods of working, via Privacy Impact Assessments.

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 89% of purchase invoices within 30 days (2019–20, 88%) and no interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998 (2019–20, nil).

Information on anticipated future developments is set out in the performance report on page 28.

Statement of Accounting Officer's responsibilities

Under the Health 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 must give a true and fair view of the state of affairs of the Health and Care Professions Council and of its income and expenditure, Statement of Financial Position 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 a going 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.

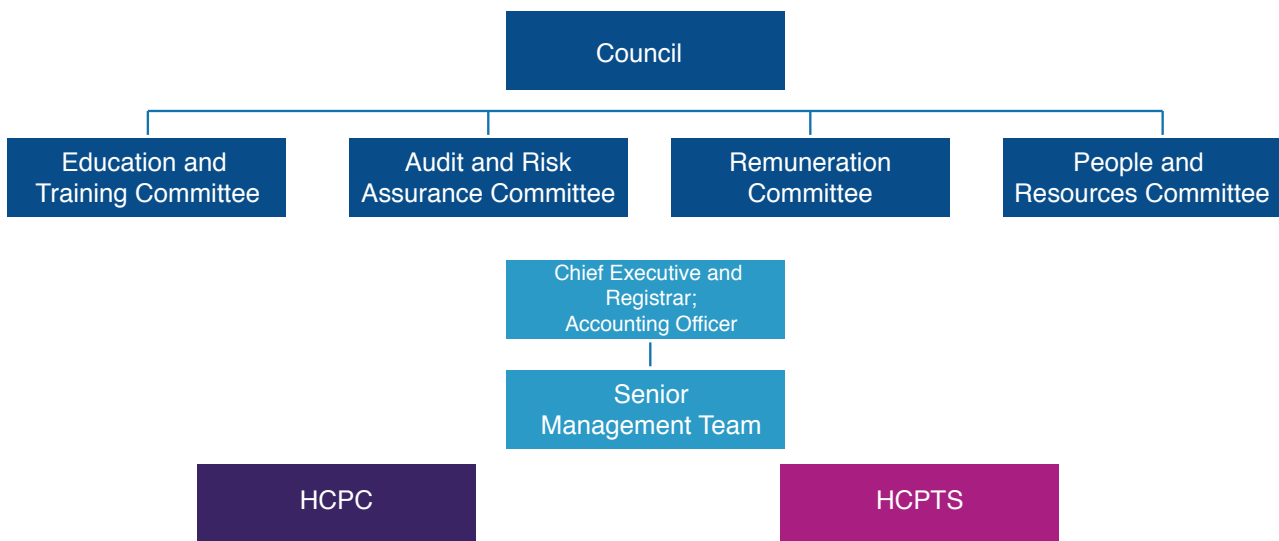
The Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information and to establish that the auditors are aware of that information. So far as he is aware, there is no relevant audit information of which the auditors are unaware.

John Barwick was acting as Accounting Officer since October 2019 and appointed as the permanent Accounting Officer on 9 March 2020. Prior to this role, he sat within SMT as the Executive Director of Regulation. Based on the information available to him while he was on the SMT, combined with assurance from internal quality assurance functions and through a financial baseline review performed by PwC, he has sufficient assurance required to make the statements above and sign off the 2020-21 Annual report and accounts.

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 website³. The senior management team set out on pages 48-49 has no significant interest that would conflict with directorship of the company which is in line with note 19 of the report. 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 31 and attendance at meetings during the year is shown on pages 45-46.

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.

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.

³ See www.hcpc-uk.org/aboutus/council/councilmembers/ and www.hcpc-uk.org/aboutus/committees/committeemembers/

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 2020-21 one member of the Council demitted office at the end of their term. In 2021-22 we will be running an appointment exercise to appoint three new members of Council, one Lay and two Registrant members.

Council performance and effectiveness

An agreed performance review system for individual Council members has been in place for many years. 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 regular reflection workshops. This gives Council the opportunity to reflect on collective performance

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.

Review of Committee performance effectiveness

During 2020 the Council reviewed the performance and effectiveness of the HCPC's Governance Committee structure and remits. This review was led by the Senior Council Member with the support of the Governance Executive.

The review aimed to ensure that;

- Our Committees are working, adding value and are relevant
- The right committee structure is in place for the next 3-5 years
- Committees are focused on the right areas of work to support the HCPC Council in its governance role
- Committees have the right skills to support its work and cognisant of succession planning

As a result of the review changes to the structure and remits were agreed. The main changes were

- Establishing a People and Resources Committee
- Standing down the Tribunal Advisory Committee
- Terms of reference changes
- Refresh of memberships and Chairships

These changes came into force on 1 January 2021. The Council have reflected on the impact of the changes so far at their July 2021 meeting, it was agreed that the new structure had added value and enabled the Council more time to focus on strategic questions.

Council Apprentices

The HCPC currently runs a Council Apprentices programme, effectively enabling talented candidates, who require a first foot in the door to a non-executive role, the opportunity to shadow the Council for a year. They are provided with mentoring and are encouraged to participate in all Council discussions as well as attending a Committee as a member. We currently have two Council Apprentices.

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 five members, three drawn from the Council and two independent members. The independent members bring a quality assurance and newly-qualified perspective.

The Committee met 6 times in 2020–21. Attendance at these meetings is detailed in the table on pages 45-46 of this report. The matters considered by the Committee included the following:

- Progress reports and decision papers relating to the new Education Quality Assurance Model pilot
- COVID-19 impact on implementing a change to SET 1 for paramedics
- Changes to the Education Approval process in response to COVID-19 restrictions
- Updates to the Comparable International Qualifications List
- The HCPC's professionalism and prevention framework
- The public consultation on proposed change to SET 1 for operating department practitioners
- The public consultation on changes to the HCPC's Guidance on Health and Character
- The HCPC's ongoing review the regulatory case for advanced practice
- Updates to the HCPC's online materials to support registrant reflective practice
- Annual Education data set for the 2019-20 academic year
- The results of a survey of Education Providers and Visitors for the 2020-21 year
- Non approval recommendations

During 2020–21 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. The Committee also took part in the review of Committee effectiveness and held a dedicated workshop to provide its survey response to inform the review.

Audit and Risk Assurance Committee annual report to the Council and the Accounting Officer

The Audit and Risk Assurance Committee is made up of three members appointed by and from the Council, plus one independent member. The Chair and the independent member both have recent, significant and relevant financial experience. Members of the SMT, other employees, the internal auditors and the external auditors attend Audit and Risk Assurance Committee meetings by invitation.

The Audit and Risk Assurance 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;
- 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 appropriateness of 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.

Internal Audit

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.

BDO LLP were appointed as the HCPC's Internal Auditors from the 2019-20 financial year for three financial years. During 2020–21, the Committee considered Internal Audit reports on:

- Reshaping the Organisation
- PSA & Internal Reporting
- IT Controls
- Intelligence Gathering
- Fitness to Practise - follow-up
- Registration end to end
- Payroll
- Financial Modelling

Five high priority, 19 medium priority and 15 low priority recommendations were made. High priority findings related to known issues with our new registration and finance IT system, as well as the accuracy of our financial forecasting model.

Each year, the Internal Auditor undertakes a review of the implementation of recommendations made. For 2020-21 the review concluded that "the organisation is committed to responding to the agreed audit recommendations".

The Internal Auditors' annual report, delivered in the June 2021 Audit and Risk Assurance Committee meeting, provided the opinion in respect of the HCPC's corporate governance, risk management and internal controls:

“There is some risk that the system of internal control, governance and risk management will fail to meet management's objectives – in some areas there are adequate and effective systems of governance, but there are also some specific areas of significant risk. Significant improvements are required in specific areas to improve the adequacy and / or effectiveness of governance, risk management and internal control.”

The Internal Auditors considered that the HCPC had responded rapidly to COVID-19 operational changes but that these had impacted on the pace of transformation work. The challenges posed by the systems issues as previously referenced were noted by the Internal Auditor as an influencer on the annual opinion.

This is a 'level 2' rating of four rating levels and the opinion for 2020-21 remains the same level as for the 2019-20 financial year.

Other matters

During 2020–21, matters considered by the Committee included the following:

- Draft Annual Report and Accounts 2019-20
- External Audit findings
- Information Governance Report 2019-20
- Annual review of feedback and complaints 2019-20
- Risk Management development
- Whistleblowing (internal) policy review
- Change in Registration business process
- Progress in developing the financial planning and analysis function
- Internal and External Auditor performance
- Internal Assurance report (reviewed at each meeting)
- Progress against internal audit recommendations (reviewed at each meeting)
- Strategic Risk Register (reviewed at each meeting)

The Committee held a workshop in February 2021, this session focused on a broad overview of the areas of responsibility of the Committee, as there were new members who had joined from 1 January 2021. The Committee reviewed its performance in 2020-21 using the HCPC's Committee Governance Review survey as a basis for reflection. The Committee felt it was effective and fulfilling its remit.

Remuneration Committee

The Remuneration Committee determines the annual salary review for HCPC employees including SMT and the Chief Executive and Registrar.

During 2020-21 matters considered by the Committee included the following:

- Committee terms of reference and effectiveness
- 2021-22 pay award
- Alternative reward mechanisms
- Apprenticeships and sponsorship
- Pay Policy and Exceptional payments
- Details of any redundancy payments made in the year

People and Resources Committee

The People and Resources Committee was established on 1 January 2021. Its terms of reference are as follows:

- Provide assurance to the Council on the HCPC's performance as an employer, including the suitability and effectiveness of its HR policies, internal EDI practice and the health of the organisational culture
- Provide assurance to the Council on the recruitment, retention, training, and performance of the HCPC Partners
- Review and approve the competency frameworks for Partner roles
- Review the HCPC's ongoing financial and organisational sustainability to ensure the overall strategy set by the Council remains deliverable
- Review and recommend the annual budget and quarterly budget reforecast to the Council
- Review the major variances to budget and forecast to assure Council of the HCPC's rationale for the variances
- Consider and recommend to the Council policies on financial management, investment and reserves
- Consider and award, or, where the Committee considers significant policy issues are involved, recommend that the Council award, major contracts
- Provide the Executive with advice and support on the development and delivery of the Digital Transformation and Estates strategies
- Review the HCPC's ongoing work to improve the efficiency and effectiveness of the HCPC including monitoring performance indicators and providing assurance on improvement programmes where requested by the Council

The Committee is formed of three Council members. From 1 January – 31 March 2021 it met twice. At these meetings it considered the HCPC's Estates Strategy, a business case for digital transformation of our data and the HCPC's draft budget for 2021-22

Tribunal Advisory Committee

This Committee was disbanded in September 2020. The Tribunal Advisory Committee was established as part of the establishment of the HCPTS. The Committee comprised six members, three who were existing panel chairs and three members who were independent of the tribunal process. The Council agreed that the Committee had fulfilled its remit in supporting the establishment of the HCPTS and that a dedicated Committee was no longer required.

Accounting Officer

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.

John Barwick was appointed as the permanent Chief Executive and Accounting Officer on 9 March 2020.

The Chief Executive, 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 five senior leadership roles are Executive Director of Regulation, Executive Director of Policy and External Relations, Executive Director of Corporate Services, Executive Director of Digital Transformation and Head of Governance, and together with the Chief Executive and Registrar, they form SMT.

The following roles have attended meetings of the SMT in 2020-21 as standing co-opted members:

- Director of Business Improvement
- Director of Human Resources and Organisational Development
- Director of Finance

Risks and internal control

Taking into account the HCPC's new Corporate Strategy 2021-26 the Council agreed a new set of six strategic risks as follows:

1. Our performance does not improve to a standard that enables us to achieve all the PSA standards of good regulation. In seeking to meet these standards we lose focus and lose standards in other areas
2. The HCPC's regulatory expectations are not appropriate or not understood by registrants and other stakeholders
3. We are unable to harness the benefits of the wealth of data we hold
4. We do not understand our stakeholder's needs and so are unable to be the regulator they (the wider system) need
5. The resources we require to achieve our strategy are not in place or are not sustainable

6. We are unable to demonstrate the value of regulation due to negative experiences of our regulation in practice

Each risk has a brief explanation, an inherent risk score, a current risk score as a result of existing controls and mitigations, and a target risk score when future planned mitigations and controls are in place. Progress on implementing these future mitigations is reported as part of the register. The register also provides an assessment of whether each strategic risk is within the agreed risk appetite, and current positive and negative influences on the risk score.

The SMT oversee an operational risk register alongside the strategic risk register, this records risk at a more granular level, managed by risk owners across the organisation. The operational risk register is reviewed on a quarterly basis as a minimum, or sooner if a significant change occurs to a risk profile. The strategic risk register is reviewed each month by the SMT as part of its regular strategy and planning monthly meeting.

Risk management and mitigation is an ongoing process and is achieved through our normal operational processes and structures, as well as being a key consideration in our decision making and options analysis. 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.

The Council's and the Audit and Risk Assurance Committee's regular agenda includes review of the strategic risk register and consideration of any change to the risk profile of the HCPC. The aim of these discussions is also to look forward to identify any risks emerging externally or internally that could be prevented through early mitigation, or that the HCPC needs to monitor the development of.

Risk appetite is defined by the Council and informs the decisions of employees and Council. The HCPC's risk appetite statement describes the level of risk the HCPC will accept or tolerate as minimal, measured, open, or seek in relation to certain areas, for example regulatory quality, people and value for money. In 2020-21 the Council took part in a workshop to develop a new risk appetite statement. The new statement was approved by the Council in February 2021.

As previously noted in this report, a significant area of risk this year was posed by the system and process issues encountered following the implementation of a new registration and finance module for processing registration fee income. Problems with the specification and relationship between these two systems has resulted in significant manual work arounds being required in order to accurately record and account for registration fee income. This resulted in a delay to our external audit for 2020-21. Work is progressing to resolve these system and process issues.

Another key area of risk posed in 2020-21 was a change in senior post holders within our corporate services directorate including the finance function. This included the Head of Finance and Executive Director of Corporate Services. While stabilisation plans are now in place with recruitment completed, key roles being vacant, and the consequent loss of corporate knowledge, impacted on operational effectiveness.

Whistleblowing

The HCPC is committed to being open and accountable, and maintaining high ethical standards in everything we do. All employees and those who work for the HCPC have an important role to play in achieving this goal and part of this is raising concerns when things go wrong and being live to concerns that are brought to us as a regulator.

The HCPC annually reports on its discharge of its prescribed person duties, this data is compiled in a joint whistleblowing disclosures report issued by all Health Professions Regulators to highlight our coordinated efforts in working together to address the serious issues raised to us. From 1 April 2020 to 31 March 2021 the HCPC received 12 disclosures of information. More detail on the actions we have taken can be found in the 2020-21 whistleblowing disclosures report [here](#).

We also operate an internal whistleblowing policy for our employees, contractors, Council members and Partners. In November 2020 we launched a revised internal policy aimed at demystifying the whistleblowing process and providing assurance to our people that they can come forward without fear. No internal whistleblowing reports were received in 2020-21

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 team, 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 2020–21 was BDO LLP. The internal auditors use our assessment of risk as documented in the risk register, the previous results of internal and external audits, as well as their own professional judgment in proposing their programme of work to the Audit and Risk Assurance Committee. They make recommendations based on the appraisal of each system reviewed.

An annual assurance report is provided to the Accounting Officer and Audit and Risk Assurance 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 2020–21, reported to the June 2021 Audit and Risk Assurance Committee meeting, was that in respect of the HCPC's corporate governance, risk management and internal controls: "There is some risk that the system of internal control, governance and risk management will fail to meet management's objectives – in some areas there are adequate and effective systems of governance, but there are also some specific areas of significant risk. Significant improvements are required in specific areas to improve the adequacy and / or effectiveness of governance, risk management and internal control."

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 2019–20 concluded that the HCPC had met 18 of the 24 standards. Five standards relating to FtP performance were not met, as well as one standard relating to understanding the Equality Diversity and Inclusion demographics of our stakeholders. 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 and Risk Assurance 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 and Risk Assurance Committee and the Accounting Officer are informed by the work of the internal auditors and managers within the organisation, through the quality audits by the British Standards Institute, and by comments made by the external auditors in their management letters and other reports.

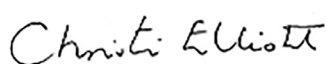
Based on these reviews, we are satisfied that the system of internal control that has been in place for the year ending 31 March 2021 and up to the date of approval of the Annual report and accounts is appropriate and proportionate to manage the risks to achievement of our objectives, and complies with HM Treasury guidance.

Auditors and audit information

The Health 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.

As in 2019-20, for 2020-21, the Council has engaged Haysmacintyre LLP to audit the accounts. Work to support the Comptroller and Auditor General's certification to Parliament has been undertaken by the National Audit Office. The auditors have audited the Financial statements and sections of the Accountability report marked as subject to audit.

The cost of providing audit services was £80,500 (£59,750 including VAT charged by Haysmacintyre LLP and £8,800 charged by the National Audit Office) (2019-20, £27,480 charged by Haysmacintyre LLP and £6,100 by the National Audit Office).



Christine Elliott
Chair

Date 7 December 2021



John Barwick
*Chief Executive and Registrar
Accounting Officer*

Date 7 December 2021

Remuneration and staff report

Council and Committee members' fees and expenses (subject to audit)

During the year, the Chair of the HCPC was remunerated on an annual basis at a rate of £65,000. Council members and Committee Chairs were paid a salary of £12,000 and £14,000 respectively for attendance at Council meetings or Committee meetings, and meetings attended on behalf of the HCPC. Independent Committee member remuneration remained as a daily rate of £341 (2019–20: £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 including salary totalling £224,085 (2019–20, £222,160) were paid and accrued to 25 members (2019–20, 21 members), including the independent members, and Council Apprentices, who are not also members of the Council.

Benefits-in-kind with a total taxable value of £-430.55 (2019–20, £37,000) were paid to Council and Committee members. This is a negative value as it relates to travel expenses incurred in advance at the end of the 2019-20 financial year, that were subsequently refunded due to national travel restrictions. 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.

The fees for the period 1 April 2020 to 31 March 2021 for Council and Committee members paid and accrued were as follows. This table has been subject to audit.

Council / Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2020–21		2020–21			2019–20		
			Allowance or fees ¹ £'000	Expenses* £'000	Total £'000	Allowance or fees ¹ £'000	Expenses* £'000	Total £'000
Graham Aitken	Tribunal Advisory	2/2	0-5	100	0-5	0-5	–	0-5
Catherine Boyd	Tribunal Advisory	3/3	0-5	-	0-5	0-5	-	0-5
Stephen Cohen	Council People and Resources (Chair) Remuneration	5/6 2/2 1/1	10-15	-100	10-15	10-15	800	10-15
Maureen Drake ²	Council Education and Training (Chair) ²	6/6 7/7	10-15	-	10-15	10-15	4,200	15-20
Christine Elliott	Council (Chair)	6/6	65-70	200	65-70	65-70	2,600	65-70
Kathryn Foreman ³	Council Remuneration (Chair) ³	6/6 2/2	10-15	-200	10-15	10-15	3,400	15-20
Sue Gallone	Council Audit and Risk Assurance (Chair)	6/6 5/5	10-15	100	10-15	10-15	900	15-20
Philip Geering	Tribunal Advisory	3/3	0-5	-	0-5	0-5	–	0-5
Helen Gough	Council Audit and Risk Assurance Education and Training	6/6 1/1 1/1	10-15	-	10-15	0-5	1,000	0-5
Sheila Hollingworth	Tribunal Advisory	3/3	0-5	-100	0-5	0-5	1,000	0-5
Nicola Hunt ⁴	Council People and Resources	2/2 2/2	0-5	-	0-5			
Luke Jenkinson	Education and Training	7/7	0-5	-	0-5	0-5	1,500	0-5
Penny Joyce	Education and Training	5/5	0-5	100	0-5	0-5	800	0-5
Alan Kershaw	Tribunal Advisory	3/3	0-5	60	0-5	0-5	–	0-5
Sonya Lam	Council Education and Training Remuneration (Chair) ³	6/6 6/6 1/1	10-15	-100	10-15	10-15	3,700	15-20

Council / Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2020–21		2020–21			2019–20		
			Allowance or fees ¹ £'000	Expenses* £'000	Total £'000	Allowance or fees ¹ £'000	Expenses* £'000	Total £'000
Eileen Mullan	Council Audit and Risk Assurance People and Resources	5/6 4/4 2/2	10-15	-100	10-15	10-15	3,400	15-20
Julie Parker	Audit and Risk Assurance	5/5	0-5	-	0-5	0-5	200	0-5
Pameleta Ricketts ⁴	Council Audit and Risk Assurance	2/2 1/1	0-5	-	0-5	-	-	-
Marcia Saunders	Tribunal Advisory (Chair)	3/3	0-5	-	0-5	0-5	-	0-5
Nicola Scrivings	Remuneration	3/3	0-5	-	0-5	0-5	100	0-5
Gavin Scott ⁵	Council Audit and Risk Assurance	4/4 4/4	5-10	-100	5-10	10-15	4,800	15-20
David Stirling	Council Remuneration Audit and Risk Assurance	5/6 1/1 1/2	10-15	-100	10-15	5-10	4,500	10-15
Robert Templeton ⁶	Council	0/0	-	-	-	10-15	-	10-15
Kathryn Thirlaway	Council Education and Training	5/6 7/7	10-15	-	10-15	5-10	2,000	10-15
Stephen Wordsworth	Council Education and Training (Chair) ² Remuneration People and Resources	5/6 5/6 2/2 2/2	10-15	-	10-15	10-15	2,100	15-20

* These figure relate solely to expenses designated as a benefit in-kind by HMRC (to the nearest £100).

1. The Council Chair's allowance is £65k per annum. Council members receive an allowance of £12,000 per annum. Council members who act as Committee Chairs receive an additional allowance of £2k per annum. Independent Committee members and Council Apprentices receive a day fee of £341 for each formal governance meeting attended.
2. Stephen Wordsworth was the Chair of the Education and Training Committee until 31 December 2020. On 1 January 2021 Maureen Drake became the Chair of the Education and Training Committee.
3. Kathryn Foreman was the Chair of the Remuneration Committee until 31 December 2020. On 1 January 2021 Sonya Lam became the Chair of the Remuneration Committee.
4. Pameleta Ricketts and Nicola Hunt were appointed as Council Apprentices on 1 January 2021. These are not public appointments and the post holders are not voting members of the Council.
5. Gavin Scott demitted office at the end of his appointment term on 31 December 2020.
6. Robert Templeton left Council on 2 December 2019.

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 one interim SMT member was paid via agency for part of the year. The Chief Executive and SMT are members of the Aviva pension scheme, which is a stakeholder, defined contribution scheme to which the HCPC contributes. The employer contribution levels are 16.5% of pensionable salary for employee contracts pre-dating May 2007 and 7% of salary for employee contracts dated May 2007 onwards, subject to an employee contribution of at least 3% of salary.

The Chief Executive and Registrar's contract of employment requires a termination notice period of six months by both the employee and the employer. The Executive Directors of Policy and External Communication contract requires a termination notice period of six months and remaining interim SMT members' contracts require a termination notice period of three months and one month to be given by the employer or the employee after the probationary period.

Executive Directors – SMT remuneration (subject to audit)

The salaries and remuneration paid to executive directors including the Chief Executive, and standing co-opted members of SMT were as follows.

Name	Position	2020–21				2019–20			
		Salary / Remuneration	Employer's pension contribution	Taxable benefits (to nearest £100) £000	Total	Salary / Remuneration	Employer's pension contribution	Taxable benefits (to nearest £100) £000	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Senior Management Team									
John Barwick ¹	1) Chief Executive and Registrar (from March 2020) 2) Interim Chief Executive (from October 2019 to March 2020) 3) Executive Director of Regulation (until September 2019)	160-165	11	-	170-175	130-135	9	-	140-145
Jacqueline Ladds	Executive Director of Policy and External Relations	105-110	8	-	115-120	105-110	7	-	110-115
Neil Cuthbertson ²	Executive Director of Digital Transformation	145-150	9	-	155-160	-	-	-	-
Jo Moore ³	Executive Director of Corporate Services	15-20	0	-	15-20	-	-	-	-
Claire Amor ⁴	Head of Governance	75-80	5	-	80-85	35-40	3	-	35-40
Andrew Smith ⁵	Executive Director of Regulation	45-50	3	-	45-50	-	-	-	-
Guy Gaskins ⁶	Executive Director of IT and Resources	-	-	-	-	110-115	8	-	115-120
Marc Seale ⁷	Chief Executive and Registrar	-	-	-	-	195-200	-	5	200-205

Name	Position	2020-21				2019-20			
		Salary / Remuneration	Employer's pension contribution	Taxable benefits (to nearest £100) £000	Total	Salary / Remuneration	Employer's pension contribution	Taxable benefits (to nearest £100) £000	Total
		£'000	£'000		£'000	£'000	£'000		£'000
Co-opted members									
Gordon Dixon ⁸	1) Director of Business Improvement (from January 2020) 2) Interim Director of Finance (from August 2019 to January 2020)	190-195	-	-	190-195	110-115	-	-	110-115
Claire Holt ⁹	1) Director of HR and OD (from March 2020) 2) Interim Director of HR and OD (from July 2019 to Feb 2020)	95-100	8	-	105-110	100-105	1	-	100-105
Tian Tian ¹⁰	Director of Finance	85-90	6	-	90-95	45-50	4	-	50-55
Jameela Khan ¹¹	Interim Director of Finance (until August 2019)	-	-	-	-	10-15	1	-	10-15

- John Barwick was Executive Director of Regulation until 30 September 2019, he acted as the interim Chief Executive from 1 October 2019 to 8 March 2020. On 9 March 2020, he was formally appointed as the Chief Executive and Registrar of the HCPC. His full time equivalent (FTE) salaries for the three roles were in the bands of (£115,000 - £120,000), (£145,000-£150,000), (£155,000 - £160,000) respectively.
- Neil Cuthbertson joined the HCPC on 20 April 2020 as the Executive Director – Digital Transformation, IT. His full time equivalent (FTE) salary for 2020-21 was in the band of (£150,000 - £155,000).
- Jo Moore joined the HCPC on 14 February 2021 her full time equivalent (FTE) salary for 2020-21 was in the band of (£125,000 - £130,000)
- Claire Amor joined SMT on 1 October 2019. Her full time equivalent (FTE) salary for 2019-20 was in the band of (£70,000-£75,000).
- Andrew Smith joined SMT on 16 November 2020 as the Executive Director of Regulation. His full time equivalent (FTE) salary for 2020-21 was in the band of (£115,00 - £120,000)
- Guy Gaskins left under settlement agreement terms on 31 March 2020, total compensation accrued at the 2019-20 year end was (£95,000 - £100,000).
- Marc Seale left the HCPC under settlement agreement terms on 31 March 2020. Total compensation accrued as at the 2019-20 year end was (£200,000 - £205,000). He waived his entitlement to employer pension contributions to his personal pension plan for 2019-20 and 2018-19.
- Gordon Dixon joined the HCPC as Interim Director of Finance on 19 August 2019 and was remunerated through agency. On 27 January 2020, he became the Director of Business Improvement, being accountable for Business Improvement delivery and to provide Executive oversight of Financial and Fitness to Practise functions. For this service, he invoiced the HCPC through a personal service company. His full time equivalent (FTE) salary for the two roles were in the bands of (£190,000 – £195,000) and (£200,000 - £205,000) respectively.
- Claire Holt joined the HCPC as Interim Director of HR and OD on 15 July 2019 and was remunerated through agency. She became Director of HR and OD on 2 March 2020 on a one year fixed term contract. Her full time equivalent salary was in the bands of (£180,000 - £185,000) while working through agency and in the bands of (£95,000 - £100,000) as fixed term contractor.
- Tian Tian was on maternity leave between 1 April 2019 and 26 January 2020. Her full time equivalent (FTE) salary for 2019-20 was in the band of (£80,000-£85,000).
- Jameela Khan was the Interim Director of Finance, she joined SMT on 4 July 2019 and left the HCPC on 8 August 2019. Her full time equivalent (FTE) salary for 2019-20 was in the band of (£80,000-£85,000).

Executive Directors remuneration (continued)

No benefits-in-kind were paid to executive directors during the year.

Fair pay disclosures (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the HCPC in the financial year 2020–21 was £160-£165,000 (2019–20, £200-205,000). This was 4.8 times (2019–20, 6.0) the median remuneration of the workforce, which was £34,000 (2019–20, £34,000). The reduction on the fair pay ratio is due to the impact of the change in remuneration paid to the highest paid employee. In both years this was the Chief Executive role, however the post holder changed at the end of March 2020.

In 2020–21, one (2019–2020, nil) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £195,000 to £20,000 (2019-20, £200,000 to £22,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Consultancy and off-payroll engagements

Off payroll arrangements are in place for extraordinary work that is limited in time and not part of normal operations of the HCPC. Example of this work included IT system projects, advisors to the Council on business transformation, plus development and implementation of the business transformation and improvement plan. Overall the HCPC has incurred consultancy costs of £655k for the delivery of business transformation and improvement project during 2020-21 financial year.

Exit packages (subject to audit)

6 employees were paid settlement or redundancy payments during the year. The number of exits per cost bands were as follows.

Employee numbers and costs (subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2020-21 Total number of exit packages by cost band	2019-20 Total number of exit packages by cost band
<£10,000	3	0	3	1
£10,000–£25,000	-	0	-	3
£25,000–£50,000	3	0	3	3
£50,000–£100,000	-	0	-	1
£100,000–£150,000	-	0	-	-
£150,000–£200,000	-	0	-	-
£200,000–£250,000	-	0	-	1
Total number of exit packages	6	0	-	9
Total cost	145,088	0	145,088	£480,000

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

Employee sickness absence and turnover

Both employee turnover and sickness absence form key performance indicators monitored by our Council at each meeting. Additionally, our People and Resources Committee was created in January 2021 in order to increase the Council's oversight on our performance as an employer.

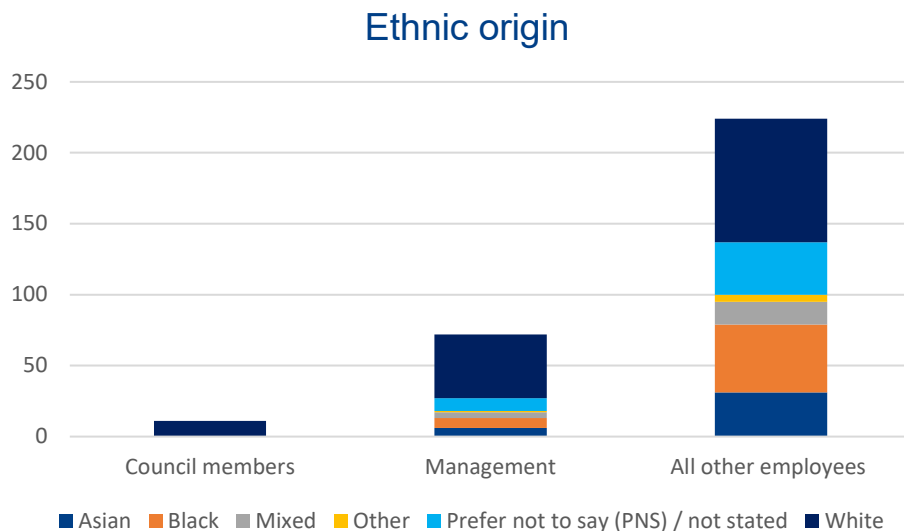
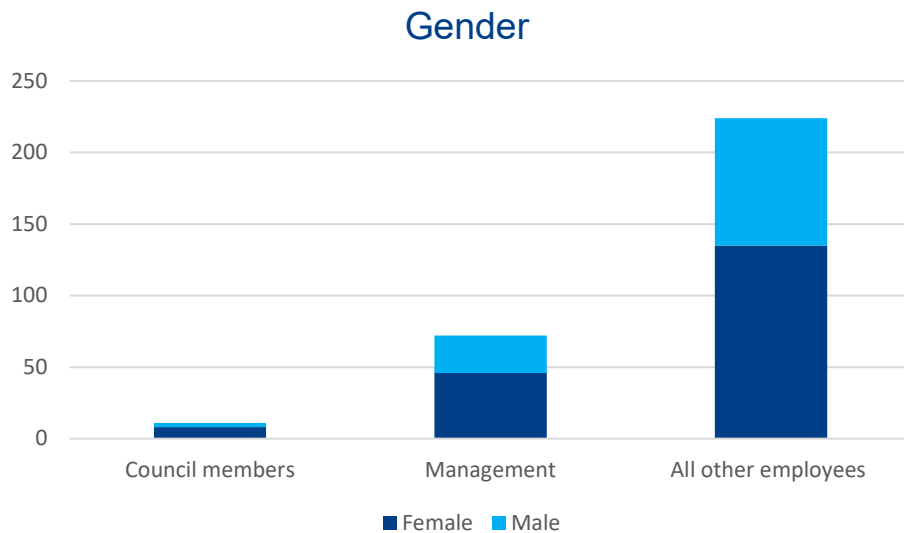
Employee turnover for 2020-21 was 21%. 2% of available workdays were lost to sickness absence with an employee average of six sick days taken.

Equality and diversity

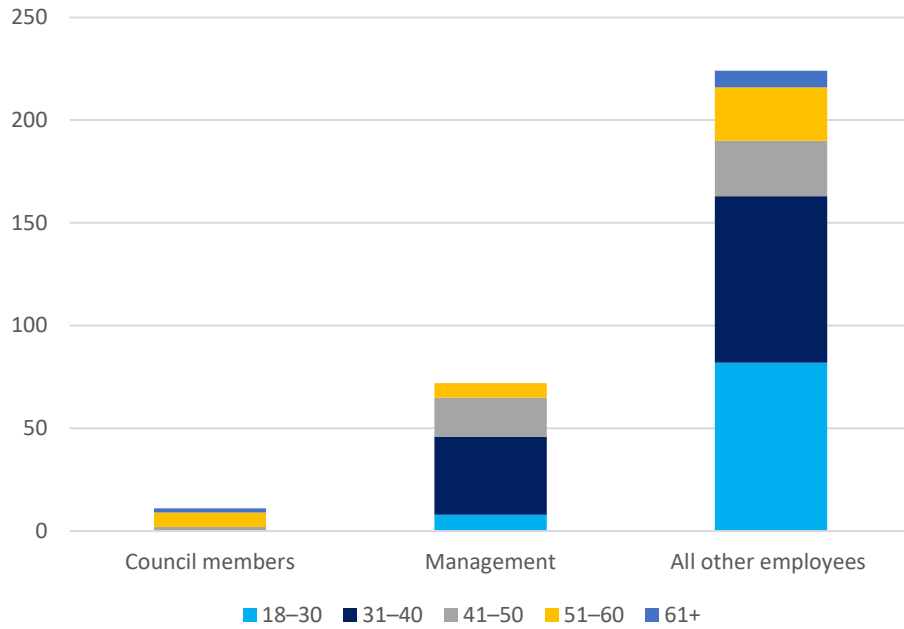
We are committed to meeting our obligations under the Equality Act 2010 and continuing to ensure that we are an organisation that values diversity and promotes equality. This includes ensuring Council and Committee members, Partners and employees receive regular training in equality and diversity matters,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

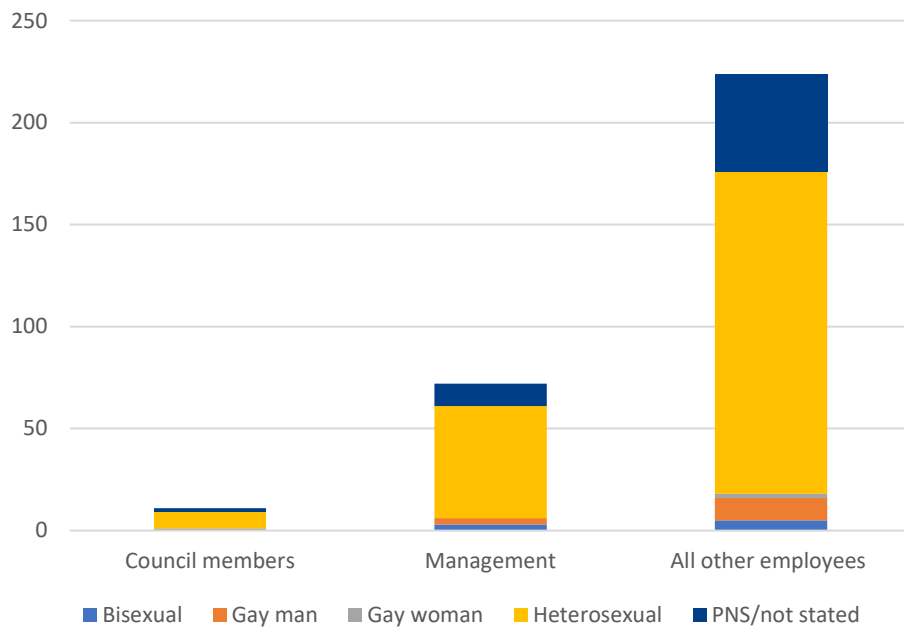
Our diversity at 31 March 2021 was as follows.



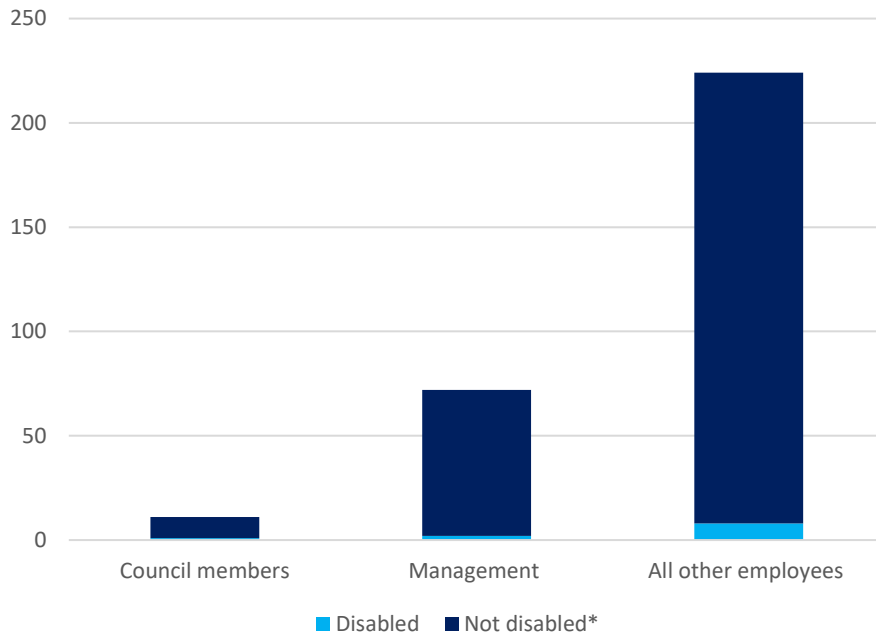
Age range



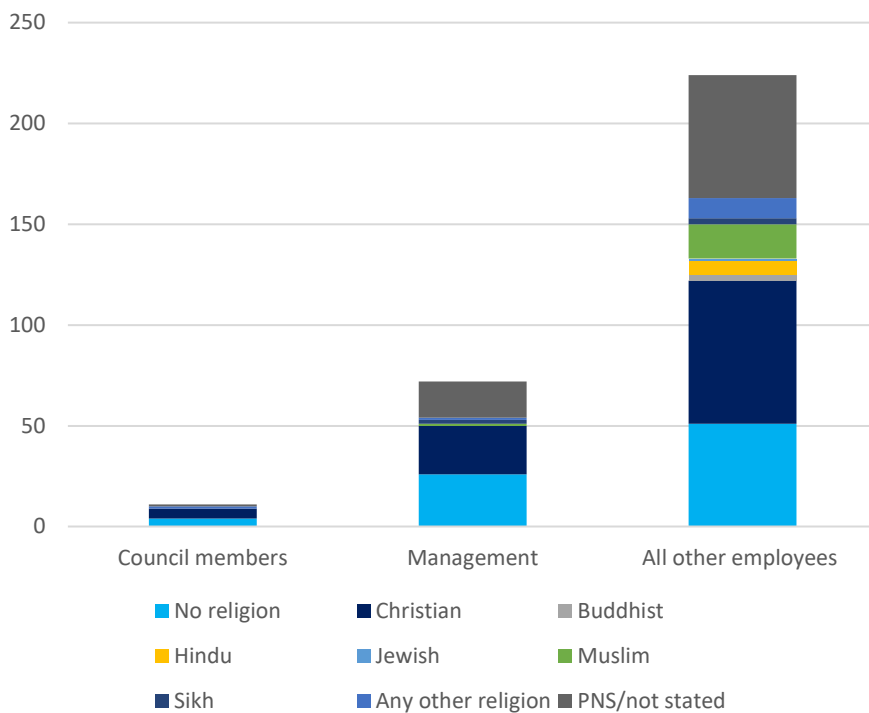
Sexual orientation



Disability



Religion



Gender pay gap

As at 5 April 2020, our mean gender pay gap for employees was 2.98% (2019–20, -2.95%) and our median gender pay gap was 0%⁴. The HCPC is committed to doing everything that it can to reduce the gender pay gap. The main reason for our gender pay gap is that there are comparatively more women than men in roles in lower pay rates for employees and a lower average hourly rate for Partners. Therefore, our main aim over time is to attract more women into senior and managerial roles. There is evidence of a some progress against this objective when comparing this to the previous years' quartile bands.

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. Two health and safety incidents were reported during the year 2020 -21 (previously seven in 2019–20). The decrease is partly attributed to the reduced presence onsite due to the COVID pandemic. Health and safety incidents can be categorised as either reportable or non-reportable to the Health and Safety Executive, in accordance with Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR 2013). None of the incidents were reportable under RIDDOR, and as such are considered minor.

The total number of employee sick leave days in 2020–21 was 1014 (2019–20, 1,826). The average number of sick days per full time equivalent employee in 2020–21 was 6 working days or 2% of working days (2019–20, 6 days, 3% of working days).

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, minimise our impact on the environment and we are a safe and welcome place to work for our employees and partners.

⁴ In line with statutory requirements, the calculation for these figures includes the HCPC Partners. The calculations for employee only result in a mean gender pay gap of 5.27% and a median gender pay gap of 0%. Our full gender pay gap report is available at <https://www.hcpc-uk.org/resources/reports/2020/gender-pay-gap-report-2020/>

Parliamentary accountability and audit report

Accountability

Fees charging (subject to audit)

Article 45 of the Health 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 (subject to audit)

There were no Losses & Special Payments for the HCPC over the reporting requirements as set out in HM Treasury’s Managing Public Money Guidance in 2020-21 (2019-20 £336k).

Remote contingent liabilities (subject to audit)

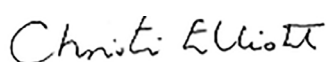
As at 31 March 2020, there were 1,093 open pre-ICP concerns and 314 open Cases to Answer. This was estimated to be a backlog of 488 cases above a steady state WIP. The anticipated cost of concluding the March 2020 backlog of Fitness to Practise concerns was £5.5m.

The flow of conclusion of FtP slowed in 2020-21 as a result of the impact of COVID-19 where there was a period when the Panel was not able to be held as the HCPC developed protocols for remote Hearings. Cases were progressed through ‘front-loaded’ hearings and continued progression of cases to ensure that they were Hearing ready. These initiatives supported case flow but were not able to fully compensate for the impacts of COVID-19.

At 31 March 2021, there were 1,178 open pre-ICP concerns and 459 open Cases to Answer. The number of FtP cases above a steady state has increased from 488 cases as at 31 March 2020 to 599 cases as at 31 March 2021. The anticipated cost of concluding the March 2021 backlog of Fitness to Practise concerns is £4.6m. The cost per case for concluded cases has reduced because of the initiatives to progress cases whilst not being able to have the hearings to conclude them.

Gifts (subject to audit)

The HCPC has received no gifts in year (2019-20: Nil).



Christine Elliott
Chair

date 7 December 2021



John Barwick
Chief Executive and Registrar
Accounting Officer

date 7 December 2021

Accountability report: Independent auditor's report to the members of the Health and Care Professions Council

Opinion

We have audited the financial statements of the Health and Care Professionals Council (“the Council”) for the year ended 31 March 2021 which comprise the Statement of Comprehensive Net Income, the Statement of Financial Position, the Cash Flow statement, the Statement of Changes in Equity, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Council's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Health Professions Order 2001 and the directions issued thereunder by the Privy Council.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 8 on page 75 of the financial statements which discloses the premise upon which the Council's property has been valued. Our audit opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council'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.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Council and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

We have nothing to report in respect of the following matters where we report to you if, in our opinion:

- adequate accounting records have not been kept by the Council, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Council and Accounting Officer

As explained more fully in the Statement of Responsibilities of the Accounting Officer, the Council and Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council Members are responsible for assessing the Council'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 Council Members either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations relates to the Health Professions Order 2001 and the directions issued thereunder by the Privy Council, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Health Professions Order 2001 and the directions issued thereunder by the Privy Council, and the application of IFRS, income tax and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Members of Council, as a body, in accordance with Health Professions Order 2001 and the directions issued thereunder by the Privy Council. Our audit work has been undertaken so that we might state to the members of Council those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of Council as a body, for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 8 December 2021

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Health and Care Professions Council for the year ended 31 March 2021 under the Health Professions Order 2001. The financial statements comprise: the Statement of Comprehensive Net Income, Statement of Financial Position, Cash Flow Statement, Statement of Changes in 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 taking into consideration the accounting principles and disclosures of the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Health and Care Professions Council's affairs as at 31 March 2021 and of the Health and Care Professions Council's net deficit for the year then ended;
- have been properly prepared in accordance with the Health Professions Order 2001 and the Privy Council determinations issued thereunder.

Emphasis of matter – material uncertainty regarding property valuation

I draw attention to the disclosures made in note 8 to the financial statements which state that the valuation of the Health and Care Professions Council's Freehold property is subject to material uncertainty with respect to the estimated valuation of these assets. My opinion is not modified in respect of this matter.

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. I am independent of the Health and Care Professions Council in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that Health and Care Professions Council'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 Health and Care Professions Council'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 Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Health and Care Professions Council is adopted in consideration of the requirements set out in International Accounting Standards taking into consideration 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 is 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 Accounting Officer is 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 determinations made under the Health Professions Order 2001; and
- the information given in the Performance and Accountability Reports 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 Health and Care Professions Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance 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 Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is 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 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 Health and Care Professions Council’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 Accounting Officer anticipates that the services provided by the Health and Care Professions Council 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 Health Professions Order 2001.

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, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Health and Care Professions Council’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 Health and Care Profession Council’s controls relating to the Health Professions Order 2001.
- discussing among the engagement team and with the auditors appointed by the Health Care Professions Council 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 and posting of unusual journals;

- obtaining an understanding of the Health and Care Professions Council's framework of authority as well as other legal and regulatory frameworks that the Health and Care Professions Council 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 Health and Care Professions Council. The key laws and regulations I considered in this context included Health Professions Order 2001, tax legislation and employment law.

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 and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council; 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.

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

Date: 9 December 2021

Financial statements

Statement of comprehensive net income for the year ended 31 March 2021

	Note	2020–21 £'000	2019–20 £'000
Income			
Fee income	2	27,162	32,651
Total operating income		27,162	32,651
Expenditure			
Staff costs	4	(12,247)	(13,908)
Depreciation and amortisation	8, 9	(817)	(598)
Other expenditure	6	(15,443)	(19,382)
Business transformation costs	6	(500)	(1,020)
Total operating expenditure		(29,007)	(34,908)
Deficit for the year after operational costs		(1,845)	(2,257)
Other income			
Grant income	3	362	2,594
Investment income	3	10	113
Other income – rental	3	175	175
Surplus / (Deficit) on ordinary activity before taxation		(1,298)	625
Taxation	7	(35)	(54)
Impairment of intangible assets	9	-	(283)
Retained surplus / (deficit) for the year		(1,333)	288
Other comprehensive net income			
Revaluation gain on freehold property	8	238	133
Total comprehensive net (deficit) / income		(1,095)	421

The notes on pages 68-82 form part of these Financial statements.

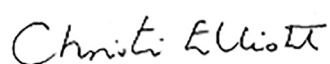
The operating surplus / (deficit) for the year arises from the HCPC's continuing operations.

Statement of financial position at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	8	6,487	6,298
Intangible assets	9	4,105	2,529
Total non-current assets		10,592	8,827
Current assets			
Trade and other receivables	10	7,276	4,371
Short-term deposits	12	3,602	5,098
Cash and cash equivalents	11	3,641	6,810
Total current assets		14,519	16,279
Total assets		25,111	25,106
Current liabilities			
Trade and other payables	13	(2,818)	(3,385)
Deferred income	14	(18,537)	(17,067)
Total current liabilities		(21,355)	(20,452)
Liabilities greater than one year	15	(360)	(163)
Assets less liabilities		3,396	4,491
Reserves			
General reserve		2,727	4,060
Revaluation reserve		669	431
		3,396	4,491

The notes on pages 68-82 form part of these Financial statements.

Approved and authorised for issue on behalf of the Council and signed on its behalf:



Christine Elliott
Chair

Date 7 December 2021



John Barwick
Chief Executive and Registrar
Accounting Officer

Date 7 December 2021

Cash flow statement for year ended 31 March 2021

	Note	2020–21 £'000	2019–20 £'000
Cash flows from operating activities			
Deficit for the year		(1,845)	(2,257)
Depreciation and amortisation	8, 9	817	598
(Increase) in trade and other receivables	10	(2,906)	(1,354)
(Decrease) / Increase in payables	13	(548)	181
Increase / (Decrease) in deferred income	14	1,470	(5,081)
Increase in liabilities greater than one year	15	195	-
Net cash (outflow) / inflow from operating activities		(2,817)	(7,913)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(299)	(155)
Purchase of intangible assets	9	(2,042)	(1,522)
Net disposal of short-term deposits	12	1,496	2,272
Rental income	3	175	175
Investment income	3	10	113
Net cash flows from investing activities		(660)	883
Taxation	7, 13	(54)	(47)
Cash flows from financing activities			
Income from the Department for Education	3	-	2,594
Income from the Department of Health and Social Care		362	-
Net cash flows from financing activities		362	2,594
Net (decrease) in cash and cash equivalents in the period		(3,169)	(4,483)
Cash and cash equivalents at the beginning of the period	11	6,810	11,293
Cash and cash equivalents at the end of the period		3,641	6,810

The notes on pages 68-82 form part of these Financial statements.

Statement of changes in equity for year ended 31 March 2021

	Note	Revaluation reserve £'000	General reserve £'000	Total £'000
Balance at 1 April 2019		298	3,772	4,070
Surplus for the year		–	288	288
Gain on revaluation of property		133	–	133
Balance at 31 March 2020		431	4,060	4,491
Deficit for the year		–	(1,333)	(1,333)
Gain on revaluation of property	8	238	–	238
Total recognised income and expense for the year		238	(1,333)	(1,095)
Balance at 31 March 2021		669	2,727	3,396

The notes on pages 68-82 form part of these Financial statements.

Notes to the Financial statements for year ended 31 March 2021

1. Accounting policies

1.1 Basis of preparation

These financial statements have been prepared taking into consideration the accounting principles and disclosure requirements of the 2020–21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the HCPC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the HCPC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of land and buildings.

1.3 IFRS, amendments and interpretations in issue but not yet effective, or adopted

IAS 8– Accounting Policies, Changes in Accounting Estimates and Errors requires disclosure in respect of new IFRS, amendments and interpretations that are, or will be applicable after the accounting period. Standards, amendments and interpretations issued by the International Accounting Standards Board, but not yet effective that have not been early adopted, and which are relevant to the HCPC are:

- **IFRS 16 – Leases** was issued in January 2016. In accordance with the FReM, the HCPC will first apply it in the 2021–22 financial statements, although earlier adoption may be permitted. IFRS 16 will require the recognition of all leases on balance sheet, including leases for rented office space. A lease liability and the related right of use asset will be recognised at the present value of the lease payments payable over the lease term. It is estimated that the right-of-use asset value will be approximately £937k as at 1 April 2021 and the impact on the statement of comprehensive net income will be additional expenditure of approximately £23k in 2021–22.
- **IFRS 17 – Insurance Contracts** implementation has been deferred from its original implementation date of 1 January 2022 to 1 January 2023 by the IASB. No material impact to the HCPC's financial statements is anticipated following its implementation.

1.4 Going concern

The HCPC is established in statute, and it would require an Act of Parliament to dissolve or abolish the organisation. The annual fees paid by registrants joining the Register or renewing their registration increased by £8.12 to £98.12 per annum on the 1st July 2021. The implementation of the fee increase was delayed as part of the HCPC supporting its registrants during to the COVID-19 pandemic. There is a mechanism in place to continue to allow for fee increases in order to continue to increase the HCPC's income.

As a result of COVID-19, demand for many professions that the HCPC regulate has increased. Given the level of demand, we are seeing an increase to the number of registrants and as such, along with the fee increase, the fee income we receive will increase.

The HCPC continues to seek ways to improve the service we provide. Investments in service improvements are being focused on improving our service and reducing cost, where appropriate. The Council will continue to regularly review options in order to take appropriate steps to balance investments in the future developments and required expenditure with the HCPC's income. Council consider no material uncertainties in relation to going concern.

1.5 Accounting judgement and estimation

Estimates and the underlying assumptions are reviewed on a regular basis by the Council. Areas of significant judgement made by management are:

- **IAS16 – Property, Plant and Equipment:** judgement is made on fixed asset lives, revaluation of land and buildings and the capitalisation threshold as discussed below.
- **IAS36 – Impairments:** the Council makes judgements on whether there are any indications of impairments to the carrying amounts of the HCPC's assets.
- **IAS37 – Provisions:** judgement is made on the best estimate that can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.
- **IAS38 – Intangible Assets:** note 9 shows the HCPC's intangible assets. Recognition and measurement of Intangible Assets is in line with IAS38.

Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses in respect of both land and buildings recognised after the date of the revaluation. Valuations are performed with a maximum interval of five years, and more frequently if open market values are considered to be volatile, to ensure that the fair value of a revalued building does not differ materially from its carrying amount. The fair value of freehold properties is determined with a full valuation carried out by professionally qualified Chartered Surveyors. This is done on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The latest valuation was as at 31 March 2021. Property capital costs incurred between valuations are capitalised at cost.

Any revaluation surplus is credited to the assets revaluation reserve included in the accumulated funds section of the Statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of comprehensive net income, in which case the increase is recognised in the Statement of comprehensive net income. A revaluation deficit is recognised in the Statement of comprehensive net income except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the buildings and the net amount is restated to the revalued amount of the buildings.

Plant and equipment are stated at historic cost of acquisition less accumulated depreciation and impairment losses as a proxy for fair value. The HCPC's plant and equipment assets are relatively

low value items with short useful lives. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. Individual assets costing £5,000 or more are capitalised and subsequently depreciated.

Property, plant and equipment assets are depreciated using the straight-line method based on estimated useful lives. The annual rate of depreciation for each class of depreciable asset held at 31 March 2021 is as follows:

- freehold buildings – over 50 years;
- office furniture and equipment – over four years;
- computer equipment – over three years; and
- leasehold improvements – over the shorter of the remaining minimum term of the lease or the expected useful life.

Intangible assets

Intangible assets are stated at historic cost of acquisition less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. Individual assets costing £5,000 or more are capitalised and subsequently amortised. Amortisation is not provided for until the asset is fully developed and in use. The annual rate of depreciation for each class of intangible asset held at 31 March 2021 is as follows:

- software licences – over three years; and
- software system development costs – over three to seven years.

The carrying value of non-current assets is assessed annually and any impairment is charged to the Statement of comprehensive net income. The estimated useful life and residual values of non-current assets are also assessed annually.

1.6 Financial instruments: Financial assets

The HCPC classifies its financial assets under the requirements of IFRS 9 into one of the categories below, depending on the purpose for which the asset was acquired.

Trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services but also incorporate other types of contractual monetary assets. Under IFRS 9 these are held at and are subsequently carried at invoiced value or amortised cost using the effective interest rate method, less provision for impairment. Details of Trade and other receivables is found in Note 10.

Cash and cash equivalents. These include current accounts, instant access deposit accounts held with banks. The deposits comply with the HCPC investment policy. Cash and cash equivalents are held at amortised cost under IFRS 9. Details of Cash and cash equivalents is found in Note 11.

1.7 Financial instruments: Financial liabilities

The HCPC classifies its financial liabilities as follows.

Trade and other payables. These are recognised at invoice value and arise principally from the receipt of goods and services. Under IFRS 9 these will remain at amortised cost

Currency, liquidity and interest rate risk. Refer to note 21 of the Financial statements.

Provisions. A provision is recognised in the Statement of financial position when the HCPC has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Pensions. The HCPC contributes to a defined contribution pension scheme on behalf of its employees. The HCPC contributions are expensed to the Statement of comprehensive net income on an accruals basis. There are no unfunded employee benefit arrangements.

Income. Fee income comprises registration fees, readmission fees, renewal fees and scrutiny fees. Scrutiny, registration and readmission fees are collected upon application for registration and recognised once the related goods or services are provided. Renewal fees are accounted for over the period in which we are obliged to maintain an individual's registration. There are no significant judgements or estimates required in assessing the HCPC's obligations, which are evenly spread throughout the period of registration. Accordingly, all fees are initially deferred and released on a straight-line basis throughout the registration periods. Registrants have a choice of whether to pay two years upfront or on a six monthly basis by direct debit. When registrants have paid two years upfront, some of the deferred income balance may relate to periods more than twelve months from the Statement of financial position date. However, under the HCPC's fees and refunds policies, refunds are only payable for complete unused years, so any refunds in relation to the deferred income balance will only be paid within the next twelve months. Therefore the HCPC does not split its deferred income balance between current and non-current liabilities.

Interest income is recognised on an accruals basis. Rental income is recognised as contractual obligation is fulfilled; the income is received every quarter in advance.

Government grants. Grant income received in a financial year relating to costs incurred in that year is offset against the related cost. Grant income received after the financial year end relating to costs incurred in the previous year is taken to reserves. Grant income received in a financial year relating to costs to be incurred in future years is deferred in the Statement of financial position.

Value Added Tax. The HCPC is not registered for VAT so no input VAT on purchases is recoverable and expenditure is stated including input VAT where applicable.

Leases. Operating lease rentals are expensed in equal annual amounts over the lease term.

Taxation. Corporation tax is payable on the HCPC's investment income and rental income only

2. Fee income by profession

	2020–21 £'000	2019–20 £'000
Arts therapists	424	418
Biomedical scientists	2,413	2,241
Chiropodists / podiatrists	1,140	1,170
Clinical scientists	590	570
Dietitians	980	978
Hearing aid dispensers	282	294
Occupational therapists	3,775	3,734
Operating department practitioners	1,283	1,255
Orthoptists	136	134
Paramedics	2,705	2,624
Physiotherapists	5,615	5,583
Prosthetists / orthotists	109	106
Practitioner psychologists	2,369	2,271
Radiographers	3,750	3,714
Social workers in England	(1)	5,929
Speech and language therapists	1,560	1,563
European professional card	31	67
	27,162	32,651

3. Other income

	2020–21 £'000	2019–20 £'000
Bank deposit interest	10	113
Grant income	362	2,594
Rental income	175	175
	547	2,882

4. Staff costs

	Permanent staff £'000	Others £'000	2020–21 Total £'000	2019–20 Total £'000
Wages and salaries	8,279	941	9,220	10,252
Social Security costs	884	85	969	1,039
Pension costs	586	41	627	672
Temporary staff costs	–	957	957	1,091
Other payroll expense including recruitment costs	(26)	321	295	338
Apprenticeship levy	–	34	34	36
Redundancy / settlement cost	145	–	145	480
	9,868	2,379	12,247	13,908

The average number of full-time equivalent persons employed during the year was as follows:

	Permanently Employed Staff	Other	2020/21 Total	2019/20 Total
Directly Employed	213	23	236	256

5. Pension funding arrangements

The Aviva Scheme is a designated stakeholder, defined contribution scheme and the HCPC's auto-enrolment staging date was 1 April 2014. At 31 March 2021, there were 237 active members in the pension scheme (2019-20, 217 active members). During the financial year to 31 March 2021, the HCPC contributed £627k to the pension scheme (2019-20, £672k).

6. Other expenditure

	2020-21 £'000	2019-20 £'000
Professional services	6,654	6,943
Partners	2,498	5,467
Office services	230	1,372
Computer services	1,889	1,582
Communications	338	112
Other departmental costs	617	702
Property services	2,025	1,795
Projects	199	103
Council and Committee expenses	240	286
Travel and subsistence	0	118
PSA levy	753	902
	15,443	19,382

Professional services costs include the legal expenditure associated with FtP hearings. Decrease in the year was due to reduced hearings to conclude because of the impact of the pandemic on hearings.

Partners are HCPC registrants, members of the public and legal professionals who contribute their expertise to the HCPC and play important roles in the regulatory process. There are a number of partner roles including CPD assessors, legal assessors, panel chairs, panel members, registration assessors and visitors. As an impact of COVID-19, there was a delay in many Fitness-to-Practise hearings which resulted in the Partner costs associated with those hearings being delayed to a future financial year.

As an impact of COVID-19, the HCPC were on skeleton staff for much of the year which resulted in a significant drop in the Office services costs. During the time of reduced staffing, the HCPC undertook repairs to the buildings, including making the building Covid-safe, which resulted in increased Property services costs.

Other departmental costs include organisational and departmental training which amounts to £143k (2019-20, £117k).

Project related costs for 2020-21 predominantly consisted of operating expenditure incurred for the COVID-19 related office costs during the earlier months of the pandemic and systems upgrades, which amounted to £199k. There was no such cost in 2019-20.

Because the HCPC is not registered for VAT, other operating expenditure includes irrecoverable VAT of approximately £1.9m in 2020–21 and £2.1m in 2019–20.

Other expenditure includes:	2020–21	2019–20
	£'000	£'000
Auditors' remuneration:		
External audit – Haysmacintyre LLP	71	27
External audit – National Audit Office	8	6
Internal audit – Grant Thornton LLP	-	-
Internal audit – BDO LLP	72	66
Other non-audit services – Haysmacintyre	-	6
Other non-audit services – BDO LLP	-	-
Operating lease rentals		
Land and buildings	893	890

7. Taxation on investment income	2020–21	2019–20
	£'000	£'000
UK corporation tax on taxable income for the year	35	54
Tax charge for the year	<u>35</u>	<u>54</u>

8. Property, plant and equipment 2020–21

Property, plant and equipment 2020–21	Freehold land £'000	Freehold properties £'000	Leasehold improvement £'000	Office furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation:						
At 1 April 2020	2,910	2,910	1,029	212	656	7,717
Additions	–	–	–	98	201	299
Disposals	–	–	–	(57)	(109)	(166)
Revaluation ¹	90	90	–	–	–	180
At 31 March 2021	3,000	3,000	1,029	253	748	8,030
Depreciation:						
At 1 April 2020	–	–	767	150	502	1,419
Charge for the year	–	58	157	36	96	347
Disposals	–	–	–	(57)	(108)	(166)
Reversal on revaluation ¹	–	(58)	–	–	–	(58)
At 31 March 2021	–	–	924	129	489	1,543
Net book value:						
At 31 March 2021	3,000	3,000	105	123	259	6,487
At 31 March 2020	2,910	2,910	261	63	154	6,298

The HCPC's offices in London are: Park House, comprising the land and buildings of 184 and 186 Kennington Park Road and the adjoining land and buildings of 20–26 Stannary Street; 33 Stannary Street; and our fitness to practise tribunal hearings rooms at 405 Kennington Road. Park House is freehold, and is included in note 8 at valuation, as described below. 33 Stannary Street and 405 Kennington Road are held on short leases so the values are not included in note 8, except in relation to leasehold improvements made by the HCPC.

Freehold properties

The valuations of the freehold land and buildings were made on 31 March 2021 by Stiles Harold Williams, Chartered Surveyors, in accordance with RICS Valuation Global Standards - effective from 31 January 2020. As at the date of valuation, there was uncertainty relating to the London office market with occupiers being reluctant to commit to renewing their leases or moving into alternative accommodation therefore Due to the unknown future impact that COVID-19 might have on the real estate market, the valuation was reported on the basis of 'material valuation uncertainty'. as per VPS 3 and VPGA 10 of the RICS Red Book Global. As at the valuation date, the surveyors consider

1. Net revaluation gain for 2020–21 amount to £238k (2019–20 net gain £133k). The 184 and 186 Kennington Park Road buildings were previously valued separately, but since the refurbishment of 186 Kennington Park Road includes the joining of the two buildings, the valuation and any resulting gains or losses are now accounted for on a net basis.

that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The Council have been monitoring the HCPC's property situation very carefully and have no short term plans to reconsider their property strategy and therefore there is no further material impact on the long term recoverable value of the property. Stiles Harold Williams also advised that there was no material difference between existing use value and the market value of the properties, and that for accounting purposes, it is reasonable to split the valuation equally between land and buildings. The HCPC accepts this advice.

Park House including 20–26 Stannary Street and 186 Kennington Park Road

Park House was valued at £6.00m. The combined historic cost of the Park House property, which now includes 186 Kennington Park Road, was £5.82m (2020, £5.82m).

Historic documents and papers

The HCPC has a collection of historic copies of the paper registers, photographs, some art works from the art course we regulate and physical copies of our legislation documents. The HCPC does not put a value on this collection due to the lack of market for them.

Property, plant and equipment 2019–20	Freehold land £'000	Freehold properties £'000	Leasehold improvement £'000	Office furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation:						
At 1 April 2019	2,873	2,873	1,029	171	542	7,488
Additions	–	–	–	41	114	155
Disposals	–	–	–	–	–	–
Revaluation ¹	37	37	–	–	–	74
At 31 March 2020	2,910	2,910	1,029	212	656	7,717
Depreciation:						
At 1 April 2019	–	–	611	135	438	1,184
Charge for the year	–	59	157	14	64	294
Disposals	–	–	–	–	–	–
Reversal on revaluation ¹	–	(59)	–	–	–	(59)
At 31 March 2020	–	–	768	149	502	1,419
Net book value:						
At 31 March 2020	2,910	2,910	261	63	154	6,298
At 31 March 2019	2,873	2,873	418	36	104	6,304

9. Intangible assets

Intangible assets 2020–21	Software licences	Other systems	HR and Partner Build	Education system	Fitness to practise case management	Registration system	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:							
At 1 April 2020	350	814	419	1,043	1,048	5,676	9,350
Additions	–	43	–	22	671	1,306	2,042
Impairment					–	–	–
Disposals	(35)	–	–	–	–	–	(35)
At 31 March 2021	315	857	419	1,065	1,719	6,982	11,357
Amortisation:							
At 1 April 2020	317	470	257	900	1,048	3,829	6,821
Charge for the year	24	95	41	52	–	258	470
Impairment	–	–	–	–	–	–	–
Disposals	(35)	–	–	–	–	–	(35)
At 31 March 2021	306	565	298	952	1,048	4,087	7,256
Net book value:							
At 31 March 2021	9	292	121	113	671	2,895	4,102
At 31 March 2020	33	344	162	143	–	1,847	2,529

Intangible assets 2019–20	Software licences	Other systems	HR and Partner Build	Education system	Fitness to practise case management	Registration system	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:							
At 1 April 2019	339	814	361	956	1,105	4,536	8,111
Additions	11	–	58	87	46	1,320	1,522
Impairment					(103)	(180)	(283)
Disposals	–	–	–	–	–	–	–
At 31 March 2020	350	814	419	1,043	1,048	5,676	9,350
Amortisation:							
At 1 April 2019	280	375	223	887	1,048	3,704	6,517
Charge for the year	37	95	34	13	–	125	304
Impairment	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–
At 31 March 2020	317	470	257	900	1,048	3,829	6,821
Net book value:							
At 31 March 2020	33	344	162	143	–	1,847	2,529
At 31 March 2019	59	439	138	69	57	832	1,594

10. Trade and other receivables

	2020–21 £'000	2019–20 £'000
Prepayments	1,959	2,580
Other receivables	5,317	1,791
	<u>7,276</u>	<u>4,371</u>

All debtors are current and there are no amounts which are past due date. The main elements of the other receivables relate to accrued grant income from the Department for Education. There are no impaired financial assets.

11. Cash and cash equivalents

	2020–21 £'000	2019–20 £'000
Balance at 1 April	6,810	11,293
Net change in cash	(3,169)	(4,483)
Balance at 31 March	<u>3,641</u>	<u>6,810</u>

All cash held in commercial bank accounts only.

12. Short-term deposits

	2020–21 £'000	2019–20 £'000
Balance at 1 April	5,098	7,370
Net change in deposits	(1,496)	(2,272)
Balance at 31 March	<u>3,602</u>	<u>5,098</u>

As at 31 March 2021, nil (2019–20, nil) of the total short-term deposits are maturing after more than one year.

13. Trade and other payables

	2020–21 £'000	2019–20 £'000
Corporation tax	35	54
Other taxation and social security	360	365
Trade and other payables	523	890
Accruals	1,900	2,076
	<u>2,818</u>	<u>3,385</u>

14. Deferred income

	2020–21 £'000	2019–20 £'000
Fees received in advance		
Balance at 1 April	17,067	22,148
Fees received in the year	25,974	22,023
Released to the statement of comprehensive net income	(24,504)	(21,655)
Transferred to Social Work England	0	(5,449)
Balance at 1 April	<u>18,537</u>	<u>17,067</u>

Registrants are required to pay the renewal fee in advance and, as described in note 1 above, have the choice of whether to pay two years upfront or on a six monthly basis by direct debit. When registrants have paid two years upfront, some of the deferred income balance may relate to periods more than 12 months from the reporting date. At 31 March 2021, approximately £3.39m (31 March 2020: £2.2m) of the total deferred income balance was represented by fees paid in advance for periods ending after 31 March 2022.

During the year advance fees transferred nil, (2019-20: £5.4m to Social work England).

15. Provisions

	2020–21 £'000	2019–20 £'000
Dilapidation provision		
Balance at 1 April	163	163
Net change in provision	197	0
Balance at 31 March	360	163

Dilapidation provision relates to 405 Kennington Road, and was calculated based on cost per square metres. Duration of the lease and date of determination is set out in note 16.

16. Operating leases

The HCPC holds operating leases for the rental of office space at 33 Stannary Street and hearings rooms and office space at 405 Kennington Road. The leases on 33 Stannary Street were renewed for a twelve-year term from February 2016 to February 2028. The lease on 405 Kennington Road began in December 2015 and runs for twelve years to December 2027, with an option for the HCPC to determine the lease in December 2021. In June 2021 the HCPC exercised this option to determine the lease in December 2021. The total future minimum lease payments under the leases are as follows.

	2020–21			2019–20		
	£'000 Kennington Road	£'000 Stannary Street	£'000 Total	£'000 Kennington Road	£'000 Stannary Street	£'000 Total
Payments due:						
In less than one year	467	141	608	701	141	842
In the second to fifth years		564	564	467	564	1,031
After more than five years	–	265	265	–	406	406
	467	970	1,437	1,168	1,111	2,279

17. Capital commitments

The HCPC had the following authorised and contracted capital commitments at the year end.

	2020–21 £'000	2019–20 £'000
Registration Transformation and Improvement Project	-	642
	-	642

In addition, capital commitments authorised by the Council but not contracted as at the year-end were as follows.

	2020–21 £'000	2019–20 £'000
Registration transformation and improvement project	-	218
CMS phase 2 replacement	177	-
Registration transformation and improvement project Phase 3	581	-
	758	218

18. Contingent liabilities

As at 31 March 2021, the anticipated cost of concluding the backlog of Fitness to Practise concerns is £4,597,335 (2019-20, £5,519,000).

As at 31 March 2020, there were 1,093 open pre-ICP concerns and 314 open Cases to Answer. This was estimated to be a backlog of 488 cases above a steady state WIP. The anticipated cost of concluding the March 2020 backlog of Fitness to Practise concerns was £5,519,000.

The flow of conclusion of FtP slowed in 2020-21 as a result of the impact of COVID-19 where there was a period when Panel were not able to be held as the HCPC developed protocols for remote Hearings. Cases were progressed through 'front-loaded hearings and continued progression of cases to ensure that they were Hearing ready. These initiatives supported case flow but were not able to fully compensate for the impacts of COVID-19. At 31 March 2021, there were 1,178 open pre-ICP concerns and 459 open Cases to Answer. The number of FtP cases above a steady state has increased from 488 cases as at 31 March 2020 to 599 cases as at 31 March 2021. The anticipated cost of concluding the March 2021 backlog of Fitness to Practise concerns is £4,597,335. The cost per case for concluded cases has reduced because of the initiatives to progress cases whilst not being able to have the hearings to conclude them.

19. Related party transactions

The HCPC's sponsor is the Privy Council Office, with which no financial transactions took place.

During the year, an advance payment of £780,655 was made to the PSA, which relates to PSA levy for 2021-22. As at the reporting date, this is held within prepayments. In 2020-21, similar advance payment of £752,771 were made towards 2020-21 PSA levy.

For accounting purposes, the Department of Health and Social Care treats the HCPC as part of its group, although the HCPC does not regard itself as controlled by the Department of Health and Social Care. The HCPC was reimbursed £362,000 for the cost of the Temporary Register created during the pandemic. The HCPC invoiced the Department of Health and Social Care a total of £362,000 in the 2020-21 financial year (2019-20, nil).

Council members are being remunerated on an annual basis and non-Council Committee members receive fees at a daily rate for attendance at Council or Committee meetings. Fees totalling £224,085 (2019-20, £222,160) were accrued and paid to 25 members, which is made up of independent members and Council apprentices (who are not members of the Council) (2019-20, 21 members).

No related party transactions were noted with key management personnel other than the compensation paid to them which can be found in the remuneration report on pages 44-51.

20. Post statement of financial position events

There have been two significant post statement of financial position events:

- The Health and Care Professions Council (Registration and Fees) (Amendment) Rules Order of Council 2021 was laid before both Parliament and the Scottish Parliament on the 23rd February 2021 and came into force on the 1st July 2021.
- The lease on 405 Kennington Road began in December 2015 and runs for twelve years to December 2027, with an option for the HCPC to determine the lease in December 2021. In June 2021 the HCPC exercised this option to determine the lease in December 2021.

The Financial statements were authorised for issue by the Accounting Officer on the date they were certified by the Comptroller and Auditor General.

21. Financial instruments

The details of the various categories of financial assets are outlined in note 10 (Trade receivables). The details of the various categories of financial liability are outlined in note 13 (Trade payables and other current liabilities).

The HCPC does not use financial instruments that increase its own credit risk profile and has no external debt exposure. It uses a variety of risk mitigations including credit rating assessments to assess credit risk of counter parties including suppliers and financial institutions.

Currency and liquidity risk

The HCPC currently has no borrowings and relies primarily on fees for its cash requirements. Due to registration renewal cycles and the payment methods of registrant fees, the HCPC holds a significant amount of cash and short-term deposits. Based on these balances and its reserves policy, the HCPC considers there is no significant exposure to liquidity risk. All material assets and liabilities are denominated in sterling, so it is not exposed to currency risk.

In May 2020, a revised reserves policy was agreed by Council and as noted on page 28, the new policy is based on Realisable Net Assets. The HCPC approach to a Reserves Policy is based on this objective balancing the need to invest to ensure sustainability, while maintaining working capital through pre-paid registrants' fees. As a result of the pre-paid registrants' fees, the HCPC operates with a significant cash balance which ensures that we have sufficient working capital. If the Net Assets less Intangible Assets (the Realisable Net Assets) are positive, then if the HCPC were to encounter a situation where it would need to cease operating, it would be able to do so in an orderly fashion. The HCPC's Reserves Policy is predicated on this basis.

At March 2021, the HCPC has negative Realisable Net Assets. Due to the need to invest and delays in implementing fee increases, the current financial forecasts for the next 3 years indicate that the HCPC will continue, in the short term, to have negative Realisable Net Assets. The ambition is to return to positive Realisable Net Assets within 5 years and, during this time, maintain as a minimum positive Net Assets and positive cash balances.

Interest rate risk

The HCPC currently has no borrowings. Registrants pay fees in advance for up to two years. Surplus funds are held in accordance with the investment policy in order to obtain interest income, but the HCPC does not rely on interest income to fund its operations, so interest rate risk is not significant.

