

Health Professions Council – 10 May 2012

Draft annual report 2011-2012

Executive summary and recommendations

### **Introduction**

1. In recent years, the Council has been asked to consider the front part of the annual report at their May meeting and this has included a foreword from the Chair and Chief Executive and background information in relation to the Council and Committees.
2. The reporting requirements for the annual report have changed and now require the HPC to produce a “governance statement” in place of the “statement of internal control.” The governance statement has been prepared in accordance with guidelines received from HM Treasury and this now includes the background information on the Council and Committees.
3. Council members will note that the governance statement includes attendance records for Committee and Council meetings. Whilst the decision was made in December 2010 to remove these from the annual report, this is one of the requirements of the governance statement.
4. The draft annual report and accounts, which covers the financial year 1 April 2011 to 31 March 2012 will be considered by the Finance and Resources Committee on 19 June 2012, the Audit Committee on 21 June 2012 and the Council on 5 July 2012. The accounts are due to be audited by the National Audit Office in May.

### **Decision**

The Council is asked to agree that the annual report and accounts be reviewed by the Audit Committee and the Finance and Resources Committee and recommended for approval at the next meeting of Council in July.

### **Background information**

The document is being edited by the Publications Manager in line with the HPC’s house style.

### **Resource implications**

None

### **Financial implications**

The cost for the publication of the annual report has been incorporated into the Communications Budget 2012-2013.

**Appendices**

None.

**Date of paper**

24 April 2012.

## **Foreword from the Chair and Chief Executive and Registrar**

This year the Health Professions Council celebrated its ten year anniversary. Since the shadow Council was formed in 2002, we have regulated three further professions, the Register has grown by 59 per cent, and we approve more than 600 education and training programmes throughout the UK.

In February 2012, we revised and republished our strategic intent which outlines our objectives over the next three years and reaffirms our commitment to continuous improvement. Following last year's successful introduction of on-line renewals, this year we have also made a number of further improvements to how we work. For example, we introduced a new electronic fitness to practise case management system. This was the culmination of three years of work and the early signs are that the system is helping us to track and manage cases and hearings more efficiently. We have also started work on reviewing the information technology needs of our Education Department, to ensure that we will be able to effectively manage the anticipated increase in programmes seeking approval over the coming years.

In 2010, the government announced that the General Social Care Council (GSCC) was to be abolished and responsibility for regulating approximately 85,000 social workers in England transferred to the HPC. We have continued to work closely with our colleagues at the GSCC on this and we would like to thank them for their hard work towards ensuring a smooth transfer of their regulatory functions. We have also been working with colleagues in the care councils of the other UK countries to develop arrangements for sharing information and to ensure that social workers who wish to work in different parts of the UK are able to do so without unnecessary barriers. The transfer is expected to take place in August 2012.

The coming year will also see a number of other developments. The Health and Social Care Act will change our name to the Health and Care Professions Council from August 2012. Government has previously said that we will become responsible for registering practitioners who dispense unlicensed herbal medicines and we anticipate the publication of a consultation and legislation in the coming year. The Council for Healthcare Regulatory Excellence (CHRE) will also publish the findings of its review looking at the cost effectiveness and efficiency of the regulators. Perhaps most significantly for professional regulation as a whole, the three UK Law Commissions published a joint consultation on wide ranging proposals to reform the legislation of the regulators.

As we look ahead to new challenges, we must acknowledge those who have played a key role in our achievements to date. We would like to thank our employees, Council members and partners for the role they continue to play in shaping and delivering effective public protection. Their day to day commitment to this common purpose is what gives the HPC its reputation as a robust regulator of health and care professionals.

**Anna van der Gaag**  
Chair

**Marc Seale**  
Chief Executive and Registrar

## **Legislative and regulatory background to the Council**

The Health Professions Council, a 'body corporate', was set up on 1 April 2002 by the Health Professions Order 2001. The HPC replaced the Council for Professions Supplementary to Medicine. The Council is one of nine UK statutory regulators for healthcare professionals. As of 31 March 2012 the HPC regulated approximately 220,000 individuals. These are known as registrants and are members of the 15 professions regulated by the HPC. The Council is an independent, self-funding organisation. It is regarded as a public body but it is not part of the Department of Health or the NHS. All its operational financial costs are funded by fees from registrants. The fees are set out in the Health Professions Council (Registrations and Fees) Rules 2003 and any fee increase is subject to a consultation and must be approved by the Privy Council.

## **Accounting Officer**

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

The Chief Executive and Registrar, as the Accounting Officer, routinely attends Council meetings, Audit Committee meetings and Executive Management Team meetings. He is also the designated senior officer in the whistle-blower policy for employees to approach, if they have concerns regarding malpractice.

## **Council objectives**

The principal objective of the HPC in exercising its functions is set out in the Health Professions Order 2001. The objective is "to safeguard the health and well-being of persons using or needing the services of registrants". The main functions of the Health Professions Council are to establish standards of education and training, conduct and performance for members of the relevant professions and to ensure the maintenance of those standards. The Council ensures that arrangements are in place to enable it to discharge its responsibilities effectively.

The HPC has a Council which provides leadership for the organisation and helps it to operate in a business-like manner. The Council operates collectively, concentrating on advising on strategic issues affecting the organisation's performance as well as scrutinising and challenging policies and performance, with a view to the long-term health and success of the organisation.

The Health Professions Council's Code of Corporate Governance incorporates a series of regulatory documents and policies which govern how it operates, takes decisions and the procedures followed to ensure that its actions are fair, efficient, transparent and accountable to its stakeholders.

In accordance with the governance arrangements set out in the Health Professions Order 2001, the Council has four statutory committees. These are:

- the Conduct and Competence Committee;
- the Education and Training Committee;
- the Health Committee; and
- the Investigating Committee.

The Council has also established four non-statutory committees. These are:

- the Audit Committee;
- the Communications Committee;
- the Finance and Resources Committee (which also meets as the Remuneration Committee); and
- the Fitness to Practise Committee.

### **Committee Membership**

The three 'Practice Committees' (the Investigating Committee, the Conduct and Competence Committee and the Health Committee) are composed of registrant and lay 'Partners' who sit on fitness to practise Panels. No Council members sit on these three committees. The Council has appointed non-Council members to the Education and Training Committee so that it includes one member from each profession regulated by the HPC. These members were appointed in accordance with the principles set out by the Office of the Commissioner for Public Appointments.

The four non-statutory committees comprise only Council members.

## Composition of the Council in 2011–12

The members of Council and their attendance records are as follows:

<b>Registrant members</b>	<b>Council</b>	<b>E&amp;T</b>	<b>Comms</b>	<b>F&amp;R</b>	<b>Audit</b>	<b>FtP</b>
Anna van der Gaag	7/7 '(C)					
Pradeep Agrawal	5/7					2/2
Jennifer Beaumont	5/7			3/5		2/2
Malcolm Cross	4/7			4/5		3/3
John Donaghy	6/7	3/4				2/3
Morag MacKellar	6/7		3/3		3/5	2/3
Penny Renwick	7/7	4/4				3/3
Eileen Thornton	5/7	4/4		2/5		
Annie Turner	6/7	3/4				3/3
Diane Waller	5/7	3/4	3/3			
<b>Lay members</b>						
Mary Clark-Glass	6/7	3/4		4/5		1/1
Sheila Drayton	5/7		3/3	3/5		
Julia Drown	7/7		3/3(C)	5/5		3/3
John Harper	5/7	3/4		4/5		
Richard Kennett	7/7			5/5(C)		
Jeff Lucas	7/7	4/4			5/5(C)	
Arun Midha	4/7	4/4	3/3	4/5		
Keith Ross	6/7			5/5		3/3
Deep Sagar	6/7	1/2			4/5	0/3
Joy Tweed	7/7	4/4	3/3		4/5	

A Register of Interests in respect of all members is maintained. The register is published on the HPC website.

Minutes of Council and committee meetings are published on the HPC website.

Council and committee meetings take place in Park House and are open for the public to attend, with the exception that one Council meeting a year is held in one of the four home countries within the United Kingdom.

## Method of appointment of Council members

The full membership of the Council is 20 members, 10 registrant members and 10

lay members, including the Chair. The Chair may be either a registrant or a lay member. The registrant and lay members are appointed by the Appointments Commission, acting on behalf of the Privy Council. There must be at least one member (lay or registrant) from each home country within the United Kingdom.

### **Methods used to assess performance**

The review system for Council members was agreed by the Council in 2006. The 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 Health Professions Council with the Chair. The system is competency-based, in common with many systems used for review of board members. Members complete a self-appraisal form and meet with the Chair for discussion and feedback and identification of any training needs. The Chair then presents a paper to Council, outlining general themes and conclusions from the process. Committee members and Committee chairs are invited to provide 180-degree feedback in addition to the existing appraisal processes. Assessment of the Council's performance is carried out periodically as part of the Council's strategy workshops. This gives Council the opportunity to reflect on their performance at a strategic level and against the objectives set out in the Council's strategic intent document.

### **Council and Committee member expenses and fees**

An allowance is paid to Council members for attendance at Council meetings or Committee meetings; meetings attended on behalf of the HPC where prior approval has been given and attendance at a conference or event which forms part of the member development programme, where prior approval has been given and with the maximum allowance being 6 days per year. Expenses are payable for travelling and subsistence costs to reimburse the out of pocket expenses incurred, within the parameters set out in the Expenses Policy for Council and Committee members.

### **Executive Management Team (EMT)**

The EMT comprises the departmental directors. Its role is to assist the Chief Executive in the day-to-day running of the HPC. It meets weekly and decides on key matters relating to policy, management and resources, subject to the overall direction, reserved powers and control of the Council. Progress is fed back to each Council meeting in the chief executive's report.

During 2011-12 the office implemented a new approach to delivering its strategy through programme and project management. This has been applied using the governance procedures set out in Managing Successful Programmes (MSP) and PRINCE 2.

## **Auditors**

The Comptroller and Auditor General, who has been appointed under statute and reports to Parliament, has audited the Annual Report and Accounts. The cost of providing audit services in respect of the Annual Report Accounts was £42,000. There was no auditor remuneration for non-audit work.

Our internal audit service provides an independent appraisal service for management by measuring and evaluating the adequacy, reliability and effectiveness of management and financial control systems. Internal audit makes recommendations based on the appraisal of each system reviewed. An annual assurance report is provided to the Accounting Officer and Audit Committee. We have chosen to outsource the provision of the internal audit service to ensure wholly independent and fully professional analysis and recommendations. For 2011-12, our provider is Mazars LLP, who were appointed from April 2011, following a competitive tender.

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

## **Risks and internal control**

The Council's regular agenda includes scrutinising and advising on risk management. The Council is supported by the Audit Committee and by the Internal and External auditors. The auditors are periodically invited to attend Audit Committee meetings, where key issues are discussed relating to governance, risk management or control across the organisation.

The Council vests the responsibility of its risk management process in its Executive Management Team, which is responsible for formulating methods of mitigating identified risks and for formulating a business-continuity plan.

Current risks are identified and evaluated as to their significance and probability of occurrence by the Executive Management Team. All such risks are assigned a risk owner who is responsible for managing and mitigating the risk. Risk management is an on-going process. The Audit Committee reviews the latest Risk Register and the top 10 risks at each meeting. The Committee takes into account feedback from the auditors and it provides feedback to the Executive. Risks identified in the Risk Register are considered and referenced in the work plans for each department and highlighted in significant projects.



Risk mitigation occurs in a variety of ways. For example:

- monitoring regular management information (exception reporting);
- obtaining suitable insurance cover;
- ensuring certain administrative procedures such as regular password changes and the segregation of duties;
- providing employee training
- monitoring legislative changes for their impact on the Health Professions Council's operations; and
- maintaining a system of accountability.

Activities to mitigate against risk include:

- ensuring consideration of the Council's strategic objectives in reacting to change brought about by UK legislation and other external pressures;
- reviewing and updating operating procedures;
- ensuring suitable systems and physical infrastructures are in place;
- ensuring employees are adequately briefed and trained in order to respond to change;
- ensuring that corporate governance best practice, as appropriate to the Council, is maintained and updated to meet changing requirements;
- constructing comprehensive budgeting and forecasting models to produce an annual budget and five-year plan which are reviewed and agreed by the Council;
- ensuring regular reviews by the Council and the Finance and Resources Committee of monthly and annual financial performance against forecasts;
- ensuring on-going audits by the internal and external auditors, and specialist information technology / service security providers;
- obtaining external specialist advice on legislative compliance in a range of areas;
- setting performance targets to measure financial and other performance, including individual goals and objectives for departments and managers;
- clearly defining and monitoring procedures for the authorisation and control of revenue and expenditure;
- operating within the dictates of relevant financial regulations, policies and procedures;
- ensuring clear documentation of operating procedures and processes to maintain ISO accreditation; and
- regular quality audits of the Health Professions Council's processes by the British Standards Institute that are risk-based.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control that has been in place in the Health Professions Council

for the year ending 31 March 2012 and up to the date of approval of the annual report and accounts is in accordance with HM Treasury guidance.

Internal controls are created and maintained by the Executive Management Team. The internal controls are routinely reviewed by the Internal Auditors and their suggestions for improvement and the responses of the Executive Management Team are included in the internal audit reports. In 2011-2012, internal audit reports on Corporate Governance, Purchase Requisition System, Partners, Payroll and Information Security and Data Protection have been considered by the Audit Committee. The Committee creates action points for the Executive to improve internal controls, as appropriate. The minutes of the Audit Committee are routinely provided to the Council. If necessary, internal control issues are escalated by the Audit Committee to the Council. Achievement of the Audit Committee action points is monitored at subsequent Audit Committee meetings and addressed as appropriate, in audit findings reports from the auditors. In addition to regular reports on risk and internal audits, the Audit Committee has, over the last year, considered papers in relation to business process improvement, including ISO accreditation and the follow up of internal audit recommendations. The Quality Management System successfully passed an audit by the British Standards Institute in October 2011.

As the Accounting Officer, the Chief Executive and Registrar has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation and by comments made by the external auditors in their management letters and other reports. The Accounting Officer has been advised of the implications of the result of his review of the effectiveness of the system of internal control by the Council and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

During 2011–12 the key risks which we addressed included:

- preparation for opening the Register to social workers;
- completion of the fitness to practice case management system;
- potential costs of fitness to practise tribunals;
- dependence on a viable power supply;
- the need to communicate via postal services;
- basement flooding;
- judicial review;
- financial distress of trade suppliers causing loss of service.

### **Information security statement**

HPC holds a range of information covering personal data. We have an Information Risk Policy (IRP) and related procedures in place. In the year ended 31 March 2012

and to the date of approval of this Annual Report and Accounts no areas of concern were identified.