

# **Health Professions Council**

## **Annual report and accounts 2007–08**

Presented to Parliament pursuant to Articles 44(3) and 46(7) of the Health Professions Order 2001.

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## The Council

The Council submits its sixth annual report together with the audited financial statements for the year ended 31 March 2008.

### **Members during the year**

All Council members served throughout the year except as shown below:

Anna van der Gaag – President

### **Registrant members**

Karen Bryan  
Morgwn Davies (until 8 July 2007)  
Helen Davis  
John Donaghy (from 9 July 2007)  
Elizabeth Ellis  
Morag MacKellar  
Pat McFadden (until 8 July 2007)  
William Munro  
Pam Sabine  
Graham Smith  
Simon Taylor (resigned 19 June 2007)  
Annie Turner  
Diane Waller  
Neil Willis (from 9 July 2007)  
Two vacancies

### **Alternate Members**

Ozan Altay  
Patricia Blackburn  
Sue Griffiths  
Daisy Haggerty  
Carol Lloyd  
Alan Mount  
Helen Patey  
Jacqueline Pearce  
Gill Pearson  
Doug Proctor  
Jacqueline Sheridan  
Eileen Thornton  
Mark Woolcock

### **Lay Members**

Paul Acres  
Mary Clark-Glass  
Robert Clegg  
Peter Douglas  
Sheila Drayton  
Christine Farrell  
John Harper  
Tony Hazell  
Jeff Lucas

Keith Ross  
Barbara Stuart  
Two vacancies

The Health Professions Council 2001 provides for a situation whereby non-Council members can be appointed to any committee of Council.

The Council has appointed the non-Council members to the following committees;

Audit Committee – Richard Kennett  
Conduct and Competence Committee – Gopal Sharma  
Education and Training Committee – Stephen Hutchins  
Finance and Resources Committee – Daniel Ross  
Health Committee – Christina Kenny  
Investigating Committee – Nigel Callaghan

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

### **Method of appointment or election of Council members**

The full membership of the Council is 40 members, 13 registrant members, 13 alternate members, 13 lay members and a President<sup>1</sup>. There are currently four vacancies on the Council, two for registrant members and two for lay members. The registrant and alternate members are currently elected by registrants from the same part of the Register. The lay members are appointed by the Appointments Commission. The numbers of registrants and alternate members (i.e. 13) is linked to the number of professions currently regulated by the Council. There is an alternate member for every registrant member. Alternate members have the same functions as registrant members but are only able to attend Council meetings in their capacity as a member and vote if registrant members are not present at the meeting. There must be at least one lay member and one registrant or alternate member for each home country within the United Kingdom.

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

The Health Professions Council (HPC), 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 (CPSM) which was disbanded at that time. The Council is one of nine UK statutory regulators for healthcare professionals. The Council currently regulates approximately 180,000 individuals. These are known as registrants and are members of the 13 professions regulated by the HPC. The number of registrants changes on a daily basis. The Council is an independent organisation. It is self-funding. It is regarded as a public body but it is not part of the Department of Health or the NHS. Virtually all its financial costs are funded by fees from registrants. The fees are set out in the Health Professions Council (Registrations and Fees) Rules. Any fee increase is subject to a consultation and must be approved by The Privy Council.

### **Council objectives**

The principal objective of the Health Professions Council is set out in the Health Professions Order 2001. The objective is 'to safeguard the health and well-being of persons using and needing the services of registrants'. The main function of the Health Professions Council is to establish standards of education and training, conduct and

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<sup>1</sup> The President may be either a registrant or a lay member.

performance for members of the relevant professions and to ensure the maintenance of these standards.

### **Corporate governance arrangements and organisational structure**

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 three non-statutory committees. These are

- the Audit Committee;
- the Communications Committee; and
- the Finance and Resources Committee.

### **Committee Membership**

As set down in the Health Professions Order 2001, all committees are chaired by Council members. The majority of committee members are also Council members, however the Council has appointed six non-Council committee members to bring additional professional skills and expertise to committee decision-making. These members were appointed in accordance with the principles set out by the Office of the Commissioner for Public Appointments. There are currently vacancies for registered medical practitioner members on the Conduct and Competence Committee and the Investigating Committee.

The Council has a number of executive departments operating under the leadership of the Chief Executive. These departments are:

- Approvals and Monitoring;
- Communications;
- Facilities Management;
- Finance;
- Fitness to Practise;
- Human Resources;
- Information Technology;
- Policy and Standards;
- Registration; and
- Secretariat.

### **Form of Financial Statements**

In accordance with Article 46(1) (b) of the Health Professions Order 2001, the Financial Statements have been prepared in a form directed by the Privy Council in its Accounts Direction, which complies with the HM Treasury Guidance on the preparation of accounts for non-departmental public bodies, as if the Council was a non-Departmental Public Body (NDPB) of the Department of Health.

### **Development and Training**

All members undertake a two-day induction following appointment. This includes spending time with senior managers from each department within HPC and also receiving half a

day's training on the HPC's responsibilities as set out in the Health Professions Order 2001.

All members undertake a competency based self-assessment on an annual basis. This includes a face-to-face or telephone interview with the President. Following this a training programme is drawn up for members based on the feedback received from their self-assessment.

In 2007–08 all committees undertook a review of their effectiveness. The outcome of this exercise was discussed at a Council 'away day' in October 2007.

## President's statement

It is my pleasure to present the 2007–08 annual report to you. The past year has been one of continuing operational improvement across all departments and it has been a year of active engagement with stakeholders. We believe that it is only by listening to different views that we can truly fulfil our role of protecting the public. This means understanding and responding to input from the professions that we regulate, employers, professional bodies, patients and members of the public, education providers and many more.

Listening Events have been held regularly around the UK and we met with registrants and heard their opinions and concerns. This year we have trialled a new, more discursive format for these events, with time dedicated to smaller 'workshop' style groups, and more opportunities for contributions.

Our literature has been revised to make it more accessible. We recognise that communicating well is not just about imparting information but about acknowledging the diverse range of audiences we engage with. We have commissioned research aimed at increasing our knowledge of and improving our interaction with both the public and professionals. If regulation is to become more widely understood, then we must make genuine efforts to increase public awareness of the purpose of regulation and the processes that are used to safeguard standards and deliver protection.

Employer engagement has been another strong focus this year. When we consulted on our proposals for continuing professional development (CPD), registrants told us about the importance of employer support. This year we have rolled out a programme aimed at employers, including a new section of the website, publications, and a series of employer events including information about our CPD requirements, registration and fitness to practise.

Our work in public affairs has been more high-profile this year. The Council 'away day' in Cardiff included an event in the Senedd and a reception event was held in March in the Scottish Parliament. In addition, a briefing paper was distributed to parliamentarians with an interest in regulation. As a UK-wide regulator, this ongoing work to build closer relationships in the home countries is vital to our continuing success.

Preparing for the future has been an important issue for the Council. We have set up a Professional Liaison Group to look at continuing fitness to practise, as a way of developing the Council's and our stakeholders' views and queries about revalidation. In addition, the Council has been discussing the changes to its structure proposed in the White Paper, 'Trust, Assurance and Safety'. We want to ensure that when we have a Council that is smaller and more effective, we can still recognise and respond to the diversity amongst the professions, and build on the relationships we have developed.

I am privileged to work with a group of such hard-working people who are so dedicated to ensuring that the HPC is a success, and so determined to ensure that the protection of the public is at the heart of everything we do.

**Anna van der Gaag**  
President

## Chief Executive and Registrar's report

Each year that we prepare the annual report, it seems that growth and development are the key themes, and the financial year 2007–08 is no exception. Having celebrated the organisation's fifth birthday now, it appears that steady change and continued growth will continue to be a feature of what it means to be a modern, forward-looking regulator. I am sure that the coming year will bring further opportunities for us as we develop and improve.

In 2007–08 we worked to complete phase one of the refurbishment of recently acquired premises at 22–26 Stannary Street. These premises, directly adjacent to our existing offices, will allow us to offer a better service to registrants, members of the public and other stakeholders, with the addition of new rooms for hearings. Our larger building will also mean we are better placed to meet the challenges of a growing organisation and an expanding workforce and was considered a better value-for-money option than moving from the existing premises. Upon completion, the building was independently valued by Stiles Harold Williams, Chartered Surveyors at open market value in accordance with valuation standards published by the Royal Institute of Chartered Surveyors.

This year, we have seen an increase in the size of the Register, hitting 180,000 registrants for the first time. Although the rate of growth in some areas has levelled off, with new groups joining the Register and with the steady stream of students from approved courses, we are continuing to predict growth here. This makes our commitment to customer service more important than ever.

Elsewhere in the organisation, the number of fitness-to-practise cases continues to rise, with 424 allegations received and 156 Conduct and Competency and Health Committee panel hearings held, an increase from 322 allegations and 107 hearings last year. As part of our ongoing improvements to the process, we have re-published our key brochures on fitness to practise: documents that give information to members of the public and to health professionals about what we do.

Meanwhile, employees from across the departments here at the HPC have been preparing for the first set of CPD audits, which will begin in May 2008. The first groups to be audited will be chiropractors / podiatrists, and operating department practitioners.

HPC is unique in being a multi-professional regulator set up with the ability to take on further professions, and with last year's White Paper making clear the government's priorities for new groups joining the Register, we have also been preparing to regulate new groups, in particular practitioner psychologists. Subject to parliamentary approval, we look forward to welcoming practitioner psychologists on to the HPC Register in early 2009. In addition, we expect that the Hearing Aid Council will be abolished at around the same time, and hearing aid dispensers will join our Register, benefiting from the economies of scale that a larger, multi-professional regulator can bring.

Finally, it only remains for me to thank all of those whose hard work goes into making this organisation a success: Council members, employees, our partners, the members of our Professional Liaison Groups, and those who take the time to respond to our consultations. Your hard work and input are much appreciated, and I look forward to continuing to work with you all.

**Marc Seale**

Chief Executive and Registrar

## Statutory committee reports

1 April 2007 to 31 March 2008

### **Conduct and Competence Committee**

#### **Principles**

The Conduct and Competence Committee is a statutory committee of the Council. It is one of the three practice committees, made up of eight Council members and one registered medical practitioner (currently vacant). Its purpose is to advise the Council on what constitutes appropriate conduct, performance and ethics of all registrants. If the HPC receives a complaint about a registrant's conduct, or their competence, then the Committee will appoint a panel to hear the evidence at a hearing. The Committee sets the strategy and policy which determine how these panels are run, and assess their performance.

#### **Achievements**

The Committee met three times during the year.

During the year, the Committee:

- led the review of the standards of conduct, performance and ethics (SCPE) in liaison with the other practice committees and in consultation with stakeholders and recommended to Council that the updated SCPE become effective from July 2008;
- led the review of guidance provided to registrants on confidentiality and recommended to Council that the revised document should become effective from July 2008;
- reviewed the priorities, projects and principles of the fitness-to-practise workplan for the next financial year which focussed on the review of processes developed over the last few years;
- reviewed proposals to dispose of certain fitness-to-practise cases by consent – the Committee also reviewed the practice note issued as guidance on disposal by consent to panels and to those appearing before them;
- reviewed the criteria for the selection process for fitness-to-practise hearing locations;
- reviewed the completion of the 2007 workplan;
- followed the development of risk assessments in fitness to practise allegations; and
- received a presentation from the National Clinical Assessment Service on their work.

The Committee looks forward to the year ahead, working in liaison with the other practice committees in the setting of policies and strategy for fitness-to-practise processes.

**Keith Ross**

*Chairman*

**Steve Rayner**

*Secretary*

1 April 2007 to 31 March 2008

## **Education and Training Committee**

### **Principles**

The Education and Training Committee is one of our four statutory committees. Its purpose is to advise the Council on establishing standards of proficiency, standards of education and training, and for continuing professional development. The Health Professions Order 2001 states that the Council may give guidance to registrants, employers and other appropriate parties on the standards.

### **Achievements**

The Committee comprises 19 members and met four times. During the year, panels of the Committee considered recommendations about approval of programmes of education and recommendations from the annual monitoring process and major change process.

During the year, the Committee:

- approved a response to the UK government on implementation of a European Directive, which enables professionals to pursue their profession across Europe;
- considered arrangements for approving programmes which entitle registrants to have their entry on the Register annotated under the Prescription Only Medicines (Human Use) Order 1997;
- oversaw work on whether the HPC should regulate, and provide ethical guidance to, students;
- approved processes for considering complaints about educational programmes and for withdrawing approval from programmes which no longer run;
- revised the process for considering changes to programmes, and;
- monitored progress on implementing the standards of CPD.

### **Consultations**

The Committee recommended that a Professional Liaison Group (PLG) should be established to draft standards of proficiency for practitioner psychologists, if this profession became regulated by the HPC. The Council agreed to establish the PLG, which met three times. Following the consultation in winter 2007–08, the Council will consider the responses.

The Committee also recommended to the Council a consultation on the threshold level of qualification for practitioner psychologists. Following the consultation in winter 2007–08, the Council will consider the responses.

In March 2007, the Committee recommended that a PLG should be established to review the standards of education and training and the associated guidance. The Council agreed to establish the PLG, which met four times in 2007–08. The PLG had the benefit of feedback from education providers, visitors, students, and others. The Committee and the Council will consider recommendations from the PLG later in 2008

Following a consultation, the Council agreed to make minor changes to the standards of proficiency for the first 12 professions regulated by the HPC. A separate consultation was held on changes to the standards of proficiency for operating department practitioners and the Committee agreed a recommendation to the Council.

Council agreed to amend the standard of education and training relating to requirements for external examiners.

## **On-going work**

### **Approval of supplementary prescribing programmes**

In February 2005 the Committee agreed criteria for approval of supplementary prescribing programmes. During the year 20 programmes were approved and none are awaiting approval.

### **Self-referrals of health and character by registrants**

In 2005 the Committee agreed a process to consider self-referrals of health or character matters by registrants. The process is being reviewed and will be subject to a consultation. At the time of writing (March 2008), 431 declarations on renewal, readmission or self-referral have been received.

**Eileen Thornton**

*Chairman*

**Colin Bendall**

*Secretary*

1 April 2007 to 31 March 2008

## **Health Committee**

### **Principles**

The Health Committee is a statutory committee of the Council. It is one of the three practice committees, made up of eight Council members and one registered medical practitioner. Its purpose is to set the strategy and policy which determine how Council will deal with health related allegations. If the HPC receives a complaint where the registrant's health appears to be relevant, the Committee will appoint a panel to hear the evidence at a hearing.

### **Achievements**

The Committee met three times during the year.

During the year, the Committee:

- reviewed the priorities, projects and principles of the fitness-to-practise workplan for the next financial year which focussed on the review of processes developed over the last few years;
- reviewed proposals to dispose of certain fitness-to-practise cases by consent – the Committee also reviewed the practice note issued as guidance on disposal by consent to panels and to those appearing before them;
- reviewed the criteria for the selection process for fitness-to-practise hearing locations;
- reviewed the standards of conduct, performance and ethics (SCPE) and recommended to Council that the updated SCPE should become effective from July 2008, subject to approval by the Investigating and Conduct and Competence Committees;
- reviewed the completion of the 2007 workplan; and
- followed the development of risk assessments in fitness-to-practise allegations.

In July 2008 the registered medical practitioner resigned and has been replaced following an open appointments process. The Health Committee looks forward to the continuation of its work and, together with the other practice committees, to making a contribution to the setting of policy and strategy for fitness-to-practise processes.

**Tony Hazell**

*Chairman*

**Steve Rayner**

*Secretary*

1 April 2007 to 31 March 2008

## **Investigating Committee**

### **Principles**

The Investigating Committee is a statutory committee of the Council. It is one of the three practice committees and is made up of eight Council members and one registered medical practitioner. Its purpose is to set the strategy and policy which determine how Council deals with complaints and/or fraudulent or incorrect entry onto the Register. If the HPC receives a complaint about a registrant, the Investigating Committee will assemble a panel to determine whether there is a case to answer. If the complaint is about fraudulent or incorrect entry onto the Register, this will be considered at a hearing by a panel of the Investigating Committee.

### **Achievements**

The Committee met three times during the year.

During the year, the Committee:

- reviewed the standards of conduct, performance and ethics (SCPE) and recommended to Council that the updated SCPE become effective from July 2008 subject to approval by the Conduct and Competence Committee;
- reviewed the priorities, projects and principles of the fitness-to-practise workplan for the next financial year which focussed on the review of processes developed over the last few years;
- reviewed proposals to dispose of certain fitness-to-practise cases by consent – the Committee also reviewed the practice note issued as guidance on disposal by consent to panels and to those appearing before them;
- reviewed the criteria for the selection process for fitness-to-practise hearing locations;
- reviewed the completion of the 2007 workplan; and
- followed the development of risk assessments in fitness to practise allegations.

The Investigating Committee looks forward to the continuation of its work in the setting of policy and strategy for the fitness-to-practise processes.

**Morag MacKellar**

*Chairman*

**Steve Rayner**

*Secretary*

## Non-statutory committee reports

1 April 2007 to 31 March 2008

### **Audit Committee**

#### **Principles**

The Audit Committee is a non-statutory committee of the Council. Its aims are to ensure that the financial and operating systems of the HPC are rigorously audited and that risks are identified and controlled. The Committee acts as the main link between the Council, the internal auditors (PKF (UK) LLP) and the joint external auditors (Baker Tilly and the National Audit Office). It approves the work plans for the internal and external auditors and receives progress reports to ensure that the Council's systems are effective. It supports the drive for continuous improvement in the way the Council operates.

The Audit Committee comprises six members and met four times during the year. Representatives of Baker Tilly and the National Audit Office (NAO) and PKF were invited to all meetings.

#### **Achievements**

During the year, the Committee:

- recommended the 2006–07 report and accounts to Council for approval;
- monitored progress on internal audit and considered the results of internal audits in several areas, including renovation work at the Council's premises, information technology (strategy, laptop controls, business continuity), fitness to practise, external communications, financial systems, governance and risk management, registration systems, and data security;
- received reports on the British Standards Institute audits of the Council's processes;
- received updates on the risk register, which had been revised in the light of comments from the internal and external auditors;
- reviewed the performance of PKF and Baker Tilly and recommended that PKF and Baker Tilly should be reappointed (these reappointments were agreed by the Council in December 2007);
- in accordance with good practice, undertook the annual review of its effectiveness and agreed to recommend changes to its terms of reference (these changes were agreed by the Council in December 2007); and
- undertook a pilot self-evaluation of its performance and provided feedback on the process to the Council.

In February 2008 the Committee attended a training session on the internal quality processes operated by the Council.

**Paul Acres**

*Chairman*

**Colin Bendall**

*Secretary*

1 April 2007 to 31 March 2008

## **Communications Committee**

### **Principles**

The Communications Committee is a non-statutory committee of the Council. Its purpose is to advise Council and the Executive on the HPC's overall communications strategy and to monitor and evaluate the outcomes of the strategy. The Committee comprises nine members and met three times during the year.

### **Achievements**

During the year, the Committee:

- reviewed the draft Communications strategy to be implemented for 2008–11;
- agreed the Communications workplan 2008–09;
- undertook the annual committee self-evaluation exercise;
- reviewed the progress report for the 2007–08 workplan;
- noted the work done by Shepard Taylor Partnership scoping the effectiveness of the HPC's patient and public involvement activities;
- approved recommendations for a half-day discussion event intended to build on the enthusiasm of Committee members to review its objectives and challenges;
- followed the development of the continuing professional development communications campaign;
- noted the results of bi-annual opinion polling research carried out by MORI into the public perception of the HPC; and
- followed the progress that listening and employer events made in stakeholder engagement.

The Committee looks forward in the coming year to the continuing promotion of its important work with HPC stakeholders and in setting the strategy and policy which inform and underpin this.

**Annie Turner**

*Chairman*

**Steve Rayner**

*Secretary*

1 April 2007 to 31 March 2008

## **Finance and Resources Committee**

### **Principles**

The Finance and Resources Committee is a non-statutory Committee of the Council. It was set up to make recommendations on the budget and other financial issues to the Council. The main function of the Committee is to monitor finance on behalf of the Council. Its remit also covers human resources, operations and information technology.

The Committee comprises twelve members, including an accountant member who was appointed following a public recruitment process. The Committee met seven times during the year. The Committee also met twice as the Remuneration Committee.

### **Achievements**

During the year, the Committee:

- recommended the 2006–07 annual report and accounts to Council for approval;
- approved a consultation document on proposed increases to registration fees in 2009 – the Council agreed to carry out a consultation on the proposed increases and the final decision will take into account the outcome of the consultation process;
- recommended the financial five-year plan to Council for approval (the plan was subsequently approved by Council);
- agreed a new fee for partners who will assess registrants' continuing professional development profiles;
- reviewed and updated the Council's tendering policy, and reviewed and updated the Council's investments policy from an ethical perspective;
- approved new policies for recruitment of partners, reimbursement of their expenses, a revised code of conduct and associated policies;
- approved forecasts for registrant numbers for 2008–09 to 2012–13;
- monitored progress on renovation work at the Council's premises;
- made recommendations on future arrangements for the employee pension scheme, which were approved by the Council; and
- undertook a pilot self-assessment exercise and provided feedback on the process to Council.

The Committee sat as the Remuneration Committee twice. It reviewed benefits for employees in June 2007 and payroll recommendations in March 2008.

The financial results for the year and commentary are shown elsewhere in this annual report. The Committee looks forward to continuing its work.

**Robert Clegg**

*Chairman*

**Colin Bendall**

*Secretary*

## Communications

### Campaigns and media

Communicating with the public is one of the most significant aspects of our work. We continue to work to raise awareness amongst the public about who we are, what we do and the importance of checking that health professionals are registered.

In line with the launch of our refreshed visual identity in 2007, we rolled out a set of new-look public facing literature. This was part of our ongoing campaign to raise our profile and to emphasise the importance of using a registered health professional.

Our new-look campaigns literature includes newly-designed posters, leaflets and window stickers that aim to let the public know about who we are and what we do and the benefits of using a registered health professional. They also provide information on what steps to take if a member of the public is concerned about a health professional or wants to make a complaint. A selection of these leaflets has been mailed directly to Practice Managers in GP surgeries, asking them to display the information for patients.

We sent leaflets to Patient Advisory and Liaison Offices that are located in most hospitals in England and Wales. We have also produced a publication specifically aimed at those who refer people to health professionals (e.g. doctors and nurses) and sent them to all GPs across the UK. The aim of the publication is to introduce the HPC and highlight that people should be made aware of the regulated status of health professionals when they refer their patients to them.

Leaflets and special dispensers were sent to 3,000 Numark pharmacies across the UK. In addition, we have taken out adverts in all 'Yellow Pages' under the headings for 'chiropractors / podiatrists' and 'physiotherapists' (which are being rolled out throughout 2008).

We have bought a number of sponsored links on Google that have been a great success so far – with around 400 people per month clicking on our special 'hpcheck' microsite. We also have banners on Yell.com that take people directly to our website.

Advertising aimed at registrants has been appearing in professional journals for physiotherapists and chiropractors / podiatrists encouraging them to request free posters and leaflets for their surgeries, hospitals and clinics. So far, the materials have been particularly popular with registrants in private practice who want to advertise the fact that they are regulated.

The views of people who use our materials are extremely important to us and the decision to refresh our public-facing literature comes following market research with registrants and the public.

2008 sees us moving towards more targeted awareness campaigns focusing on particular groups of users (for example older people) that use the services provided by those we regulate.

For more information on our campaigns and advertising work, please see [www.hpc-uk.org/mediaandevents/advertising](http://www.hpc-uk.org/mediaandevents/advertising)

## The web

### **www.hpc-uk.org**

The web remains the most cost-effective and efficient way of making large amounts of information available to large numbers of people. We have consistently used the HPC website as a tool to communicate news quickly and effectively to our registrants and stakeholders. The website is the best way of keeping up-to-date with our work, and what we are doing.

The website's content management has been extended to allow more detailed and up-to-date information to be displayed on the site, while also improving its functionality behind the scenes.

A new 'education' section has been created and includes a more interactive approved programme list, and much improved information for, and about, education providers.

Employers have also benefited from a new section, which brings together the information relevant to them. We have introduced a 'Multiple registrant search', which allows employers to check the status of multiple registrants in one search. The 'Register of visiting European health professionals' has also been made available online.

For registrants we have continued to add up-to-date information about current issues, including more detailed guidance on CPD, and how they can promote themselves and the HPC using our new public awareness material. All our publications are also available to download from the website.

For the general user we have improved the way in which information can be viewed on the site; this includes making information easier to search for, navigate, and read. The fitness to practise hearings section has also been overhauled, making it easier to access and find information, giving users the ability to find much more detail about our current and past hearings. Users are now able to search hearings by profession, date and outcome.

We have also introduced an interactive events calendar, which brings together information on the HPC's meetings, fitness-to-practise hearings and events in one place.

### **The future**

We have conducted market research with registrants, students and the public, with a view to improving the HPC websites over the coming months.

The development of secure, online facilities for registrants is on-going, this will include the ability to renew their registration and update their contact details online. A facility for potential registrants to apply online is also in development.

### **Your input**

If you have any comments to make about the HPC website, please email us at [webmaster@hpc-uk.org](mailto:webmaster@hpc-uk.org)

We welcome feedback that will help us to make the site more useful, and make the information that you need easily available.

## Events

Events provide a valuable opportunity for the HPC to meet face-to-face with our stakeholders, communicate our messages, raise awareness of the HPC and the work that we do, and to receive feedback on the organisation's activities. Over the past year we have further developed our Listening Event programme, run specific events for employers, parliamentarians and other stakeholders, and taken part in a variety of external conferences and exhibitions.

### **Listening Events**

Listening Events are run throughout the UK. They provide an introduction to the HPC and give registrants the opportunity to see and hear first-hand how we are progressing. As well as providing the opportunity for registrants to meet with other health professionals, the events provide an invaluable opportunity for attendees to meet HPC Council members – and wherever possible the Chief Executive and/or the President. The feedback we receive helps us in shaping the development of future HPC strategy and regulation.

This year we have looked at the format of Listening Events and made them more discursive and interactive, with more time dedicated to smaller, workshop-style groups.

### **Where we have been**

April 2007

Portsmouth

Folkestone

July 2007

Dumfries

Lancaster

October 2007

Swindon

Barnstaple

January 2008

Lowestoft

Cambridge

In 2008–09 Listening Events will be located throughout the UK to reach as many registrants as possible. Please see below for details of how to keep up-to-date with HPC events.

### **Stakeholder events**

Over the past year the HPC has organised several events for key stakeholder groups. These have included events for employers focussing on employment issues and registration; an evening reception in the Scottish Parliament; and a consultative event looking at disability and registration. For further details on some of these events please see the Public Affairs section of this report.

### **External conferences and exhibitions**

Over the past twelve months HPC has taken part in the following conferences and exhibitions:

- Primary Care, 10–11 May 2007, Birmingham

- College of Occupational Therapists Annual Conference, 20–22 June 2007, Manchester
- Institute of Biomedical Science Congress, 24–26 September 2007, Birmingham
- HR in the NHS, 9–11 October 2007, Birmingham
- Primary Care Live, 9 October 2007, London
- Health and wellbeing at work, 5–6 March 2008, Birmingham
- British Association of Prosthetists and Orthotists, 14–15 March 2008, Bolton.

The HPC will continue to take part in exhibitions over the coming year and will increase involvement in conferences providing presentations and workshops.

**Further details**

For full details of HPC events, and to keep up-to-date with the events schedule, please visit the 'Events' section of the HPC website at [www.hpc-uk.org](http://www.hpc-uk.org). Alternatively, you can sign-up to receive HPC In Focus, our electronic newsletter, by emailing [newsletter@hpc-uk.org](mailto:newsletter@hpc-uk.org)

If you would like to make a general enquiry about HPC events, please email [events@hpc-uk.org](mailto:events@hpc-uk.org) or call us on 020 7840 9797.

## Publications

Following the changes to our branding and visual identity last year, this year has seen increased activity in publications as we have reprinted old documents, and produced new publications to the new designs.

We wanted our publications to reflect our values as a modern, transparent, professional regulator, and we also wanted to ensure that accessibility was built into the heart of the documents we produce.

Our revised publications have several features which are designed specifically to make them easy to read:

- they are printed on matt paper to reduce 'glare';
- we use a clear, easy-to-read font;
- they are printed with good contrast between the text and the background; and
- as before, all of our publications are available on request in alternative formats for those who need them.

This year the publications we have produced have included the revisions of the standards of proficiency for each of the first twelve professions that we regulate, the Fitness to practise and Approvals and monitoring annual reports, a review of the grandparenting process, revised fitness-to-practise brochures, information cards for journalists and for employers, and many more. All of our publications are available on our website at [www.hpc-uk.org/publications](http://www.hpc-uk.org/publications)

In addition, we have continued to produce and develop our newsletter, HPC In Focus. We have revised the newsletter to keep it consistent with our new-look publications, and we have also made changes to it in response to feedback gained from readers. Published every two months, and delivered direct to your inbox, HPC In Focus is the best way of keeping up-to-date with the latest information from us. We include renewal reminders, a summary of recent fitness-to-practise cases, standards updates, information about CPD, articles about events that we are running or have participated in, and much more. If you would like to join the 4,907 people who already receive the newsletter, then please email [newsletter@hpc-uk.org](mailto:newsletter@hpc-uk.org) and we will be pleased to add you to our distribution list.

This year we have moved to using more cost-conscious designs in our publications. This has allowed us to make savings on some of our titles and therefore deliver better value for money.

## Public affairs and stakeholder communications

The newly created position of Public Affairs Manager saw the expansion of work with various stakeholder groups in 2007–08.

### **Parliamentarians**

Contact with Parliamentarians has increased significantly with 18 meetings taking place over the year between various Members of Parliament (MPs), Peers and Members of Scottish Parliament (MSPs). Raising awareness with these groups is especially important because of the government White Paper 'Trust, Assurance and Safety – The Regulation of Health Professionals in the 21st Century' which outlines plans for new professions to be regulated by the HPC.

Other awareness-raising activities have included:

- distribution of our 'Regulation of health professions – parliamentary briefing' to over 250 MPs and Peers in January 2008;
- exhibition at the Scottish National Party annual conference in October 2007;
- exhibition at the Welsh Labour Party Conference in February 2008 – Welsh versions of the public information leaflet and a Welsh exhibition banner were developed; and
- an evening reception in the Scottish Parliament in March 2008 where the Deputy First Minister and Cabinet Secretary for Health and Wellbeing, Nicola Sturgeon MSP, spoke to over 80 key stakeholders – in the same week we hosted an exhibition for three days in the Scottish Parliament.

### **Employers**

This year we increased our communication with those who employ or manage our registrants. The most significant activity has been the Employer Events held across the UK in Belfast, Cardiff, Glasgow, London and Manchester. These events provided information on when to refer fitness-to-practise issues, our CPD audit requirements and information on registration and renewal issues – and provided an opportunity for us to hear employers' concerns and feedback.

Almost 250 employers and service managers attended the sessions in November 2007 and February 2008 and the feedback was extremely positive. As a result, we will be hosting a second series of Employer Events towards the end of 2008 and early 2009. If you would like to register your interest please email [employers@hpc-uk.org](mailto:employers@hpc-uk.org)

Other key activities included:

- creating a new employer section of the website – launched in September 2007;
- producing 'Information for employers' quick reference cards – printed and distributed widely to employers at events and exhibitions; and
- producing a new 'multiple registrant search' online for employers to check the records of up to 100 registrants at once.

### **Other stakeholders**

Meetings with various stakeholders such as professional bodies, regulators, employers and trade unions have taken place across the four home countries including:

- ten meetings in Northern Ireland in September 2007;
- eight meetings with professional bodies in December 2007 and early 2008; and
- ten meetings with various groups including Scottish stakeholders, the Department of Health, regulators and patient representative groups.

## Policy and Standards

### **The White Paper**

2007–08 for the Policy and Standards Department was largely affected by the government's February 2007 White Paper 'Trust, Assurance and Safety – The Regulation of Health Professionals in the 21st Century'.

The most important piece of work arising from this is a Professional Liaison Group (PLG) considering 'continuing fitness to practise'. This is in response to the recommendation that all health professionals should be 'revalidated'; that is, they should have to demonstrate that they are fit to practise in order to remain registered. Chaired by our President, this group has met three times, and has included a wide-ranging discussion meeting with professional bodies, as well as looking at examples of systems for ongoing fitness to practise both within and outside the UK. The PLG's work is ongoing.

In addition, two further recommendations from the White Paper have also been the basis of discussion meetings between a variety of stakeholders. These meetings have looked at marking the Register to show additional post-registration qualifications, and also student fitness to practise.

### **New professions**

The Policy team worked with a Professional Liaison Group to prepare draft standards of proficiency for practitioner psychologists, and also worked with the British Psychological Society and other stakeholders to research the appropriate threshold educational level for the profession. Both of these areas of work were then the subject of a public consultation, the results of which are being analysed.

### **Standards**

The revised standards of proficiency for the first twelve professions were launched in November 2007, following a review and a public consultation.

A consultation was held on the revised standards of conduct, performance and ethics. In addition, we have reviewed the standards of education and training, to ensure that they remain fit for purpose. This review has been led by a Professional Liaison Group, and has benefited from the feedback of education providers, visitors, students, and others.

### **Other work**

Other Education Committee areas of work this year included:

- preparing for the implementation of the Professional Qualifications Directive;
- work on a model for more accurate registrant forecasting;
- preparing a partners' code of conduct;
- writing and publishing a review of the grandparenting process (published on our website);
- the HPC-wide equality and diversity project; and
- working with the Communications Department to run a consultative event on health, disability and registration.

## Registrants: profiles

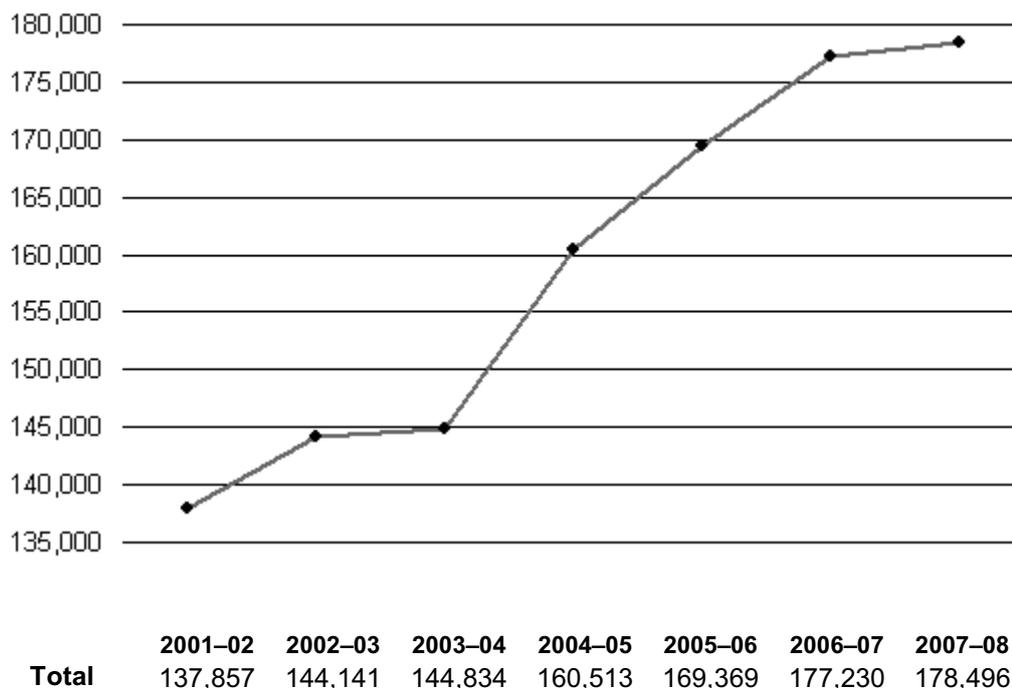
Between 1 April 2007 and 31 March 2008, the number of our registrants continued to increase, although the increase this year has not been as great as the previous period. At the end of March 2007 there were 177,230 registrants and at the end of March 2008 there were 178,496.

However, it is almost certain that other professions will be joining the Register shortly, and over the next few years we will be likely to see some quite large increases in numbers. We have begun to look at each profession by gender. This helps give a better insight into the nature of our Register. The distribution between men and women remains almost exactly the same as last year when we produced these figures for the first time.

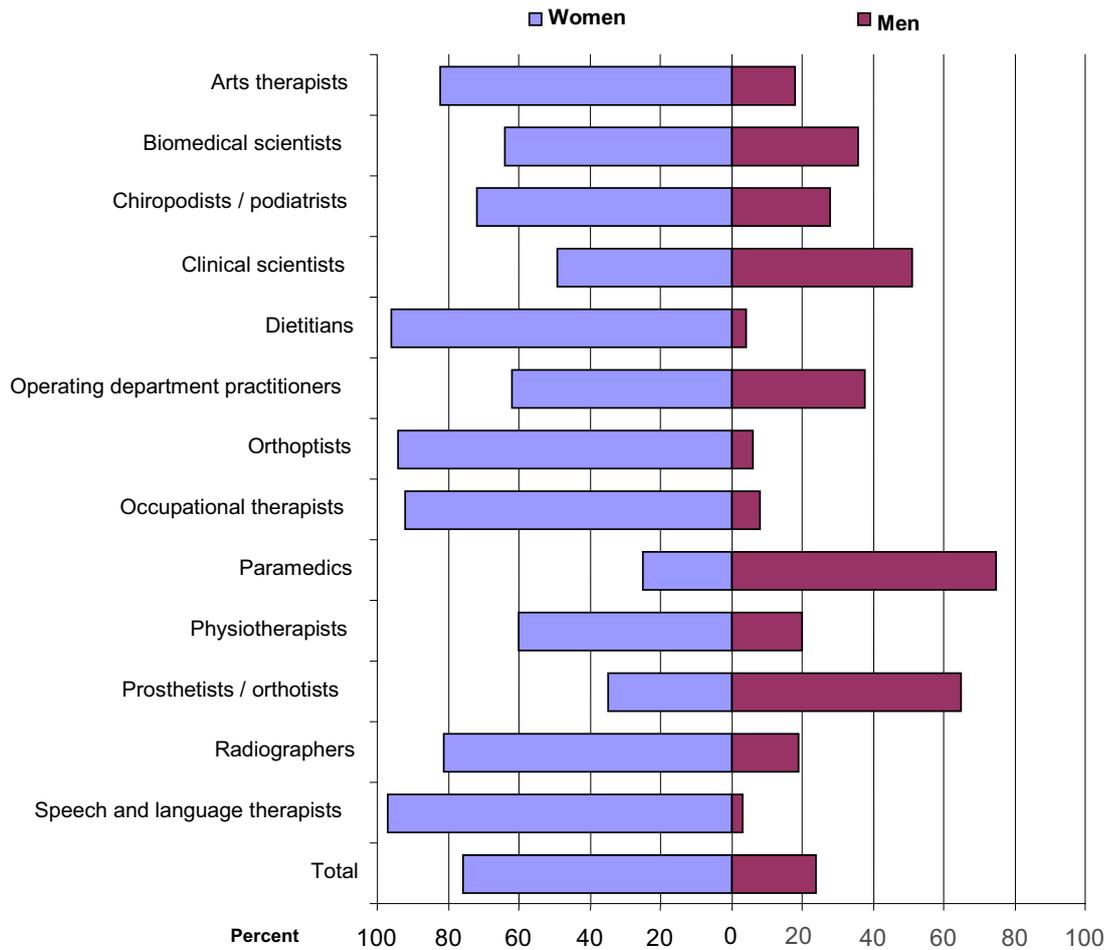
Currently, 76 per cent of our registrants overall are women and 24 per cent are men. The large majority of our professions predominantly female, although this does vary from profession to profession. For example, 80 per cent of physiotherapists are women, 72 per cent of chiropodists / podiatrists are women, and 81 per cent of radiographers are women. Some professions, like orthoptics, dietetics and, and speech and language therapy, are almost entirely female (94%, 96% and 97% respectively). Only clinical scientists, prosthetists / orthotists and paramedics are predominantly male (51%, 65% and 75% respectively). For each of these three professions, there has been a slight increase in the number of women since March last year. It will be interesting to see if this trend continues.

In future we will be publishing more details on registrants.

### Number of registrants from 31 March 2002 to 31 March 2008



## Percentage of men and women in each profession 2008



## Council member and non-Council committee member biographies

### Council member biographies

#### **Ozan Altay**

Ozan is a practising prosthetist working for the contractor to the National Health Service (NHS) in Wolverhampton. He qualified via Paddington College and the London School of Prosthetics, Roehampton. Ozan's voluntary work has included raising resources for amputee victims of the conflict in Sri Lanka and working in a lower-limb field clinic there. Having won a travel fellowship to Hong Kong in 2004, he attended the International Society for Prosthetics and Orthotics World Congress. He also reported on orthotic and prosthetic education and training at the University and visited the Prosthetic Department at Kowloon Hospital.

#### **Patricia Blackburn**

Patricia Blackburn is the Commissioner for the Allied Health Professions on the Southern Health and Social Services Board, based in Armagh in Northern Ireland. She is the former Chair of the newly formed Irish Branch of the British and Irish Orthoptic Society, Chair of the Advisory Committee for the Allied Health Professions to the DHSSPSNI and Vice-Chair of the Northern Ireland (NI) Health Professions Forum. She is married with two sons and twin daughters.

#### **Paul Acres**

Paul was a police officer for 36 years, serving in a number of specialist and senior management positions. He was a detective, senior complaints investigator and for five years Deputy Chief Constable of Merseyside before his appointment as Chief Constable of Hertfordshire. He developed national policing policy on professional standards, community and race relations, personnel management, conflict management and the police use of force and firearms. He retired from policing in 2004 and now holds several public appointments concerned with the development of professional standards. He was recently appointed as Chairman of Sefton NHS Primary Care Trust.

#### **Karen Bryan**

Karen Bryan is Head of the Division of Health and Social Care, at the University of Surrey. She is a speech and language therapist with particular interests in the mental health of adult populations, rehabilitation, and the impact of communication difficulties on people's access to effective healthcare interventions. She has conducted research into many aspects of workforce development including education and practice development, the experiences of internationally recruited nurses, care sector development and healthcare evaluation. Karen has extensive experience of healthcare education and course development. She continues to work in practice as a consultant speech and language therapist in forensic mental health at the West London Mental Health Trust.

#### **Mary Clark-Glass**

Mary Clark-Glass was formerly a lecturer in law and broadcaster in Belfast. She has been involved in equality and human rights issues since the 1970s. She was Head of the Equal Opportunities Commission for Northern Ireland from 1984 to 1992, a Human Rights Commissioner from 1984 to 1990, and is a former member of the Probation Board for Northern Ireland. She also served as a Commissioner on the Commission for Racial Equality for Northern Ireland. Mary is currently a General Medical Council associate, a member of the General Dental Council's Fitness to Practise Committee and was a non-executive member of Board of Royal Group of Hospitals Belfast until 31 March 2007.

### **Robert Clegg**

Robert Clegg retired as Chief Executive of the Rochdale Healthcare NHS Trust in 2002 after 32 years in the NHS. He is Vice-Chair of Springhill Hospice, Rochdale, a member and past President of the Rotary Club of Rochdale East and has recently been appointed Chair at Hopwood Hall College, Rochdale. He is also Chairman of the Rochdale Life Education Unit and Acting Chairman of the Rochdale Cultural and Leisure Trust. As a member of the Conservative Party he represents Wardle and West Littleborough Ward on the Rochdale Metropolitan Borough Council (MBC).

### **Helen Davis**

Helen Davis is Head of the Orthoptic Section of the Academic Unit of Ophthalmology and Orthoptics at the University of Sheffield. She is programme leader of the BMedSci in orthoptics and joint author of the Diagnosis and Management of Ocular Motility Disorders text book, a core text for the undergraduate programme. She was involved in setting the initial benchmark statements and standards of proficiency for orthoptists. She sits on disciplinary and student review panels at the University, and continues her clinical practice at the Sheffield Teaching Hospitals NHS Foundation Trust.

### **John Donaghy**

John Donaghy BSc (Hons), Pg Cert, Fellow HEA, Paramedic, is Principal Lecturer in Paramedic Science, School of Health and Emergency Professions, University of Hertfordshire and the professional lead, responsible for development and delivery of the paramedic programmes. John's current academic and training role follows thirty years' service in the London Ambulance Service, initially as an emergency response paramedic and then as a paramedic on the emergency helicopter service. He has recently spent two years as a public governor on the governing council of his local NHS Hospital Foundation Trust. John is about to embark upon a professional doctorate in education (Ed D) at the University of Hertfordshire.

### **Peter Douglas**

Peter Douglas is the former National Managing Partner of HLB Kidsons, Chartered Accountants, and was for ten years a Council member of the Institute of Chartered Accountants in England and Wales. He has been Director of Professional Standards at the Chartered Institute of Management Accountants, a governor of two independent schools and a higher education college. He is Chairman of the Audit Committee and a member of the Steering Board of the National Weights and Measures Laboratory, and member of the Resources and Audit Committee of the Engineering and Physical Sciences Research Council (both agencies of the Department for Innovation Universities and Skills), and a member of the Audit Committee of Ashridge Business School. He is also Clerk to the Disciplinary Board of the Taxation Disciplinary Scheme and a non-executive Director and Chair of the Audit Committee of the East Sussex Downs and Weald Primary Care Trust.

### **Sheila Drayton**

Sheila Drayton is a consultant in health service management, standards and regulation. Her early career was in nursing and midwifery education, followed by professional and general management in the NHS. For the past seven years her work has focused on professional leadership and improving patient safety. Sheila was a member of the United Kingdom Central Council for Nursing, Midwifery and Health Visiting, and is currently a member of the Nursing and Midwifery Council's Fitness to Practise Panel. She is a member of the General Teaching Council Wales (GTCW), Chair of the GTCW's Audit Committee, and a Chair of GTCW's Professional Conduct Committee.

### **Elizabeth Ellis**

Elizabeth Ellis is the registrant radiographer member sitting on the HPC Council. She is currently employed as a Mobile MRI Radiographer in the South of England. She has recently completed a postgraduate diploma (PGD) in computed tomography (CT) at City University, London. Previously, she held the post of Society of Radiographers representative for Portsmouth Queen Alexandra Hospital during which time she was involved in the introduction of Advanced Practitioner roles and oversaw the implementation of 'Agenda for Change'. Her interests are varied and include cycling, golf and cookery.

### **Christine Farrell**

Christine Farrell is a freelance consultant in health policy. She has worked in research and service development, at the King's Fund, London, and as an advisor to the Department of Health Research and Development Division. She has worked in voluntary roles in the NHS since 1974 and was Trustee and Chair of a national charity providing health services from 1979 to 1995. Since 1997, her work has focused on involving patients and the public in the NHS, and in gaining views on cancer services. Her most recent work is with an international task group developing initiatives and curricula for encouraging patient involvement in health professional education.

### **Sue Griffiths**

Sue Griffiths is the alternate radiographer member on the HPC Council. She was a clinical therapy radiographer (radiotherapist) then Professional Head of Radiotherapy at Leeds Teaching Hospitals. Key roles have included working with the Faculty of Oncology of the Royal College of Radiologists to quantify the national shortage of radiotherapy equipment and radiographers, by 2000, influencing national resourcing and equipment provision in England. With strong interests in safety and standards, her work has encompassed returner staff training, student recruitment initiatives, and the development of national (College of Radiographers / Department of Health) workforce models and has led a national survey to inform these.

Sue was on the Radiotherapy Advisory Group (College of Radiographers), and the project board for the curriculum framework for the new career structure. Sue has made a significant contribution as a highly regarded author within the radiotherapy world with numerous peer-reviewed papers and books. She is currently updating a standard radiotherapy textbook and researching with the Sheffield Hallam University radiotherapy team (as a Visiting Professor) and the Leeds Teaching Hospitals NHS Trust.

### **Daisy Haggerty**

Daisy Haggerty, Principal Clinical Scientist and Service Manager at the Northern Molecular Genetics Service, has had many years of experience in the field of Human Genetics. She was involved in setting up the Molecular Genetics Unit at Newcastle and instrumental in the development of various tests for the group which has a world-wide reputation in the field of neuromuscular disorders. She has an ongoing interest in the wider implications and ethical considerations involved in the use of genetic testing. Her wish to ensure that high standards are maintained within the profession led her to becoming a registrant 'partner' with the HPC in 2003, taking on the roles of Registration Assessor and panel member. She was also a member of the Professional Liaison Group looking at the updating of the standards of proficiency. Currently, in her role as the alternate clinical scientist registrant member of the HPC Council, she sits on the Investigating Committee and the Communications Committee.

### **John Harper**

John Harper is Senior Vice-Principal and Deputy Vice-Chancellor at The Robert Gordon University, Aberdeen, with particular responsibility for Academic Development and Quality. He is the former Dean of the Faculty of Health and Social Care and also a former member of the Scottish Executive NHS Modernisation Forum and the Council for Professions Supplementary to Medicine. He is currently a member of several Scottish committees associated with teaching and learning and quality assurance.

### **Tony Hazell**

Tony Hazell began his career as a Probation Officer before moving into higher education, where he spent almost 30 years. He retired from the post of Assistant Principal at the University of Wales Institute Cardiff in 2004. He is currently Chair of the Velindre NHS Trust (NHS Wales), a large organisation providing a wide range of services across the whole of Wales, and is a member of the Learning and Teaching Committee of the Higher Education Funding Council for Wales. He has recently been appointed to the Board of the Quality Assurance Agency for Higher Education.

### **Carol Lloyd**

Carol Lloyd is Emeritus Professor of Occupational Therapy in the Faculty of Education, Health and Sciences at the University of Derby, and former Subject Manager there. Before moving into education she worked within mental health and was involved in setting up a number of community facilities. She has been an external examiner at various universities and also a Quality Assurance Agency for Higher Education reviewer. She has been involved with the Trent Workforce Development Confederation and is a member of her local Foundation Hospital Trust, and is also a Parish Councillor.

### **Jeff Lucas**

Jeff Lucas is Deputy Vice-Chancellor (DVC) at the University of Bradford and Professor of Health Studies. He took up office as DVC in September 2004 having previously served as Pro-Vice-Chancellor Learning and Teaching and prior to that Dean of the School of Health Studies. He graduated from the University of London in Zoology and Physiology and has a doctorate in Medicine from the Royal London Hospital. In 1996 he became the inaugural Dean of Health Studies at Bradford and has served as the evaluator of the Bradford Health Action Zone, external assessor of the Common Learning pilots at the NHS and independent evaluator of the Quality Assurance Agency for Higher Education's work with the Department of Health.

He served as a Non-Executive Director of the West Yorkshire Strategic Health Authority where he represented the interests of West Yorkshire universities and as interim Non-Executive on the new Yorkshire and Humber Strategic Health Authority. Jeff also edits the International Journal of Clinical Governance.

### **Morag MacKellar**

Morag MacKellar is Head of Nutrition and Dietetics, Forth Valley Primary Care and Public Health Nutritionist for NHS Forth Valley. She is also a member of Stirling Community Health Partnership Committee, and Chair of the national multi-agency steering group Scottish Nutrition and Diet Resource Initiative. Morag continues to contribute to a number of departmental and policy groups for the Scottish Government including the recent Scottish Food and Health Council. She is a former Chairman of the Dietitians' Board of the Council for Professions Supplementary to Medicine and was previously Chair of the British Dietetic Association. In addition she has been made a Fellow of the Association in recognition of her services to the dietetic profession.

**Alan Mount**

Alan Mount is Professional Lead for Operating Department Practice within the Faculty of Health and Social Care at Canterbury Christ Church University. Alan has a long history within the peri-operative field, both as a practitioner and as an educator. He was appointed in February 2002 to the former Association of Operating Department Practitioners Board. He was involved with the development of the first standards of proficiency, scope of practice and subject benchmarks for operating department practitioners in accordance with the transfer of the profession to the HPC in October 2004. In May 2004 he was awarded the Association of Operating Department Practitioners' Fellowship for outstanding service to the profession.

**William Munro**

Willie Munro is Orthotic Director of Munro Bolton, Orthotics Ltd, a practice which supplies orthoses to hospitals in Scotland. He was a founding member of the British Association of Prosthetists and Orthotists and is Clinical Associate at the National Centre for Training and Education in Prosthetics and Orthotics at the University of Strathclyde. Willie is involved in community work in Glasgow and he is the former Vice-Chairman of the Prosthetists and Orthotists Board of the Council for Professions Supplementary to Medicine.

**Helen Patey**

Helen is Deputy Managing Director and Head of Clinical Services at the Nordoff-Robbins Music Therapy Centre in London. Her career in music therapy includes clinical practice, lecturing, writing, research and promoting music therapy. Helen has been involved in all aspects of the music therapy profession, chairing the British Society for Music Therapy and the Courses Liaison Committee. She also represents the UK on the Education Commission of the World Federation of Music Therapy.

**Jacki Pearce**

Jacki Pearce has managed speech and language therapy services for all client groups in Hertfordshire and Essex Primary Care Trusts for some years, but is now working independently, and currently undertaking some speech and language therapy development work for Social Services. She has served as a Magistrate for 15 years, and took time out to undertake a Masters degree in Health Law to underpin her interest in professional regulation and fitness to practise. She is the speech and language therapist alternate member of the HPC Council, Vice Chair of the Health Committee, chairs registration appeals, and currently represents the HPC on the NHS Information Standards Board.

**Gill Pearson**

Gill Pearson currently works as the Programme Manager of Nutrition Programmes at the University of Surrey. She has experience of working in both the NHS and higher education, teaching on both undergraduate and postgraduate courses. She has been a dietetic manager of both community and acute hospital dietetic departments, both in England and Scotland.

**Doug Proctor**

Doug Proctor's career as a biomedical scientist in the NHS spans 32 years. He is currently employed as the Laboratory Manager (BMS Grade 4) in the Clinical Biochemistry Department at Prince Charles Hospital in Merthyr Tydfil. He is a Chartered Scientist and fellow of the Institute of Biomedical Science and is trained and accredited as a HPC panel partner. Doug is also a Committee Member of the South East Wales branch of the Institute of Biomedical Science and has previously been Branch Secretary of the Cardiff and Wales NHS Branch of Amicus, prior to moving to his present post. In addition he has represented

the Wales region at the Pathology Occupational Advisory Committee of Amicus. He was previously elected as the alternate member of the Medical Laboratory Technologists Board of the Council for Professions Supplementary to Medicine.

### **Keith Ross**

Keith Ross is a self-employed personnel and management consultant. He concentrates on human resources assignments and management roles mainly in the public sector – specifically in the health and education fields. Before becoming self-employed, Keith had a 20-year career in human resources in the Scottish Health Service and latterly was Director of Personnel for a Scottish Health Board and an acute NHS Trust. Keith is a Fitness to Practise panel member of the Nursing and Midwifery Council, and Chairman of the Royal Pharmaceutical Society of Great Britain Code of Conduct Panel.

### **Pam Sabine**

Pam Sabine qualified as a chiropodist / podiatrist in 1977, and has since worked for both the NHS and in private practice. She is currently Head of Podiatry and Podiatric Surgery services at South East Essex Primary Care Trust, combining management of the service with her clinical role as Consultant Podiatric Surgeon. She is a past Chairman of the Society of Chiropodists and Podiatrists and a former member of the Chiropodists Board of the Council for Professions Supplementary to Medicine. Pam is actively involved in professional groups such as the Association for Extended Prescribers. Pam is a member of the South Essex Diabetes networks and was for five years the allied health professional member of the Trust's Professional Executive Committee. Over the years, she has contributed to a professional text and to various professional journals. She is an Independent Reviewer for second stage complaints with the Healthcare Commission and has recently completed a Masters degree in Healthcare Regulation.

### **Jackie Sheridan**

Jackie Sheridan graduated from Salford University in 1997 with a degree in podiatric medicine. She has been the editor of ThatFootSite.com, an online journal for the podiatry profession, since its creation in 1998 and a director of its sister company Professional Events Management. Professional Events Management provides CPD courses for chiropodists and podiatrists. She has worked for East Cheshire Primary Care Trust and in private practice within the profession. She is a member of the Manchester and District Branch of the Society of Chiropodists and Podiatrists.

### **Graham N Smith**

Graham Smith qualified as a physiotherapist in the Royal Air Force in 1977 and as a teacher of physiotherapy in 1982. He is currently an Independent Rehabilitation and Sports Injury Consultant based in Glasgow. He has extensive experience in the treatment, management and rehabilitation of injuries at all levels of the sporting spectrum and has worked with Glasgow Rangers FC, The British Olympic team in Nagano and numerous national representative sports teams. He is a Fellow and Vice-President of the Chartered Society of Physiotherapy and a Visiting Professor at the University of Teesside. He combines his clinical and consultancy roles with lecturing commitments both nationally and internationally.

### **Barbara Stuart**

Barbara Stuart has worked in health and social care provision in the private sector and more recently in the voluntary sector as Director of Operations of Lakeland Community Care Ltd. She is a Lay Magistrate in the Youth and Family Courts in Northern Ireland and in March 2007 was appointed as Non-Executive Director with the Western Health and Social Care Trust. In January 2008 she was appointed to the board of Extern, an

organisation which works directly with children, adults and communities affected by social exclusion or crime. A former carer, she is Vice-Chair of the Management Committee of the local Alzheimer's Society.

### **Eileen Thornton**

Eileen Thornton is the Head of the School of Health Sciences at the University of Liverpool. She has been in health care education for a number of years, particularly physiotherapy. She has been actively involved with her professional body, serving on and chairing many committees relating to pre- and post-registration education, registration and professional conduct. She has been the alternate member for physiotherapy on the HPC Council since it began in its shadow form. During this time she has sat on committees and professional liaison groups involved in developing the standards, processes and procedures concerning registration, approval and monitoring, continuing professional development and wider education policy.

### **Annie Turner**

Annie Turner is Professor of Occupational Therapy at The University of Northampton and is an experienced external examiner and programme validator. She has acted as lead editor of five editions of Occupational Therapy and Physical Dysfunction and is author of the current College of Occupational Therapists pre-registration curriculum framework. She has also been a member of the Quality Assurance Agency for Higher Education's occupational therapy panel which developed the profession's benchmark statements, as well as a member of the College of Occupational Therapy's Council and the Education and Practice Board. Annie has acted as consultant to the Open University foundation degree programme for associated health professionals. She is a Fellow of the College of Occupational Therapists.

### **Anna van der Gaag**

Anna van der Gaag is an independent consultant and Honorary Research Fellow in the Faculty of Medicine, University of Glasgow. She has been involved in research and development initiatives in speech and language therapy for more than two decades. She works within the NHS on organisational learning and development projects. Her current research work includes therapy evaluation, user involvement in decision making, e-learning in post graduate education and improving communication between primary care practitioners and people with communication disabilities. Anna has been a member of various advisory groups for the Medical Research Council, Department of Health, Kings Fund and the Royal College of Speech and Language Therapists.

### **Diane Waller**

Diane Waller is Professor of Art Psychotherapy at Goldsmiths College, University of London and Visiting Professor in the Division of Psychological Medicine and Neuroscience at Imperial College, London. She is Vice-President of the International Society for Expression and Art Therapy, a council member of the World Psychiatric Association's Section on Art and Psychiatry, and Honorary President of the British Association of Art Therapists. Diane is a United-Kingdom-Council-for-Psychotherapy-registered group analyst, and her research interests and publications are in the sociology of professions in UK and Europe, art and group psychotherapy, intercultural therapy, addiction and progressive illness. Diane was formerly Chair of the Arts Therapists Board of the Council for Professions Supplementary to Medicine, and of our Education and Training Committee. She was awarded an OBE for Services to Healthcare in June 2007.

### **Mark Woolcock**

Mark Woolcock has worked within the ambulance service since 1991 in a variety of operational, training and managerial roles. Mark became a paramedic in 1996 and recently qualified as an Emergency Care Practitioner. For the past five years Mark has been involved with the delivery of education and training both locally and also to national and international audiences. Mark serves on the Governing Council of the College of Paramedics, where he is also Treasurer and is a member of the Resuscitation Council (UK) sub committee for European Paediatric Life Support. Mark has written and published numerous texts relating to pre-hospital medical care.

### **Neil Willis**

Neil Willis has worked for the NHS for 43 years as a biomedical scientist and is currently employed part-time as the Laboratory Medicine Coordinator for Training and Development at the University Hospital of Wales and is also a self-employed consultant. He has lectured extensively both at home and abroad and is an external examiner for the University of Essex. He is Chair of the University of Wales Institute, Cardiff's Welsh Liaison Panel, Chair of the South East Wales branch of the Institute of Biomedical Science, Vice Chair of the Cardiff branch of Unite and Chair of the Cardiff Medical Centre Sports and Social Club and Children's Charity. He was a member of the Health Professions Wales Professional Liaison Group and CPD Advisory Group and was also Chair of the HPC Investigating Committee between 2001 and 2005.

## **Non-Council committee member biographies**

### **Nigel Callaghan**

Nigel Callaghan is the registered medical practitioner member of the Investigating Committee. He is a part-time general practitioner, forensic physician barrister at law and sits as a senior medical member in the Tribunals Service.

### **Stephen Hutchins**

Stephen Hutchins is the prosthetist and orthotist member of the Education and Training Committee. He has a PhD from the University of Salford. He has been employed in an academic post since January 1994 with responsibilities for training prosthetists and orthotists at undergraduate and postgraduate level. He is Director of Prosthetics and Orthotics at the University of Salford. He was also Chairman of the British Association of Prosthetists and Orthotists for two years and served on the Prosthetist and Orthotist board of the Council for Professions Supplementary to Medicine.

### **Richard Kennett**

Richard Kennett is the accountant member of the Audit Committee. He is a chartered accountant and has been in practice for nearly 35 years. He is also a qualified arbitrator and mediator. He now works in practice part-time. He sits on the Audit Committee of the Water Services Regulation Authority (OFWAT) as an independent member. He is a member of the Tribunal Panel of the Accountancy and Actuarial Discipline Board and is on many dispute resolution panels. He is a non-executive director of a theatre in London's West End.

### **Christina Kenny**

Christina Kenny was the registered medical member of the Health Committee until July 2007. She is a general practitioner and the Medical Director and board member of Milton Keynes Primary Care Trust, providing medical expertise and leadership to the board and the Trust.

**Daniel Ross**

Daniel Ross is the accountant member of the Finance and Resources Committee. He has been a qualified chartered accountant for 19 years, having trained and worked initially as an auditor. He has worked in senior financial positions for the last 15 years, complimented by the fact that for the last nine years he has been the Chief Executive of the Royal College of Pathologists. He is also a member of the Finance and Resources Committee at the Academy of Medical Royal Colleges.

**Gopal Sharma**

Gopal Sharma was the registered medical practitioner member of the Conduct and Competence Committee until July 2007. He has an interest in rheumatology, occupational medicine, medico-legal work and professional standards and self-regulation. He works for a number of NHS and private bodies, including the Family Health Services Appeal Authority, pensions appeals tribunals and medico-legal agencies. Previously he also sat on the General Medical Council's fitness to practise panels for six years.

## Council and committee meetings

9 July 2007	Council
26 July 2007	Finance and Resources
2 August 2007	Education and Training Panel
11 September 2007	Council (and annual meeting)
12 September 2007	Health (Fitness to Practise Forum)
12 September 2007	Investigating (Fitness to Practise Forum)
12 September 2007	Conduct and Competence (Fitness to Practise Forum)
18 September 2007	Finance and Resources
25 September 2007	Audit
27 September 2007	Education and Training (Committee and Panel)
3 October 2007	Council and 'away day'
4 October 2007	Council 'away day'
24 October 2007	Communication
25 October 2007	Education and Training Panel
7 November 2007	Health (cancelled)
14 November 2007	Education and Training Panel
15 November 2007	Investigating (cancelled)
20 November 2007	Finance and Resources
21 November 2007	Conduct and Competence (cancelled)
4 December 2007	Education and Training (Committee and Panel)
5 December 2007	Audit
13 December 2007	Council
4 February 2008	Education and Training Panel
5 February 2008	Health
6 February 2008	Finance and Resources
12 February 2008	Investigating
19 February 2008	Conduct and Competence
25 February 2008	Communications
27 February 2008	Audit
6 March 2008	Remuneration
19 March 2008	Finance and Resources
26 March 2008	Education and Training (Committee and Panel)
27 March 2008	Council
23 April 2008	Health (Fitness to Practise Forum)
23 April 2008	Investigating (Fitness to Practise Forum)
23 April 2008	Conduct and Competence (Fitness to Practise Forum)
24 April 2008	Finance and Resources
21 May 2008	Communications
29 May 2008	Education and Training Panel
29 May 2008	Council
10 June 2008	Education and Training (Committee and Panel)
19 June 2008	Finance and Resources
26 June 2008	Audit
3 July 2008	Council

## Council meeting attendance

Member	31 May 2007	5 July 2007	9 July 2007	11 Sept 2007	3 Oct 2007	13 Dec 2007	27 Mar 2008
Alan Mount (A)	√	√	√	√	X	√	√
Anna van der Gaag	√	√	√	√	√	√	√
Annie Turner	√	√	√	√	√	√	X
Barbara Stuart	√	X	√	X	√	√	√
Carol Lloyd (A)					√		√
Christine Farrell	√	√	√	√	√	√	x
Daisy Haggerty (A)	√	√	√	√	√	√	√
Diane Waller	√	√	√	X	√	√	√
Douglas Proctor (A)			√		√		
Eileen Thornton (A)					√		√
Elizabeth Ellis	X	√	√	X	√	√	√
Gill Pearson (A)					X		
Graham Smith	√	√	√	√	√	√	x
Helen Davis	√	√	√	√	√	√	√
Helen Patey (A)				X	X		
Jacki Pearce (A)				√	X		
Jacqueline Sheridon (A)	√				√		
Jeff Lucas	√	X	X	√	√	X	X
John Donaghy (1)			√	√	√	√	√
John Harper	√	X	X	√	√	X	√
Karen Bryan	√	√	√	X	√	√	√
Keith Ross	√	√	X	√	√	√	x
Morgan Davies (2)	√	√					
Mark Woolcock (A)					√		
Mary Clark-Glass	√	√	√	X	√	√	√
Morag Mackellar	√	√	√	√	√	√	√
Neil Willis (1)			√	√	√	√	√
Ozan Atlay (A)	X						
Pam Sabine	X	√	√	√	X	√	x
Patricia Blackburn (A)					√		
Patrick McFadden (2)	√	√					
Paul Acres		√	X	√	√	√	
Peter Douglas	√	√	√	√	√	√	x
Robert Clegg	√	√	√	√	√	√	√
Sheila Drayton	X	X	X	√	√	√	√
Simon Taylor (3)							
Sue Griffiths (A)				X	√		
Tony Hazell	√	√	√	√	√	√	√
William Munro	√	X	X	X	√	X	√

## Key

√ Attended

X apologies for absence received

(A) Alternate member

(1) Appointed 9 July 2007

(2) Ceased to be a Council member 8 July 2007

(3) Ceased to be a Council member 19 June 2007

Alternate members only attend Council meetings if the corresponding registrant member is unavailable.

## Committee meeting attendance

### Education and Training Committee

Member	June 2007	September 2007	December 2007	March 2008
Eileen Thornton	X	√	√	√
Karen Bryan	√	X	√	√
Helen Davis	√	√	√	√
John Donaghy (1)		√	X	√
Sheila Drayton	√	X	X	√
Elizabeth Ellis	√	X	√	√
Christine Farrell	√	√	√	X
Daisy Haggerty (2)			√	√
John Harper	√	X	X	√
Tony Hazell	√	√	√	√
Stephen Hutchins	X	√	√	X
Carol Lloyd	√	√	√	√
Jeff Lucas	X	X	√	X
Patrick McFadden (3)	√			
Alan Mount	√	X	√	√
Gill Pearson	X	√	√	√
Doug Proctor (4)	X			
Pam Sabine	X	√	X	X
Barbara Stuart	√	X	√	√
Diane Waller	√	√	√	√
Neil Willis (5)		√	√	√

### Key

√ Attended

X Apologies for absence received

(1) Appointed to Council 9 July 2007

(2) Appointed to Committee 3 October 2007

(3) Member of Council until 8 July 2007

(4) Member of Committee until 8 July 2007

(5) Appointed to Council 9 July 2007

## Investigating Committee

Member	April 2007	September 2007	February 2008
Nigel Callaghan	√	√	√
Robert Clegg	X	X	√
Christine Farrell	√	√	√
Daisy Haggerty	√	√	X
Morag MacKellar	√	√	√
William Munro	√	√	X
Diane Waller	X	√	√
Mark Woolcock	√	√	√

### Key

√ Attended

X Apologies for absence received

## Conduct and Competence Committee

Member	April 2007	September 2007	February 2008
Mary Clark-Glass	√	X	√
Helen Davis	X	√	√
John Donaghy	X	√	X
Carol Lloyd	√	√	√
Pat McFadden (1)	√		
Helen Patey	√	X	X
Doug Proctor	√	√	√
Keith Ross	√	√	√
Pam Sabine	√	X	√
Gopal Sharma (2)	√		

### Key

√ Attended

X Apologies for absence received

(1) Member of Council until 8 July 2007

(2) Committee member until 10 July 2007

## Health Committee

Member	April 2007	September 2007	February 2008
Ozan Altay	X	√	X
Patricia Blackburn	X	√	√
(1) Morgwn Davies	√		
Peter Douglas	√	√	√
Sheila Drayton	X	X	X
Tony Hazell	√	√	√
(2) Christina Kenny	X		
Jacki Pearce	√	X	√
Annie Turner	X	√	√
(3) Neil Willis		√	√

### Key

√ Attended

X Apologies for absence received

(1) Member of Council until 8 July 2007

(2) Member of Council until 10 July 2007

(3) Appointed to Council 8 July 2007, appointed to Health Committee 11 September 2007

## Communications Committee

Member	May 2007	October 2007	February 2008
Paul Acres	√	X	√
Ozan Altay	X	√	√
Mary Clark-Glass	√	√	√
Christine Farrell	√	√	√
Sue Griffiths	√	X	X
Daisy Haggerty	√	√	√
Morag MacKellar	X	√	√
Pat McFadden (1)	√		
Annie Turner	√	√	√
Mark Woolcock (2)		√	√

### Key

√ Attended

X Apologies for absence received

(1) Member of Council until 8 July 2007

(2) Appointed to Communications Committee 11 September 2007

## Finance and Resources Committee

Member	April 2007	June 2007	July 2007	September 2007	November 2007	February 2008	March 2008
Robert Clegg	√	√	√	√	√	√	√
Patricia Blackburn	X	X	X	√	√	√	X
Mary Clark-Glass	√	√	√	√	√	√	√
Morgwn C Davies (1)	√	√					
Peter Douglas	√	√	√	√	√	√	√
Sheila Drayton	√	√	X	X	√	√	X
John Harper (2)			√	X	X	X	√
William Munro	√	√	X	X	X	√	√
Daniel Ross	√	X	X	X	√	√	√
Keith Ross	√	√	X	√	X	√	√
Jacqueline Sheridan	√	√	√	√	√	√	√
Barbara Stuart	√	√	√	√	√	√	√
Neil Willis (3)			√	√	√	√	√

### Key

√ Attended

X Apologies for absence received

(1) Member of Council until 8 July 2007

(2) Appointed to Committee 9 July 2007

(3) Member of Council from 9 July 2007

## Audit Committee

Member	June 2007	September 2007	December 2007	February 2008
Paul Acres	X	√	X	√
Tony Hazell	√	√	√	√
Richard Kennett	√	√	√	√
Carol Lloyd	√	√	√	X
Doug Proctor	√	√	√	√
Graham Smith	√	√	X	√

### Key

√ Attended

X Apologies for absence received

## Remuneration Committee

Member	June 2007	March 2008
Robert Clegg	√	√
Patricia Blackburn	X	√
Mary Clark-Glass	√	√
Peter Douglas	√	√
Sheila Drayton	√	√
John Harper	√	√
William Munro	√	X
Daniel Ross	X	√
Keith Ross	√	√
Jacqueline Sheridan	√	X
Barbara Stuart	√	√
Neil Willis	√	√

### Key

√ Attended

X Apologies for absence received

## The five principles of good regulation

### **Proportionality**

Regulators should only intervene when necessary. Remedies should be appropriate to the risks posed, and costs identified and minimised.

### **Accountability**

Regulators must be able to justify decisions, and be subject to public scrutiny.

### **Consistency**

Government rules and standards must be joined up and implemented fairly.

### **Transparency**

Regulators should be open, and keep regulations simple and user-friendly.

### **Targeting**

Regulation should be focused on the problem, and minimise side effects.

The Better Regulation Task Force is an independent body that advises government on action to ensure that regulation and its enforcement agree with the five principles of good regulation. Their publication 'Principles of Good Regulation' was last revised in February 2003 and is available on their website at [www.bruf.gov.uk](http://www.bruf.gov.uk)

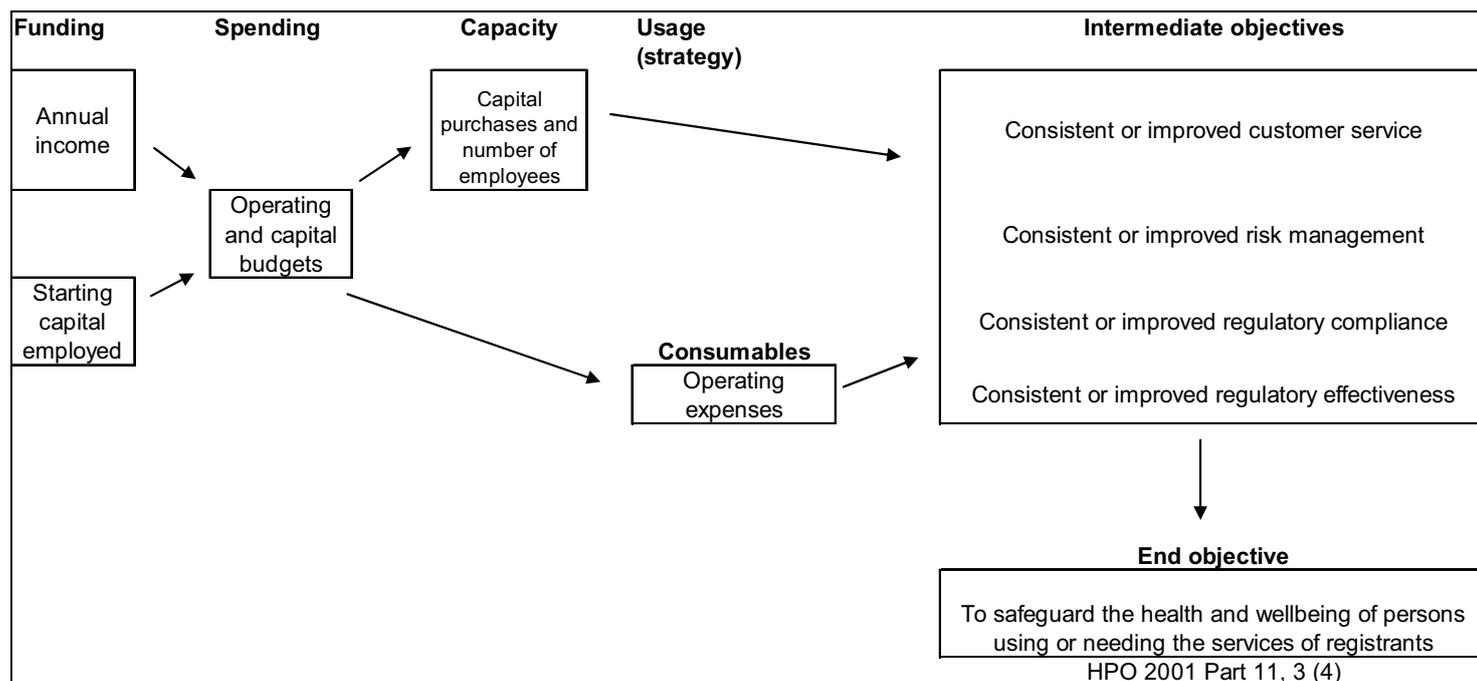
Government departments and independent regulators should use them when considering new proposals and evaluating existing regulations.

## Management commentary

The objectives, functions and legislative background of the Health Professions Council are outlined on pages 4 to 7 under 'The Council'.

### Key operating statistics and commentary

The 'key operating statistics' have been re-grouped according to the following high level model linking the Health Professions Council objectives with funding, spending, capacity and usage in order to help readers understand the broad relationships between the key operating statistics themselves.



End of year figures unless otherwise indicated	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Funding</b>					
Total operating income	£6,965,174	£10,037,615	£10,988,027	£10,511,525	£11,624,839
Starting capital employed*	£1,761,795	£1,050,853	£743,706	£2,347,750	£2,582,813
<b>Capacity</b>					
Capital purchases	£513,618	£98,843	£1,040,355	£543,699	£1,539,132
Average number of FTE** permanent employees	55	66	76	80	95
<b>Usage</b>					
Total operating expenditure	£8,299,075	£10,367,125	£10,105,549	£10,502,421	£11,577,514
<b>Intermediate objectives</b>					
Registrant numbers	144,834	160,381	169,235	177,230	178,393
Number of professions regulated	12	13	13	13	13
Number of fitness-to-practise allegations	134	172	316	322	424
Number of fitness-to-practise hearings		102	140	222	324

\* Assumes asset book value equals realisable value.

\*\* FTE is the number of full time equivalent employees. Temporary/agency contractors are not included.

The number of permanent employees at 31 March 2008 was 105.

In the five years since March 2004, net registrant numbers have risen 23 per cent. During that time, the average number of registrants per profession has risen from about 12,000 to 13,700.

Income growth during the past five years is mostly from growth within each profession in the number of applicants and registrants, and from regulating an additional profession (operating department practitioners). The largest income-growth contributions have come from regulating biomedical scientists, chiropodists / podiatrists, occupational therapists, physiotherapists and radiographers.

Over the same four-year period, operating income per (FTE) permanent employee has decreased from about £127,000 to £122,000. However, outsourced professional costs including legal costs have also been steadily rising and need to be funded adequately for the HPC to perform its fitness-to-practise obligations.

The operating bottom line has fluctuated between a deficit and surplus in the last five years, partly because some costs such as investment to improve registration systems and building refurbishment costs are incurred unevenly over time.

### **Fee Rise**

Following an extensive consultation process with stakeholders, the Council approved a fee rise which took effect from June 2007. The fee rise for renewals applied on the date the profession next went into renewal thereafter. This was the first fee rise since mid 2003. In the interim, operating costs, particularly in the fitness-to-practise area, have been steadily rising.

### **Risks and Uncertainties affecting the HPC's long-term position**

The HPC maintains an organisation-wide 'risk register', cataloguing what the Council perceives to be the key risks facing the organisation in the short to medium term – refer to the Accounting Officer's Statement on Internal Control under 'The risk and control framework' for more information.

Over the longer term (four years plus), regarding funding, there is uncertainty in several areas. These include:

- a) Accurately forecasting the volumes for the number of new health professionals applying to join the HPC Register, the number of international applicants, the number of readmissions and the rate of deregistration of registrants including retirements and voluntary deregistrations by profession.
- b) Accurately forecasting the magnitude of future fee changes.
- c) Accurately forecasting the list and timing of aspirant professional groups wanting to become regulated by the HPC.

Regarding spending, there is uncertainty in several areas. These include:

- a) Accurately forecasting the cost impacts (timing and magnitude) of compliance with the government White Paper published in early 2007 entitled 'Trust, Assurance and Safety – The Regulation of Health Professionals in the 21<sup>st</sup> Century'. The White Paper indicated that revalidation of 'non-medical specialists' including the existing professions currently regulated by the HPC, would need to be in place by 2011. The White Paper also referred to the need for the existing healthcare regulators to consider the regulation of health care assistants / support workers. Other potential costs for healthcare regulators include; those relating to selective language testing, student/trainee registrations, post-registration qualification record-keeping, revalidation, harmonisation of regulation between the UK/European regulators and annual equality and diversity reporting to Parliament.
- b) Accurately forecasting the increase in fitness-to-practise allegations and the total cost of fitness-to-practise hearings.

- c) Accurately forecasting the cost impacts (timing and magnitude) of capital infrastructure projects, including software enhancements, software upgrades and building works. These are influenced by the timing of the White Paper changes outlined above.

Regarding key relationships with stakeholders that might affect the HPC's long-term position, refer to earlier sections on 'Communications Committee' and 'Communications'. Two of the HPC's key stakeholder groups are the fee-paying registrants themselves and central government. In order to achieve the principles of good regulation, the HPC invests much time and effort in maintaining close links with its stakeholders. This includes (but is not limited to):

- holding regional Listening Events;
- organising stakeholder consultations;
- providing health conference presentations;
- attending annual professional body meetings;
- distributing public information material;
- contacting registrants;
- updating the HPC website;
- distributing an HPC briefing to Members of Parliament; and
- attending government-led meetings to provide input and be briefed on forthcoming changes.

The main issues impacting the HPC's long term position, arising from contact with the HPC's stakeholders, are outlined above.

### **Financial review**

There was a retained deficit of income over expenditure after tax of £976,272 (2006/07 surplus of £235,063) for the year, which is set out in these financial statements. The underlying cause of the retained deficit was an impairment write down of the land and buildings value, following building refurbishment work. The work was done with the consent and knowledge of the Council. The total impairment was £1,269,962 with £230,443 going through the revaluation reserve, reducing the revaluation reserve from £652,189 at the start of the year to £421,746. The remaining amount of £1,039,519 generates the retained deficit. Without the impairment adjustment, the results as at 31 March 2008 would show a surplus of £63,246. At 31 March 2008, accounting reserves had decreased to £1,424,746 (£2,582,813, 2006–07).

Net investment income, including gains or losses on sale of investments, totalled £246,169 (£204,748, 2006–07).

The balance sheet of the organisation shows fixed assets totalling £3,756,215 (£3,713,947, 2006–07). Of this, tangible fixed assets are primarily freehold land and buildings. Assets additions of £1,535,842 included £1,219,306 of freehold property (building refurbishment work) and £193,392 of computer-system enhancements to the core registration system. The freehold land and buildings were revalued at the year end to £3,090,000 which resulted in the impairment as detailed above. The investment portfolio is managed by professional fund managers with a market value at 31 March 2008 of £1,528,047 (£1,848,268, 2006–07). Cash at bank and on deposit rose to £4,899,109 (£4,049,524, 2006–07). There was deferred income of £6,869,190 (£5,428,607, 2006–07) comprising registration and renewal fees received in advance.

## **22–26 Stannary Street Limited**

The financial information relating to the property subsidiary company 22–26 Stannary Street Limited can be found in Note 16 of these financial statements for the year ending 31 March 2008.

### **Key supplier contracts and the better payment practice code**

The HPC has key supplier contracts relating to services that are a key part of fulfilling its function as a regulator. These include instructing a legal firm to provide legal services relating to conducting fitness-to-practise hearings and obtaining ongoing legal advice from an external public law advisor. It also includes ensuring IT-system-support contracts and nightly data back up procedures are in place.

It is Council policy to observe the principles of the better payment practice code by settling all undisputed invoices within 30 days. During the financial year, more than 95 per cent by value of creditor invoices were paid within 30 days. No interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

### **Disabled employees and equal opportunities**

The Council is an equal opportunities employer and provides employment opportunities and advancement of all suitably qualified persons regardless of age, sex, religion, ethnic origin, marital status, dependents, disability or political beliefs. The Council does not regard disability as a bar to recruitment or advancement; selection is based upon the ability of the individual to do the job. During the year, the Council approved an equality and diversity scheme involving equality and diversity training, ongoing collection of demographic data, ongoing monitoring and the inclusion of an equality impact assessment in departmental workplans.

### **Employee involvement**

The Council places considerable reliance on the involvement of its employees in achieving organisational objectives. It also makes considerable effort to ensure employees are kept informed of the Council's plans and developments.

Channels of employee communication include, but are not limited to;

- weekly meetings of the Executive Management Team;
- Management Review meetings;
- all-employee meetings;
- team meetings; and
- extensive use of email and the HPC intranet.

There is also employee induction training and employee attendance at public meetings of the Council.

### **Corporate, social and environmental initiatives**

A 'statement of intent' document relating to corporate, social and environmental responsibilities was approved by the Council during the year. Initiatives during the year included:

- conducting a departmental team-building exercise to improve the garden facilities at a residential care home for children;
- encouraging employees to switch-off electrical appliances overnight to save power;
- purchase of Fairtrade coffee and tea;
- returning used printer cartridges to the manufacturer for recycling; and

- providing bike racks in front of HPC premises to encourage bicycle commuting by employees.

For the period 1 April 2007 to 31 March 2008, 13.1 tonnes (32.9 tonnes, 2006–07), equivalent to 223 trees, of waste paper was recycled. During the year, the Council also approved expanding the list of investment fund restrictions to cover direct investment in alcohol production and gambling, as well as tobacco companies.

### **Health and safety**

The Council is committed to adhering to the Health and Safety at Work Act 1974 and other related UK and European requirements to ensure that employees, partners, Council members, Committee members and external visitors to the HPC's work premises enjoy the benefits of a safe working environment. The Council approved an updated health and safety policy during the year.

### **Audit information**

The Accounting Officer for the Council confirms that he has taken steps to ensure the auditors are aware of all information pertinent to the audit and has ensured that such information he was aware of was notified to and made available to the auditors. The Accounting Officer confirms that there is no relevant audit information he is aware of that has not been communicated to the auditors.

### **Auditors**

The management commentary and remuneration report of the annual report, and the financial statements are audited by the HPC's external auditors, Baker Tilly UK Audit LLP.

Under Article 46 (5) of the Health Professions Order 2001, the annual accounts are also required to be examined, certified and reported on by the Comptroller and Auditor General, National Audit Office (NAO).

The Health Professions Council's internal auditors are PKF (UK) LLP.

By order of the Council

**Anna van der Gaag**  
President

**Marc Seale**  
Chief Executive and Registrar  
Accounting Office

Signature

Signature

Date: 3 July 2008

Date: 3 July 2008

## Remuneration report

The financial aspects of this report are audited by the independent auditors and the National Audit Office. The remuneration levels for the Chief Executive and Executive Management Team (EMT) are reviewed annually by the Remuneration Committee after due consideration for annual performance and changes in the London labour markets. None of the HPC employee roles require the employee to have a health practitioner's background. Regarding labour market benchmarking of HPC employee roles, an external rating agency was used to assess remuneration levels, based on the job description outlined for each type of role.

In the HPC remuneration package for employees passing their three month probationary period, they can elect to join the contributory pension scheme. The contribution levels in the current employment contract at 31 March were 16.5 per cent (contracts predating May 2007) and seven per cent basic salary, employer contribution rate and a minimum of three per cent basic salary, employee contribution rate. No performance bonuses are payable to any employees.

The employment contract for senior (departmental) managers requires a termination notice period of three months to be given by the employee after successfully completing their three month probationary period. At 31 March 2008, there were no provisions relating to compensation for early termination of any employees and no significant awards were made in respect of early termination made to past senior managers.

The Chief Executive and Registrar's total remuneration was £149,889 (£144,124, 2006–07). This includes basic pay as well as pension contributions paid by the Council of £21,229 (£20,412, 2006–07). The Chief Executive and Registrar is an ordinary member of the Friends Provident Pension Scheme (see note 15). His total pensions fund value was £221,593 and his age is 54. The Chief Executive and Registrar does not receive any bonus. No other senior employee salaries are disclosed, as decision-making is vested in the Council members.

Council members do not receive any remuneration for their services but receive an attendance allowance when they attend Council and Committee meetings. The President also receives an additional amount for non-meeting work done, up to 60 days per annum. Council- and committee-member allowances, totalling £227,202 (£216,644, 2006–07), were accrued and paid to 40 members (45 members, 2006–07). This includes five non-Council committee members. Attendance allowances over £5,000 accrued and paid directly to, or via their employer, were as follows:

<b>Council Member</b>	<b>Role</b>	<b>Paid direct to Council member or via employer</b>	
Anna van der Gaag	President	£	51,628
Annie Turner	Registrant Council member	£	13,200
Mary Clark-Glass	Lay Council member	£	9,300
Tony Hazell	Lay Council member	£	9,000
Carol Lloyd	Alternate Council member	£	8,400
Robert Clegg	Lay Council member	£	8,400
Christine Farrell	Lay Council member	£	8,400
Neil Willis	Registrant Council member	£	7,760
Helen Davis	Registrant Council member	£	7,734
Babara Stuart	Lay Council member	£	7,200
Keith Ross	Lay Council member	£	6,900
Peter Douglas	Lay Council member	£	6,600
Morag MacKellar	Registrant Council member	£	6,000
Jacqueline Pearce	Alternate Council member	£	5,700
Diane Waller	Registrant Council member	£	5,100

### **Council and committee member expenses and fees**

Following a review of how the HPC reimburses Council- and committee-member allowance fees and expenses, it was found that the Council would have an obligation to pay the associated PAYE and National Insurance on expenses and National Insurance contributions on attendance allowance fees paid.

By order of the Council

**Anna van der Gaag**  
President

**Marc Seale**  
Chief Executive and Registrar  
Accounting Office

Signature

Signature

Date: 3 July 2008

Date: 3 July 2008

## **Consolidated report and financial statements for the year ended 31 March 2008**

### **Statement of Responsibilities of the Council and its Chief Executive in Respect of the Accounts**

The accounts are prepared in accordance with the Accounts Direction from the Privy Council which requires the accounts to be prepared with reference to the Government Financial Reporting Manual (FReM) guidelines and Managing Public Money, published by HM Treasury in October 2007.

The Health Professions Order 2001 requires that annual accounts are prepared and audited. The Council and the Chief Executive (as Accounting Officer) are responsible for the preparation and the approval of accounts. In preparing those accounts they are required to:

- observe the application accounts direction issued by the Privy Council, following HM Treasury guidance;
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Council will continue in business.

The Council and its Chief Executive are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council and to enable them to ensure that the financial statements comply with the provision of the Health Professions Order 2001. They are also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer for the Privy Council has appointed the Chief Executive as the Accounting Officer for the Council. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper accounting records, are set out in the non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in the Government Financial Reporting Manual (FReM).

## Accounting Officer's Statement on Internal Control

### **Scope of responsibility**

As Accounting Officer, I have 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 I am responsible, in accordance with the responsibilities assigned to me by the Privy Council.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Health Professions Council for the year ending 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### **Capacity to handle risk**

The governing 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. The Executive Management Team are responsible for ensuring that employees and visitors to the Health Professions Council premises are suitably briefed, and trained where necessary. The Health Professions Council uses the ongoing services of a risk-management consultant firm to ensure health and safety awareness and training. Regarding the 22–26 Stannary Street building project, a further specialist consultant was used to ensure health and safety compliance relating to that project.

### **Safeguarding personal and other sensitive data**

The Health Professions Council operates a range of measures to help safeguard personal and other sensitive data. A review of these measures was made by the Audit Committee during the year. Broadly, the measures include:

- operating different types and levels of system-access rights;
- creating audit trails of record changes;
- using laptop- and PC-unique user-codes and passwords;
- use of firewalls and virtual private networks;
- regular data-security penetration testing by external parties;
- use of data protection agreements and employee agreements containing data confidentiality clauses;
- use of locked safes and filing cabinets;
- secure offsite record storage;
- redaction (removal of sensitive fitness to practise information from documents) before publication on websites;
- use of shredding machines and confidential waste disposal;
- use of standalone PCs, smartcards and post transaction verification messages; and
- physical access controls relating to the buildings and IT infrastructure.

## **The risk and internal control framework**

Current risks are identified and evaluated as to their significance and probability of occurrence by the Executive Management Team with input from the internal and independent auditors. All such risks are assigned a risk owner who is responsible for managing and mitigating the risk. Risk management is an ongoing process. The Audit Committee formally reviews the latest Risk Register twice a year. 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 workplans 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, investment diversification, 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. To elaborate, it includes:

- ensuring consideration of the Council's strategic objectives in reacting to change brought about by UK legislation and other external pressures;
- reviewing and updating the operating procedures;
- ensuring suitable system 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 ongoing 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 financial regulations, policies and procedures;
- ensuring clear documentation of operating procedures and processes to maintain ISO accreditation; and
- regular quality audits of HPC processes by the British Standards Institution that are risk-based.

Internal controls are created and maintained by the Executive Management Team. The internal controls are routinely reviewed by the internal and external auditors and commented on in their audit findings reports. These audit findings reports are presented on a regular basis to the Audit Committee. The Audit Committee reviews the audit findings and associated management responses in those reports. The Committee creates action points for the Executive to improve the internal controls, as appropriate. The minutes of the Audit Committee are routinely provided to the Council to note. If necessary, internal control issues are escalated by the Audit Committee to the Council. Achievement of the Audit Committee action points is monitored at future Audit Committee meetings and addressed as appropriate, in future audit findings reports from the auditors.

As the Accounting Officer, I routinely attend Council meetings, Audit Committee meetings and Executive Management Team meetings. I am also the designated senior officer in the whistle-blowing policy for employees to approach, if they have concerns regarding malpractice (significant internal control concerns).

### **Review of effectiveness**

As the Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My 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 who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports. I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the Council, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. The process is outlined under the heading 'The risk and internal control framework' above.

### **Internal Auditors**

The Council appointed PKF (UK) LLP as the HPC's internal auditors in May 2006. During the 2008 financial year, internal audits were carried out in a number of key areas, namely; Business Continuity and Disaster Recovery Planning, Communications, Fitness to Practise, Financial Systems, the Stannary Street Building Refurbishment Project, Information Technology (laptop controls and data security), Registrations, and Corporate Governance and Risk Management. Further audit work was also carried out by PKF on HPC-wide data-security arrangements and presented to the Audit Committee for review.

I conclude from my review that there are no significant weaknesses to report.

### **Marc Seale**

Chief Executive and Registrar  
Accounting Officer

Signature

Date: 3 July 2008

## Independent auditors' report to the members of Health Professions Council

We have audited the financial statements on pages 60 to 79.

This report is made solely to the Council's members, as a body. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditors' 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 Council and Committee members as a body, for our audit work, for this report, or for the opinion we have formed.

We certify that we have examined the financial statements on pages 60 to 79 in accordance with Section 46(2) of the Health Professions Order 2001. These financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 65 and 66.

### **Respective responsibilities of the Council, the Chief Executive and the auditor**

As described on page 52, the Council and the Chief Executive are responsible for the preparation of the financial statements in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder, and for ensuring the regularity of financial transactions. The Council and its Chief Executive are also responsible for the preparation of the other contents of the Annual Report. Our responsibilities, as independent auditors, are established by statute and we have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

We report our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Section 46(1)(b) of the Health Professions Order 2001 and Privy Council directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. We also report if, in our opinion, the Management Commentary is not consistent with the financial statements, if the Council has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We review whether the statement on pages 53 to 55 reflects the Council's compliance with Treasury's guidance on the Statement on Internal Control. We report if it does not meet the requirements specified by the Treasury or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only, the President's Statement, the Chief Executive and Registrar's report and the reports on pages 4 to 51. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with the Health Professions Order 2001 and directions made thereunder by the Privy Council, of the state of the Health Professions Council's affairs as at 31 March 2008 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health Professions Order 2001 and the Privy Council directions made thereunder; and
- information given within the Annual Report, which comprises the Management Commentary and Remuneration Report, is consistent with the financial statements.

### **Audit opinion on regularity**

In our opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions confirm to the authorities which govern them.

### **Baker Tilly UK Audit LLP**

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

Signature

Date: 4 July 2008

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

I certify that I have audited the financial statements of the Health Professions Council for the year ended 31 March 2008 under Article 46(5) of the Health Professions Order 2001. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

### **Respective responsibilities of the Council, the Chief Executive / Accounting Officer and auditor**

The Council and Chief Executive as Accounting Officer are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Responsibilities of the Council and Chief Executive's/Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you whether, in my opinion, certain information given in the annual report comprising the management commentary and remuneration report, is consistent with the financial statement. I also report to you whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder. I report to you whether, in my opinion, certain information given in the annual report, which includes the management commentary and remuneration report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Health Professions Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Health Professions Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Health Professions Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Chief Executive and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Health Professions Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the remuneration report to be audited.

## **Opinions**

### **Audit opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Health Professions Order 2001 and directions made there under by the Privy Council, of the state of the Health Professions Council's affairs as at 31 March 2008 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder; and
- information given within the Annual Report, which comprises the Management Commentary and Remuneration Report, is consistent with the financial statements.

### **Audit opinion on regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## **Report**

I have no observations to make on these financial statements.

T.J Burr  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

Signature:

Date: 11 July 2008

## Consolidated income and expenditure for the year ended 31 March 2008

	Notes	2008 £	2007 £
<b>Income</b>			
Fee income			
Registration fees		386,101	395,529
Re-admission fees		115,360	230,724
Renewal fees		10,155,949	9,172,297
Pre-registration fees		956,835	612,975
<b>Total fee income</b>	1	<u>11,614,245</u>	<u>10,411,525</u>
Other Income		10,594	100,000
<b>Total operating income</b>		<u>11,624,839</u>	<u>10,511,525</u>
<b>Expenditure</b>			
Payroll costs	3	4,084,632	3,491,065
Staff travelling and subsistence		130,191	127,340
Council and committee expenses		355,440	495,992
Property services		350,716	272,413
Facilities Management		1,129,638	774,167
IT Department		675,646	654,390
Partners (assessors and other professionals)		1,106,900	1,237,956
Legal expenses		2,268,930	1,878,803
Communications		579,092	542,147
Project Costs		170,356	162,303
Other expenses		725,973	865,845
<b>Total operating expenditure</b>	4	<u>11,577,514</u>	<u>10,502,421</u>
<b>Surplus for the year after operational costs</b>		47,325	9,104
<b>Investment income</b>			
Investment income	2	237,299	212,636
Profit/(loss) on disposal of investments		8,870	(7,888)
Unrealised (losses)/gains on investments	9	(187,108)	59,755
Impairment of freehold land and buildings		(1,039,519)	-
Notional credit	5	(101,737)	(90,045)
<b>(Deficit)/surplus after notional credit and investment income</b>		<u>(1,034,870)</u>	<u>183,562</u>
Reversal of notional credit	5	101,737	90,045
<b>(Deficit)/surplus on ordinary activity before taxation</b>	6	<u>(933,133)</u>	<u>273,607</u>
Taxation	7	(43,139)	(38,544)
<b>Retained (deficit)/surplus for the year</b>		<u><u>(976,272)</u></u>	<u><u>235,063</u></u>

The operating deficit for the year arises from the Council's continuing operations.

The notes on pages 67 to 79 form part of these financial statements.

**Consolidated statement of total recognised gains and losses for the year ended 31 March 2008**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>(Deficit)/surplus for the year</b>	(976,272)	235,063
Impairment on revaluation of freehold land and buildings	(230,443)	-
Grant income	48,648	-
	<u>                    </u>	<u>                    </u>
<b>Total recognised surplus for the year</b>	<b>(1,158,067)</b>	<b>235,063</b>
	<u>                    </u>	<u>                    </u>

**Note of historical cost surpluses and deficits**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>(Deficit)/surplus on ordinary activities before taxation</b>	(933,133)	273,607
Difference between historic costs depreciation charge and the depreciation charge calculated on the revalued amount	(11,798)	(8,815)
	<u>                    </u>	<u>                    </u>
<b>Historic cost (deficit)/ surplus on ordinary activities before taxation</b>	<b>(944,931)</b>	<b>264,792</b>
	<u>                    </u>	<u>                    </u>
<b>Historic cost (deficit)/surplus on ordinary activities after taxation</b>	<b>(988,070)</b>	<b>226,248</b>
	<u>                    </u>	<u>                    </u>

The notes on pages 67 to 79 form part of these financial statements.

## Consolidated balance sheet 31 March 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	8	3,756,215	3,713,947
<b>Investments</b>			
Financial investments	9	<u>1,528,047</u>	<u>1,848,268</u>
		<u>5,284,262</u>	<u>5,562,215</u>
<b>Current assets</b>			
Debtors	11	213,204	240,153
Cash at bank and in hand	20	<u>4,899,109</u>	<u>4,049,524</u>
		5,112,313	4,289,677
Creditors: amounts falling due within one year	12	(2,102,639)	(1,840,472)
Deferred income	13	(6,869,190)	(5,428,607)
<b>Net current liabilities</b>		<u>(3,859,516)</u>	<u>(2,979,402)</u>
<b>Total assets less current liabilities</b>		<u>1,424,746</u>	<u>2,582,813</u>
<b>Represented by:</b>			
Accumulated funds			
Revaluation reserves	14	421,746	652,189
General funds	14	<u>1,003,000</u>	<u>1,930,624</u>
		<u>1,424,746</u>	<u>2,582,813</u>

The notes on pages 67 to 79 form part of these financial statements.

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

**Anna van der Gaag**  
President

**Marc Seale**  
Chief Executive and Registrar  
Accounting Office

Signature

Signature

Date: 3 July 2008

Date: 3 July 2008

## Council balance sheet 31 March 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	8	2,636,215	2,749,791
<b>Investments</b>			
Investments in subsidiary	10	750,000	750,000
Financial investments	9	1,528,047	1,848,268
		<u>4,914,262</u>	<u>5,348,059</u>
<b>Current assets</b>			
Debtors	11	1,395,883	420,623
Cash at bank and in hand	20	4,899,109	4,049,524
		<u>6,294,992</u>	<u>4,470,147</u>
Creditors: amounts falling due within one year	12	(1,810,865)	(1,812,789)
Deferred income	13	(6,869,190)	(5,428,607)
<b>Net current liabilities</b>		<u>(2,385,063)</u>	<u>(2,771,249)</u>
<b>Total assets less current liabilities</b>		<u>2,529,199</u>	<u>2,576,810</u>
<b>Represented by:</b>			
Accumulated funds			
Revaluation reserves	14	421,746	638,746
General funds	14	2,107,453	1,938,064
		<u>2,529,199</u>	<u>2,576,810</u>

The notes on pages 67 to 79 form part of these financial statements.

Approved and authorised for issue on behalf of the Council.

**Anna van der Gaag**  
President

**Marc Seale**  
Chief Executive and Registrar  
Accounting Office

Signature

Signature

Date: 3 July 2008

Date: 3 July 2008

## Consolidated cash flow statement for the year ended 31 March 2008

	Notes	2008 £	2007 £
<b>Net cash inflow from operating activities</b>	19	<u>2,003,234</u>	<u>473,863</u>
<b>Returns on investment and servicing of finance</b>			
Bank deposit interest income	2	165,980	144,621
Income from other investments	2	71,319	68,015
Interest payable		-	-
		<u>237,299</u>	<u>212,636</u>
<b>Taxation</b>		<u>(36,867)</u>	<u>(20,884)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	8	(1,535,842)	(543,699)
Purchase of investments	9	(220,182)	(284,679)
Sale of investments	9	353,295	210,358
		<u>(1,402,729)</u>	<u>(618,020)</u>
<b>Net cash inflow before financing</b>		<u>800,937</u>	<u>47,595</u>
<b>Financing</b>			
Grant income from the Department of Health		48,648	-
		<u>48,648</u>	<u>-</u>
<b>Increase in cash</b>	20 & 21	<u>849,585</u>	<u>47,595</u>

The notes on pages 67 to 79 form part of these financial statements.

## Accounting policies

### **Basis of preparation**

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs and in accordance with applicable accounting standards.

### **Consolidation**

The Subsidiary has been consolidated using the acquisition method. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. All financial statements are made up to 31 March 2008.

### **Value added tax**

The Council is not registered for value added tax (VAT) and all VAT borne by the Council on expenditure incurred is treated as part of the cost of the goods or services supplied. The subsidiary company, 22–26 Stannary Street Limited, is registered for VAT purposes and the income and expenditure incurred included within the consolidated accounts are shown net of VAT. 22–26 Stannary Street Limited plan to deregister for VAT in the next financial year.

### **Tangible assets**

Individual assets costing £1,000 or more are capitalised and subsequently depreciated. Items costing less than £1,000, other than PCs and laptops are written off to the income and expenditure account in the year of acquisition.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Freehold buildings:

2% per annum (over 50 years)

Office furniture and equipment:

25% per annum (over 4 years)

Computer equipment:

25% per annum (over 4 years)

Registration system software

33 1/3 % per annum (over 3 years)

Freehold properties are revalued in accordance with FRS 15 with a full valuation carried out by professionally qualified Chartered Surveyors 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, every five years. Property capital costs incurred between valuations are capitalised at cost.

### **Grant income**

Grants and grants-in-aid received are accounted as financing contributions and credited directly to reserves.

**Fee income**

Fee income (comprising registration fees, readmission fees, renewal fees and pre-registration fees) is recognised on an accruals basis, according to the period to which it relates. To elaborate, scrutiny, registration and readmission fees are charged and collected upon application for registration. Renewal fees are collected in advance and are recognised as deferred income in the balance sheet until they become period income. The renewal cycle for each of the 13 professions covers two years and registrants are charged on the anniversary of the renewal cycle for their profession. Registrants have a choice of whether to pay two years upfront or on a quarterly basis.

**Investment income**

Bank deposit interest is credited on a received basis. Dividends and interest on fixed interest securities are recognised when due.

**Investments**

There are two classes, property and financial investments (funds under professional funds management e.g. equities and bonds). Financial investments are listed on a recognised stock exchange and are included on the balance sheet at market value. Surplus funds in the current account are transferred to the business reserve account at the end of each day and either invested in a special interest bearing account or the money market.

**Corporate and deferred taxation**

Corporate tax is incurred on interest income earned. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements. These differences arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

**Pensions**

Contributions to the Friends Provident and Capita FlexiPlan defined contribution pension schemes are charged to the income and expenditure accounts in the year in which they become payable. The assets of both schemes are held separately from those of the Council in independently administered funds.

**Notional credit**

In accordance with HM Treasury guidance, a notional charge for the cost of capital employed in the period is included in the Income and Expenditure Account along with an equivalent reversing notional income to finance the charge. The charge for the period is calculated using HM Treasury's discount rate of 3.5% applied to the average value of capital employed during the period. Because of the significance of Deferred Income in contributing to the value of capital employed, the charge is shown as a notional credit.

## Notes to the financial statements for the year ended 31 March 2008

<b>1</b>	<b>Fee income (by profession)</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Arts therapists	94,415	151,180
	Biomedical scientists	1,460,343	1,327,496
	Chiropodists / Podiatrists	773,850	770,796
	Clinical scientists	282,503	249,077
	Dieticians	486,170	359,924
	Occupational therapists	1,912,792	1,624,856
	Operating department practitioners	513,535	510,080
	Orthoptists	93,920	73,954
	Paramedics	847,268	671,191
	Physiotherapists	2,692,761	2,461,299
	Prosthetists / Orthotists	56,090	48,425
	Radiographers	1,624,684	1,512,262
	Speech and language therapists	775,914	650,985
		<u>11,614,245</u>	<u>10,411,525</u>
<b>2</b>	<b>Investment income</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Bank deposit interest	165,980	144,621
	Investment deposit interest	6,957	5,737
	Fixed interest securities	7,719	11,644
	Quoted equities	56,643	50,634
		<u>237,299</u>	<u>212,636</u>
<b>3</b>	<b>Payroll costs</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	2,818,846	2,318,756
	Social security costs	298,372	245,523
	Pension costs	281,221	211,463
	Other payroll expense including recruitment and temporary staff	686,193	715,323
		<u>4,084,632</u>	<u>3,491,065</u>

The average number of full time equivalent (FTE) permanent employees, fixed term contractors (non agency staff) and temporary/agency contractors during the year was as follows:

Department FTEs	2008 Temporary/Agency Contractors	2008 Permanent & Fixed Term Contractors	2007 Permanent & Fixed Term Contractors
Chief Executive	-	2	2
Approvals and Monitoring	0.3	8	8
Communications	0.1	7	5
Facilities Management	0.2	6	5
Finance	1.0	6	6
Fitness to Practise	1.0	17	12
Human Resources (including Partners)	0.6	4	4
Information Technology	0.1	6	4
Operations	0.8	4	2
Policy and Standards	-	4	3
Registrations	5.9	27	25
Secretariat	0.3	4	4
<b>Total</b>	<b>10.3</b>	<b>95</b>	<b>80</b>

4 Operating expenditure	Staff costs £	Other costs £	2008 £	2007 £
Office of the President	-	39,344	39,344	48,758
Chief Executive	213,357	67,169	280,526	260,473
Council and Committees	-	448,737	448,737	594,217
Approvals and Monitoring	298,491	175,910	474,401	478,283
Communications	280,404	605,675	886,079	833,157
Facilities Management	195,204	702,097	897,301	971,904
Finance	298,585	231,655	530,240	512,460
Fitness to Practise	598,791	3,160,944	3,759,735	2,940,191
Human Resources (including Partners)	431,736	181,460	613,196	485,101
Information Technology	255,366	744,894	1,000,260	903,242
Operations	257,276	49,129	306,405	344,807
Policy and Standards	172,260	80,026	252,286	194,486
Registrations	917,049	778,287	1,695,336	1,520,065
Secretariat	166,113	95,451	261,564	252,972
Major projects	-	132,104	132,104	162,305
<b>Total</b>	<b>4,084,632</b>	<b>7,492,882</b>	<b>11,577,514</b>	<b>10,502,421</b>

Operations expenditure includes quality-management costs, project management and monitoring costs. Major projects operating expenditure includes expenses for the continuing professional development project, the equality and diversity project and the practitioner psychologists onboarding project.

<b>5 Notional credit</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Cost of Capital	<u>101,737</u>	<u>90,045</u>

Notional cost of capital is calculated as 3.5% (3.5%, 2007) of the average capital employed by the Council in the year.

<b>6 Operating surplus / deficit</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation	223,455	408,023
Loss on disposal of fixed asset	157	689
Auditors' remuneration:		
- External audit – Baker Tilly UK Audit LLP	37,500	50,807
- External audit – National Audit Office	9,000	10,700
- Internal audit – PKF (UK) LLP	36,786	21,853
Tax advice – Baker Tilly Tax & Advisory Services LLP	14,145	17,178
Service cost analysis (for the fee rise project) – PKF Management Consultants	-	27,603
Pension administrator costs	18,557	24,334
	<u>                    </u>	<u>                    </u>

<b>7 Taxation</b>	2008 £	2007 £
Current tax:		
UK corporation tax on profits of the period	43,139	36,867
Adjustment in respect of prior years	-	1,677
Total current tax	<u>43,139</u>	<u>38,544</u>
Deferred taxation:		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>43,139</u>	<u>38,544</u>
Factors affecting tax charge for period: The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
(Deficit)/surplus on ordinary activities before tax	<u>(933,133)</u>	<u>273,607</u>
(Deficit)/surplus on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (30%, 2007)	(279,940)	82,082
Effect of:		
Non-taxable income	(3,494,741)	(3,158,098)
Write off/(back) of unrealised losses/(gains) on investments not taxed	56,133	(17,927)
(Profit)/loss on disposal of investments	(2,661)	2,366
Expenses not deductible for tax purposes	3,774,040	3,141,464
Benefits of small companies starting rate relief	(13,989)	(16,170)
Capital allowances in excess of depreciation	3,150	3,150
Adjustment in respect of prior years	-	1,677
Tax losses carried forward	1,147	-
Current tax charge for the period	<u>43,139</u>	<u>38,544</u>

There is a potential capital gains tax asset within the HPC's subsidiary, 22–26 Stannary Street Limited if company's assets are sold in the future and the losses can be used against a future capital gain. The amount of the asset is contingent on the cost base for tax purposes exceeding the sale price. Assuming a sale price of £1,120,000, the contingent tax asset would be in the region of £145,000 (contingent liability of £242,000, 2007). No sale is anticipated in the foreseeable future and no contingent tax asset has been recognised in the accounts.

## 8 Tangible fixed assets

	Freehold properties £	Office furniture and equipment £	Computer equipmen t £	Registration system £	Total £
<b>Group</b>					
Cost or valuation :					
At 1 April 2007	3,224,656	395,249	521,146	1,832,978	5,974,029
Additions	1,219,306	6,905	116,239	193,392	1,535,842
Disposals	-	(14,350)	(5,415)	-	(19,765)
Revaluation	(1,353,962)	-	-	-	(1,353,962)
31 March 2008	<u>3,090,000</u>	<u>387,804</u>	<u>631,970</u>	<u>2,026,370</u>	<u>6,136,144</u>
Depreciation :					
At 1 April 2007	42,000	332,823	407,096	1,478,163	2,260,082
Charge for the year	42,000	29,363	57,221	94,871	223,455
Disposals	-	(14,351)	(5,257)	-	(19,608)
Reversal on revaluation	(84,000)	-	-	-	(84,000)
31 March 2008	<u>-</u>	<u>347,835</u>	<u>459,060</u>	<u>1,573,034</u>	<u>2,379,929</u>
Net book value :					
At 31 March 2008	<u><u>3,090,000</u></u>	<u><u>39,969</u></u>	<u><u>172,910</u></u>	<u><u>453,336</u></u>	<u><u>3,756,215</u></u>
At 31 March 2007	<u><u>3,182,656</u></u>	<u><u>62,426</u></u>	<u><u>114,050</u></u>	<u><u>354,815</u></u>	<u><u>3,713,947</u></u>

The valuations of freehold land and buildings were made on 22 April 2008 by Stiles Harold Williams, Chartered Surveyors, on an Open Market Value basis, in accordance with the Statement of Asset Valuation Practice No. 4 and the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards, sixth edition.

Park House, comprising the land and buildings of 184 Kennington Park Road, London, SE11 4BU and the adjoining land and buildings of 20 Stannary Street was valued at £1,970,000. The historic cost of the Park House property was £1,659,254 (£1,659,254, 2007) and accumulated depreciation based on cost was £378,448 (£345,263, 2007).

Stiles Harold Williams did not believe that there was a material difference between Existing Use Value and the Market Value of the property.

8 Tangible fixed assets (continued)	Freehold Properties £	Office furniture and equipment £	Computer equipment £	Registration system £	Total £
<b>Council</b>					
Cost or valuation :					
At 1 April 2007	2,250,000	395,249	521,146	1,832,977	4,999,372
Additions	-	6,905	116,239	193,392	316,536
Disposals	-	(14,350)	(5,415)	-	(19,765)
Revaluation	(280,000)	-	-	-	(280,000)
31 March 2008	<u>1,970,000</u>	<u>387,804</u>	<u>631,970</u>	<u>2,026,369</u>	<u>5,016,143</u>
Depreciation :					
At 1 April 2007	31,500	332,823	407,096	1,478,162	2,249,581
Charge for the year	31,500	29,363	57,221	94,871	212,955
Disposals	-	(14,351)	(5,257)	-	(19,608)
Revaluation	(63,000)	-	-	-	(63,000)
31 March 2008	<u>-</u>	<u>347,835</u>	<u>482,060</u>	<u>1,573,033</u>	<u>2,379,928</u>
Net book value:					
At 31 March 2008	<u>1,970,000</u>	<u>39,969</u>	<u>172,910</u>	<u>453,336</u>	<u>2,636,215</u>
At 31 March 2007	<u>2,218,500</u>	<u>62,426</u>	<u>114,050</u>	<u>354,815</u>	<u>2,749,791</u>

### Freehold properties

The valuations of freehold land and buildings were made on 22 April 2008 by Stiles Harold Williams, Chartered Surveyors, on an Open Market Value basis, in accordance with the Statement of Asset Valuation Practice No. 4 and the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards, sixth edition.

Park House, comprising the land and buildings of 184 Kennington Park Road, London, SE11 4BU and the adjoining land and buildings of 20 Stannary Street was valued at £1,970,000. The historic cost of the Park House property was £1,659,254 (£1,659,254, 2007) and accumulated depreciation based on cost was £378,448 (£345,263, 2007).

Stiles Harold Williams did not believe that there was a material difference between Existing Use Value and the Market Value of the property.

### Computer equipment

Computer equipment additions included voice-recorder systems, upgrading switches and servers, installing video conferencing and upgrading the core finance system.

### Registration system

Various system enhancements were implemented to the core registration system (Netregulate) to further improve business processes and enhance internal control. These included continuing professional development, application server upgrade, practitioner psychologists data migration and LISA access rights enhancements.

<b>9 Listed investments</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Group and council</b>		
Listed as at 1 April 2007	1,848,268	1,714,192
Additions	220,182	284,679
Disposals	<u>(353,295)</u>	<u>(210,358)</u>
	1,715,155	1,788,513
Unrealised (losses)/gains on investments	<u>(187,108)</u>	<u>59,755</u>
At 31 March 2008	<u>1,528,047</u>	<u>1,848,268</u>
Historical cost value at 31 March 2008	1,734,392	1,589,038

All listed investments are managed on a pooled basis by a professional funds manager on behalf of the Council and UK-held investments are listed on the London Stock Exchange.

No investments are held which account for more than 5% of the investment portfolio (none, 2007).

<b>10 Investments in subsidiary</b>	<b>2008</b>
	<b>£</b>
<b>Council</b>	
Cost	
At 1 April 2007 and 31 March 2008	<u>750,000</u>
Asset impairment	
At 1 April 2007 and 31 March 2008	<u>-</u>
Net book value	
At 1 April 2007 and 31 March 2008	<u>750,000</u>

<b>11 Debtors</b>	<b>2008</b>	<b>Group</b>	<b>2008</b>	<b>Council</b>
	<b>£</b>	<b>2007</b>	<b>£</b>	<b>2007</b>
		<b>£</b>		<b>£</b>
Other debtors	27,662	24,994	27,662	24,322
VAT	53,235	17,698	-	-
Prepayments	132,307	197,461	132,307	197,461
Amounts due from subsidiary undertakings	-	-	1,235,914	198,840
	<u>213,204</u>	<u>240,153</u>	<u>1,395,883</u>	<u>420,623</u>
<b>12 Creditors: amounts falling due within one year</b>	<b>2008</b>	<b>Group</b>	<b>2008</b>	<b>Council</b>
	<b>£</b>	<b>2007</b>	<b>£</b>	<b>2007</b>
		<b>£</b>		<b>£</b>
Corporation tax	43,139	36,867	43,139	32,430
Other taxation and social security	108,843	76,788	108,843	76,788
Other creditors	708,139	839,960	518,504	839,960
Accruals	1,242,518	886,857	1,140,379	863,611
	<u>2,102,639</u>	<u>1,840,472</u>	<u>1,810,865</u>	<u>1,812,789</u>
<b>13 Deferred income</b>	<b>2008</b>	<b>Group</b>	<b>2008</b>	<b>Council</b>
		<b>2007</b>	<b>£</b>	<b>2007</b>
				<b>£</b>
Registration fees in advance	175,734	61,624	175,734	61,624
Renewal fees in advance	6,693,456	5,366,983	6,693,456	5,366,983
	<u>6,869,190</u>	<u>5,428,607</u>	<u>6,869,190</u>	<u>5,428,607</u>

#### **14 Accumulated funds**

Following instruction from the Privy Council, the Health Professions Council is required to act as if it was a non-departmental public body (NDPB). The Government Financial Reporting Manual (FReM) requires non-departmental public bodies to account for grants and grants-in-aid received for revenue purposes as financing, since they are regarded as contributions from a controlling party which give rise to a financial interest in the residual interest of NDPBs.

During the financial year, the Health Professions Council received funding of £48,648 from the Department of Health towards the set up of statutory regulation of practitioner psychologists. The financial impact is to increase the income and expenditure reserve value and increase the bank account by the same amount. Further amounts were applied for after 31 March 2008 relating to costs incurred to 31 March 2008.

<b>Group</b>	<b>At 31 March 2008</b>	<b>At 31 March 2007</b>
(Deficit)/surplus for the year	(976,272)	235,063
Unrealised surplus on revaluation of freehold land and buildings	(230,443)	-
Grant income	48,648	-
Total recognised (deficits)/surpluses for year	<u>(1,158,067)</u>	<u>235,063</u>
General reserve	1,003,000	1,930,624
Revaluation reserve	421,746	652,189
Total reserves	<u>1,424,746</u>	<u>2,582,813</u>
<b>Council</b>		
Surplus for the year	120,741	236,890
Impairment of land and buildings	(217,000)	-
Grant income	48,648	-
Total recognised (deficits)/ surpluses for year	<u>(47,611)</u>	<u>236,890</u>
General reserve	2,107,453	1,938,064
Revaluation reserve	421,746	638,746
Total reserves	<u>2,529,199</u>	<u>2,576,810</u>

## 15 Pension funding arrangements

### The CPSM Scheme

This final salary scheme was closed in June 1995 and has no active members. On 28 March 2002, all members of the CPSM Scheme were served with a statutory notice of closure. At March 2008, the scheme had ten deferred members (members whose benefits are not yet in payment) and twelve members with pensions in payment. The benefits are secured by insurance policies issued by The Scottish Life Assurance Society ("Scottish Life"). Winding up the scheme is reliant on Scottish Life securing pensions which increase in line with the requirements of the scheme rules. The rules provide for a minimum pension increase of 3% per annum. In addition, in relation to service after 1997, if increases in the Retail Prices Index (RPI) exceed 3%, then increases must be provided at the rate of increase in RPI, subject to a cap of 5%. The last actuarial valuation was provided on 23 April 2001. The latest non-actuarial valuation (solvency quotation) by Scottish Life in February 2008 indicated that the assets of the fund were sufficient to meet the future requirements of the scheme. In 2007, the Health Professions Council appointed a firm of pension lawyers to work with the trustees to resolve the outstanding issues pertinent to winding up the scheme, including how any net surplus would be distributed.

### **The Capita FlexiPlan Scheme**

This scheme is a defined benefit, occupational pension scheme. It used to target to provide final salary benefits at retirement, but Capita notified the HPC in January 2007 that with effect from 10 July 2006, the provision of target benefits was withdrawn due to difficulties in the funding position of the scheme. The scheme is now a money purchase arrangement with guaranteed rates of interest of 2% per annum for contributions received after 31 March 2003 and 4% for contributions received before that date. At retirement, a member's pension will be the annuity that can be purchased on the open market by the member's Capital Account. The FlexiPlan scheme is a multi-employer scheme comprising 96 active employers at 31 March 2007 and as such, is exempt from the full disclosure requirements of FRS 17, as each employer is unable to identify its share of the underlying pension assets and liabilities. Entrust Pension Recovery Ltd ("Entrust") was appointed as the sole corporate trustee in May 2007. The scheme is covered by the Pension Protection Fund (PPF) for which a levy is payable. HPC was advised by Entrust in April 2008 that the employer's share of this levy was nil. At 31 March 2008, there was one active contributing member remaining in the Capita scheme.

The most recent actuarial valuation with an effective date of March 2005 indicated that the value of the scheme was greater than the value of the scheme's liabilities.

### **The Friends Provident Scheme**

This is a designated stakeholder, defined contribution scheme open to HPC employees from May 2007. At 31 March 2008, there were 54 active members (employees) in the pension scheme.

## **16 22–26 Stannary Street Limited**

The summary financial results for the period to 31 March 2008 for the subsidiary company 22–26 Stannary Street Limited are as follows:

	2008	2007
	£	£
<b>Profit and loss account</b>		
Turnover	22,575	35,165
Operating expenses	(79,396)	(30,878)
Operating (loss)/profit	<u>(56,821)</u>	<u>4,287</u>
Impairment on freehold land and buildings	(436,994)	-
Operating (loss)/profit before Taxation	<u>(493,815)</u>	<u>4,287</u>
Taxation	-	(6,114)
Loss for the year	<u><u>(493,815)</u></u>	<u><u>(1,827)</u></u>

## Balance sheet

Tangible fixed assets	1,120,000	964,156
Current assets	53,235	17,698
Current liabilities	(1,527,688)	(226,523)
Total assets less current liabilities	<u>(354,453)</u>	<u>755,331</u>
Represented by:		
Called up share capital	9,251	9,251
Share premium account	9,000	9,000
Revaluation reserve	-	615,969
Capital redemption reserve	3,500	3,500
Profit and loss account	(376,204)	117,611
Shareholders' Funds	<u>(354,453)</u>	<u>755,331</u>

## 17 Related party transactions

The Council's Sponsoring Department is the Privy Council, with whom no transactions took place. The main entity with which the Council has dealt during the year was the Department of Health. Grants were received from the Department of Health in 2003 for the development of the Council's registration system. The system was capitalised and depreciated over three years. A grant was received in March 2008, totaling £48,648 towards the set up costs of regulating the Practitioner Psychologists. See also Note 14.

There were various transactions with Council members and non-Council committee members during the year. Council members and non-Council committee members receive an attendance allowance when they attend Council meetings, Committee meetings or carry out Partner work. Such allowances, totaling £227,202 (£216,644, 2006–07), were accrued and paid to 40 (45, 2006–07) members, including five non-Council committee members.

Transactions with subsidiary companies which are greater than 90% owned by the Council are not disclosed, as consolidated financial statements of the Council are publicly available.

## 18 Post balance sheet events

The financial statements are authorised to be issued from the date it is intended to send the certified financial statements to the Privy Council. For the HPC, this date is 11 July 2008. There are no other items to note.

<b>19</b>	<b>Reconciliation of surplus of expenditure over income to net cash flow from operating activities</b>	<b>2008</b> £	<b>2007</b> £
	Surplus of expenditure over income	47,325	9,104
	Depreciation of tangible fixed assets	223,455	408,023
	Gain/(loss) on disposal of investment	8,870	(7,888)
	Gain on disposal of fixed asset	157	689
	Decrease/(increase) in debtors	26,949	(125,805)
	Increase in creditors	255,895	238,904
	Increase/(decrease) in deferred income	1,440,583	(49,164)
	Net cash inflow from operating activities	2,003,234	473,863

<b>20</b>	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2008</b> £	<b>2007</b> £
	Increase in cash in the year	849,585	47,595
	Movement in net funds in the year	849,585	47,595
	Opening net funds	4,049,524	4,001,929
	Closing net funds	4,899,109	4,049,524

<b>21</b>	<b>Analysis of funds</b>	<b>Opening balance</b> £	<b>Cash flow</b> £	<b>Closing balance</b> £
	Cash at bank and on deposit	4,049,524	849,585	4,899,109

## **22 FRS 13 financial instruments**

FRS 13, derivatives and other financial instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which it is financed, the Health Professions Council is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Council in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within twelve months from the balance sheet date have been omitted from the currency profile.

## **23 Currency and liquidity risk**

The Council currently has no borrowings and relies primarily on fees for its cash requirements and is therefore not exposed to liquidity risk. All material assets and liabilities are denominated in sterling, so it is not exposed to currency risk.

## 24 Interest rate risk

Registrants pay fees in advance for up to two years. Surplus funds are held as follows to maximise returns:

**Business reserve** – all unused funds are transferred from the Council's current account to business reserve account each night to maximise interest.

**Money market** – surplus funds are held in a special interest-bearing account earning a preferential interest rate.

**Investment fund** – at 31 March 2008 fixed interest investments accounted for 18.87% (17.3%, 2007) of the fund and generate a yield of 13.71% (6.02%, 2007). The remainder of the fund is invested in a diversified portfolio of equities, where there is always a risk of diminution in value.

The Finance and Resources Committee reviews interest rates on potential borrowings. During the year the Council was not exposed to significant interest rate risk.

22–26 Stannary Street Limited

**Subsidiary company of the Health Professions Council  
(company registration number. 756409)**

**Financial statements for the year ended 31 March 2008**

## **Directors and officers**

### **Directors**

M. Seale  
R. Clegg  
A. van der Gaag

### **Secretary**

N. O'Sullivan

### **Company number**

756409 (England and Wales)

### **Registered office**

Park House  
184 Kennington Park Road  
London  
SE11 4BU

### **Auditor**

Baker Tilly UK Audit LLP  
Chartered Accountants  
2 Bloomsbury Street  
London  
WC1B 3ST

### **Solicitors**

Bircham Dyson Bell  
50 Broadway  
London  
SW1H 0BL

## **Directors' report**

The directors submit their report and the financial statements of 22–26 Stannary Street Limited for the year ended 31 March 2008.

### **Principal activities**

22–26 Stannary Street Ltd is a property company located at 22–26 Stannary Street. It was purchased to provide office space to the HPC, the parent and ultimate parent organisation of the property company. The HPC is located in adjoining premises at 184 Kennington Park Road and 20 Stannary Street, Kennington, London SW11 4BU.

### **Annual financial results**

The loss for the year after taxation was £493,815, (£1,827, 2007). This includes impairment for the freehold land and buildings of £436,994 due to a revaluation done at the year end. The total impairment of freehold land and buildings is £1,052,963 with £615,969 written down through the revaluation reserve. The total recognised loss for the year is £1,109,784.

### **Review of the business and future developments**

Current activities of the company are to provide office accommodation for HPC employees. Future use will be for the Registrations Department, Fitness to Practise Department and Council meeting activities.

### **Directors**

The following directors have held office since 1 April 2007:

M. Seale

R. Clegg

A. van der Gaag (appointed 20 November 2007)

### **Statement as to disclosure of information to auditors**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### **Directors' responsibilities in the preparation of financial statements**

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;

- b. make judgments and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditor**

At the meeting of the Board of Directors held at Park House on 24 November 2005, a resolution was accepted to dispense with the obligation to appoint auditors annually. At the same meeting further resolutions were accepted to dispense with the holding of annual general meetings and dispense with the laying of accounts and reports before the Company in general meeting.

By order of the Board,

**Marc Seale**  
Director

**Niamh O’Sullivan**  
Secretary

Signature

Signature

Date: 3 July 2008

Date: 3 July 2008

## Report of the independent auditor

We have audited the financial statements on pages 86 to 93.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2008 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

**Baker Tilly UK Audit LLP**

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London  
WC1B 3ST

Signature

Date: 4 July 2008

## Profit and loss account for the year ended 31 March 2008

	Notes	Year to 31 March 2008 £	Year to 31 March 2007 £
Turnover	2	22,575	35,165
Cost of sales		-	-
Gross profit		<u>22,575</u>	<u>35,165</u>
Other operating expenses	3	(79,396)	(30,878)
Operating (loss)/profit		<u>(56,821)</u>	<u>4,287</u>
Impairment of Freehold land and buildings		(436,994)	-
(Loss)/profit on ordinary activities before taxation	3	<u>(493,815)</u>	<u>4,287</u>
Taxation	4	-	(6,114)
Loss for the year	9	<u>(493,815)</u>	<u>(1,827)</u>

The operating loss for the year before taxation arose from the company's continuing operations.

### Statement of total recognised gains and losses

	2008 £	2007 £
Loss for the financial year	(493,815)	(1,827)
Impairment on revaluation of freehold land and buildings	(615,969)	-
Total losses recognised since last annual report	<u>(1,109,784)</u>	<u>(1,827)</u>

### Note of historical cost profits and losses for the period ended 31 March 2008

	2008 £	2007 £
(Loss)/profit on ordinary activities before taxation	(493,815)	4,287
Difference between an historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	(7,517)	(7,517)
Historical cost loss on ordinary activities before taxation	<u>(501,332)</u>	<u>(3,230)</u>
Historical cost loss for the year retained after taxation and dividends	<u>(501,332)</u>	<u>(9,344)</u>

**Balance sheet as at 31 March 2008**

	<b>Notes</b>	<b>2008 £</b>	<b>2007 £</b>
<b>Fixed assets</b>			
Tangible fixed assets	5	1,120,000	964,156
<b>Current assets</b>			
Debtors	6	53,235	17,698
Cash at bank and in hand		-	-
		<u>53,235</u>	<u>17,698</u>
Creditors: Amounts falling due within one year	7	(1,527,688)	(226,523)
<b>Net current liabilities</b>		<u>(1,474,453)</u>	<u>(208,825)</u>
<b>Total assets less current liabilities</b>		<u>(354,453)</u>	<u>755,331</u>
<b>Capital and reserves</b>			
Called up share capital	8	9,251	9,251
Share premium account	9	9,000	9,000
Revaluation reserve	9	-	615,969
Capital redemption reserve	9	3,500	3,500
Profit and loss account	9	(376,204)	117,611
Shareholders' funds	10	<u>(354,453)</u>	<u>755,331</u>

The financial statements on pages 86 to 93 to be approved by the board of directors and authorised for issue are signed on its behalf by:

**Marc Seale**  
Director

Signature

Date: 3 July 2008

## Notes to the financial statements for the year ended 31 March 2008

### 1 Accounting policies

#### **Basis of preparation**

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

#### **Going concern**

The company has made a significant loss in the year and the company's current liabilities exceed its total assets by £354,453 at 31 March 2008. The company has a significant reliance on its parent entity, the Health Professions Council and at 31 March 2008 £1,235,914 was owed to them. To continue as a going concern the company requires the continuing support of the Health Professions Council.

The directors of the Company have reviewed the operations and cash-flow forecasts for the next 12 months. The Health Professions Council has also indicated its willingness to provide such funds as are necessary to enable the Company to continue its activities for a period of at least 12 months from the signing of these accounts and enable the Company to pay its debts as they fall due. The Directors therefore find it appropriate to prepare the financial statements on a going concern basis.

#### **Tangible assets**

Individual assets costing £1,000 or more are capitalised and subsequently depreciated. Items costing less than £1,000 are written off to the income and expenditure account in the year of acquisition.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Freehold buildings:  
2% per annum (over 50 years)

Freehold properties are revalued in accordance with FRS 15 with a full valuation carried out by professionally qualified Chartered Surveyors 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, every five years. The latest

valuation was in April 2008. Property capital costs incurred between valuations are capitalised at cost.

### **Turnover**

Turnover represents the invoiced value, net Value Added Tax, of services provided.

## **2 Turnover and loss on ordinary activities before taxation**

The company's turnover (excluding VAT) and profit/(loss) before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

## **3 Loss/profit on ordinary activities before taxation**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Loss/Profit on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written off of tangible fixed assets:		
Charge for the period:		
owned assets	10,500	10,500
Auditors' remuneration for audit services	5,000	5,000
	<u>          </u>	<u>          </u>

There were no persons employed by the company during the year except for the directors (nil, 2007).

No director received any emoluments in the year (£nil, 2007).

## 4 Taxation

	2008 £	2007 £
Current tax:		
UK corporation tax on profits of the period	-	4,437
Adjustment to tax charge in respect of previous period	-	1,677
Total current tax	<u>-</u>	<u>6,114</u>
Deferred taxation:		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>6,114</u>
<p>Factors affecting tax charge for the period: the tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:</p>		
(Loss)/profit on ordinary activities before tax	(493,815)	4,287
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (30%, 2007)	(148,144)	1,286
Effects of:		
Capital allowances less than/(in excess of) depreciation	3,150	3,151
Tax losses (utilised)/not utilised	1,147	-
Starting rate companies relief	-	-
Expenses not deductible for tax purposes	143,847	-
Adjustment to tax charge in respect of previous period	-	1,677
Income not taxable	-	-
Tax charge for period	<u>-</u>	<u>6,114</u>

The company has trading losses of around £3,500 available to carry forward and be used against profits of the same trade. No deferred tax asset has been recognised as future profits are uncertain.

The company also has a potential capital gains tax asset if the company's assets are sold in the future and the losses can be used against a future capital gain. The amount of the asset is contingent on the cost base for tax purposes exceeding the sale price. Assuming a sale price of £1,120,000, the contingent tax asset would be in the region of £145,000 (contingent liability of £242,000, 2007). No sale is anticipated in the foreseeable future and no contingent tax asset has been recognised in the accounts.

## 5 Tangible fixed assets

	<b>Land and buildings freehold £</b>
Cost or valuation 1 April 2007	974,656
Additions	1,219,307
Revaluation	(1,073,963)
31 March 2008	<u>1,120,000</u>
Depreciation 1 April 2007	10,500
Charged in the period	10,500
Reversal on revaluation	(21,000)
31 March 2008	<u>-</u>
Net book value 31 March 2008	<u>1,120,000</u>
31 March 2007	<u>964,156</u>

The valuation of freehold land and buildings were made on 22 April 2008 by Stiles Harold Williams, Chartered Surveyors, on an Open Market value basis, in accordance with the Statement of Asset Valuation Practice No. 4 and the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards, sixth edition.

Stiles Harold Williams do not believe that there is a material difference between Existing Use value and the Market Value of the property.

### **Comparable historical cost for the land and buildings included at valuation:**

	£
Cost	
Historical cost at 31 March 2007 and 31 March 2008	149,125
Depreciation based on cost	
At 1 April 2007	39,234
Charge for the period	2,983
At 31 March 2008	<u>42,217</u>
Net book value 31 March 2008	<u>106,908</u>
31 March 2007	<u>109,891</u>

## 6 Debtors

	2008 £	2007 £
Due within one year:		
Other debtors	53,235	17,698
	<u>53,235</u>	<u>17,698</u>

## 7 Creditors: Amounts falling due within one year

	2008 £	2007 £
Amounts owing to the HPC parent organisation	1,235,914	198,840
Corporation tax	-	4,437
Accruals and deferred income	291,774	23,246
	<u>1,527,688</u>	<u>226,523</u>

## 8 Share capital

	2008 £	2007 £
Authorised:		
10,000 (10,000, 2007) Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid:		
9,251 (9,251, 2007) Ordinary shares of £1 each	<u>9,251</u>	<u>9,251</u>

## 9 Statement of movement on reserves

	Share premium account £	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 April 2007	9,000	615,969	3,500	117,611
Loss for the year	-	-	-	(493,815)
Impairment	-	(615,969)	-	-
At 31 March 2008	<u>9,000</u>	<u>-</u>	<u>3,500</u>	<u>(376,204)</u>

## 10 Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Loss for the financial year	(493,815)	(1,827)
Revaluation of land and buildings	(615,969)	-
Net decrease in shareholders' funds	<u>(1,109,784)</u>	<u>(1,827)</u>
Opening shareholders' funds	755,331	757,158
Closing shareholders' funds	<u><u>(354,453)</u></u>	<u><u>755,331</u></u>

## 11 Related party transactions

The company has taken advantage of the exemption available in paragraphs 3(e) of Financial Reporting Standard 8 not to disclose transactions with other group entities.

## 12 Controlling parties

The ultimate holding entity is Health Professions Council, a corporate body established under the Health Professions Order 2001. The ultimate control rests in the Council of Health Professions Council.