

1 April 2008 to 31 March 2009

Health Professions Council  
Annual report and accounts 2008–09

# **Health Professions Council**

## **Annual Report and Accounts 2008–09**

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

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## **Foreword from the President**

I am very pleased to present the 2008–09 annual report to you. The past year was one of unprecedented turbulence in the world's financial markets and, as a result, the work of the financial regulators has come under increased public scrutiny. These external events rightly have an impact on all of us within the wider regulatory world. At the Health Professions Council, we have re-examined our own vision and strategy for the future. This has reaffirmed our ongoing commitment to being a transparent and robust regulator, and providing efficient, value-for-money regulation whilst meeting our objective of protecting the public.

Looking back over the past year, the Health Professions Council has continued to work hard to raise awareness of our role and to engage with the professions we regulate, employers, professional bodies and others with an interest in what we do.

Since 2006 it has been compulsory for our registrants to meet our standards of continuing professional development (CPD). In the last year, we began the first round of CPD audits, with chiropodists / podiatrists and operating department practitioners the first professions to be audited. Consequently, CPD has been a focus of our communications work, with numerous presentations held across the UK. We have been pleased by the very positive outcomes of the first audits and plan to produce a separate report for stakeholders.

Our popular Listening Events for registrants have helped to answer questions about a whole range of topics, and these events continue to be an important part of how we engage with registrants. A second round of Employer Events received positive feedback, and we plan to hold more such events in the coming year. We also undertook focused work with charities, advocacy organisations and others to raise awareness of the Health Professions Council amongst older people and their carers.

In 2008–09, we continued to work with the governments of the four home countries and other stakeholders to influence the policy agenda and ensure that we are well-prepared for change. The recommendations of a Professional Liaison Group set up to discuss revalidation highlighted still further the value of working closely with stakeholders and the importance of increasing our efforts to develop the evidence-base for regulation. The Council also undertook work to prepare for reforms which will see it become smaller and more strategic in the coming year.

Our considerable achievements to date could not have been possible without the hard work and dedication of everyone involved. I am delighted to be continuing as Chair of the Council from July 2009 and I am confident that the restructured Council will be even better equipped to work with the challenges of the coming years.

**Anna van der Gaag**  
President

## **Introduction from the Chief Executive**

This has been another year of growth and development at the Health Professions Council and there is every indication that 2010 will be no different.

Last year the Register grew further, reaching a new high of 185,000 by year end. In the coming year, we expect this number to grow still further. Subject to legislative approval, we will welcome seven types of practitioner psychologist into statutory regulation for the first time. In the past year we also worked in partnership with the Hearing Aid Council to consult on standards of proficiency, in preparation for the regulation of hearing aid dispensers in late 2010. We also established a Professional Liaison Group to work with the psychotherapy and counselling professions to make recommendations about their future statutory regulation. I strongly believe that the Health Professions Council remains well-placed to regulate these professions and that regulation is of benefit to both the public and the professions themselves.

Early in 2008–09, a new part of our building was opened, providing the extra space on our existing site that we needed to ensure we continue to perform our role effectively. In particular, the extra space has meant that we can now hold more fitness to practise cases at Park House than ever before. The premises valuation in March 2009 reflected a decline in general property market conditions and the capital work additions. The valuation generated a further impairment adjustment downward of approximately £1.06M, of which £0.85M was taken through the income and expenditure account for the year.

Our fitness to practice cases involve only a very small minority of practitioners, just 0.26 per cent of registrants were subject to a complaint last year. However, the number of fitness to practise cases continues to rise with 483 allegations received and 175 concluded Conduct and Competence and Health Committee meetings. This is an increase from 424 allegations and 156 concluded hearings last year.

I would like to take this opportunity to thank the members of the Council, the Committees, our partners, and our employees for their hard work, commitment and enthusiasm over the past year.

**Marc Seale**

Chief Executive and Registrar

## **The Health Professions Council**

The Council submits its seventh annual report together with the audited financial statements for the year ended 31 March 2009.

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

The Health Professions Council (HPC), a 'Body Corporate', was set up on 1 April 2002 by the Health Professions Order 2001. The Health Professions Council replaced the Council for Professions Supplementary to Medicine (CPSM). The Council is one of nine UK statutory regulators of healthcare professionals. The Health Professions Council currently regulates approximately 185,000 individuals. These are known as registrants and are members of the 13 professions regulated by the Health Professions Council. The number of registrants changes on a daily basis. The Health Professions Council is an independent organisation. It is self-funding. It is regarded as a public body but it is not part of the four departments of health (or equivalents) for the UK or the NHS UK. 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. In May 2005 the Council purchased a subsidiary, 22–26 Stannary Street Limited, to acquire the adjoining land and buildings of 22–26 Stannary Street.

### **Health Professions 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 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 Health Professions Council has four statutory committees. These are the:

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

The Health Professions Council has also established three non-statutory committees. These are the:

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

## **Composition of the Council**

### **Members during the year**

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

Anna van der Gaag – President

### **Registrant members**

Karen Bryan

Helen Davis

John Donaghy

Elizabeth Ellis (until 26 November 2008)

Morag MacKellar

William Munro

Pam Sabine

Jeff Seneviratne (from 9 July 2008)

Graham Smith

Annie Turner

Diane Waller

Neil Willis

Stephen Wordsworth (from 9 July 2008)

### **Alternate members**

Ozan Altay

Patricia Blackburn

Sue Griffiths (until 26 April 2008)

Daisy Haggerty

Carol Lloyd

Alan Mount

Helen Patey (until 12 October 2008)\*

Jacqueline Pearce

Gill Pearson

Doug Proctor

Jacqueline Sheridan

Eileen Thornton

Mark Woolcock

\*deceased

### **Lay members**

Paul Acres

Mary Clark-Glass

Robert Clegg

Peter Douglas (until 31 March 2009)

Sheila Drayton

Christine Farrell

John Harper

Tony Hazell (until 31 December 2008)

Jeff Lucas

Keith Ross

Barbara Stuart

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

The Council has appointed non-Council members to the following Committees:

Audit Committee – Richard Kennett  
Education and Training Committee – Stephen Hutchins  
Finance and Resources Committee – Daniel Ross  
Health Committee – Shah Khan  
Investigating Committee – Nigel Callaghan

There is currently a vacancy for the non-Council member (a registered medical practitioner) on the Conduct and Competence Committee.

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

The Chief Executive and Registrar is Marc Seale.

### **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. The President may be either a registrant or a lay member. There are currently seven vacancies on the Council; one for a registrant member, two for alternate members and four 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 number of registrant and alternate members (ie 13) is linked to the number of professions currently regulated by the Health Professions 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.

### **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.

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

- Communications;
- Education;
- Facilities;
- Finance;
- Fitness to Practise;
- Human Resources;
- Information Technology;
- Operations;

- Policy and Standards;
- Registration; and
- Secretariat.

## **Council member and non-Council Committee member biographies**

### **Council member biographies**

#### **Paul Acres**

Paul Acres 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.

#### **Ozan Altay**

Ozan Altay is a practising prosthetist working for the contractor to the 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 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.

#### **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 the 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. She is a member of the General Teaching Council Wales (GTCW), Chair of the GTCW's Audit Committee, and a Chair of the 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 she 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. Until May 2008 he was Chair of the Velindre NHS Trust (NHS Wales), a large organisation providing a wide range of services across the whole of Wales. He has also been a member of the Learning and Teaching Committee of the Higher Education Funding Council for Wales. He was recently appointed to the Board of the Quality Assurance Agency for Higher Education. He stepped down from the Council in December 2008 to become Chair of the Nursing and Midwifery Council.

### **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 in 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 the 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 Chair of the Dietitians' Board of the Council for Professions Supplementary to Medicine, and was previously Chair of the British Dietetic Association. In addition she was 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 in 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 Patey was Deputy Managing Director and Head of Clinical Services at the Nordoff-Robbins Music Therapy Centre in London. Her career in music therapy included clinical practice, lecturing, writing, research and promoting music therapy. Helen was involved in all aspects of the music therapy profession, chairing the British Society for Music Therapy and the Courses Liaison Committee. She also represented the UK on the Education Commission of the World Federation of Music Therapy.

Helen passed away in October 2008 and the Health Professions Council will remember her contribution to its work.

### **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 has also served as a Health Professions Council 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 Chair 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.

### **Jeff Seneviratne**

Jeff Seneviratne was a consultant clinical scientist in clinical biochemistry at Stockport NHS Foundation Trust until his retirement at the end of August 2008. He is continuing, part time, as a Clinical Lead for the Greater Manchester Pathology Network, for which he also chairs the Biochemistry Network Advisory Group and Information Management and Technology Group. He has been involved in the UK National Pathology Benchmarking Review since 1995, and was a member of the Department of Health's Pathology Modernisation Guidance Steering Group which published Pathology the Essential Service in 2002. He has been National Meetings Secretary of the Association for Clinical Biochemistry and was Secretary of the Association of Clinical Scientists. His current interests include harmonisation of units of measurement and reference values for common investigations.

### **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 continuing professional development courses for chiropodists / podiatrists. She has worked for East Cheshire Primary Care Trust and in private practice. She is a member of the Manchester and District Branch of the Society of Chiropodists and Podiatrists.

### **Graham 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 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 Therapists' 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 in 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, the King's 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.

### **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.

### **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.

### **Stephen Wordsworth**

Stephen Wordsworth is currently the Head of Department for Academic and Clinical Governance within the Faculty of Health at Birmingham City University. Stephen has over twenty years' experience in both practice and education. He has worked as an ODP Programme Leader and Principal Lecturer and has gained extensive experience of healthcare education in a number of universities. Stephen has been involved in, and led a number of national projects on behalf of the former Association of Operating Department Practice (AODP). These include chairing the national curriculum steering group, scope of practice and subject benchmark projects. Stephen was awarded the AODP Fellowship in 1999, and was appointed to the professional body Executive Council in 2002 and served in the position of Deputy Education Officer. More recently Stephen was appointed as an operating department practitioner Council member during the initial year following the statutory registration of operating department practitioners. He has been involved in the Quality Assurance Agency / NHS Reviewer for Healthcare Programmes for Major Review, and worked as a HPC partner from 2005 until his appointment to Council.

## **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.

### **Shah Khan**

Shah Khan is the registered medical practitioner member of the Health Committee. He is a consultant radiologist and is the audit lead for the radiology department across two hospital sites at a large district general hospital NHS Trust.

### **Daniel Ross**

Daniel Ross is the accountant member of the Finance and Resources Committee. He has been a qualified chartered accountant for 20 years, having trained and worked initially as an auditor. He has worked in senior financial positions for the last 16 years, complimented by the fact that for the last ten 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.

## Council meeting attendance

| Member                  | May 2008 | July 2008 | September 2008 | October 2008 | December 2008 | February 2009 | March 2009 |
|-------------------------|----------|-----------|----------------|--------------|---------------|---------------|------------|
| Paul Acres              | √        | √         | √              | √            | √             | √             | X          |
| Ozan Altay (A)          | √        | √         |                |              |               |               |            |
| Patricia Blackburn (A)  | √        | √         |                |              |               |               |            |
| Karen Bryan             | √        | √         | X              | √            | √             | √             | √          |
| Mary Clark-Glass        | √        | √         | √              | √            | √             | √             | X          |
| Robert Clegg            | √        | √         | √              | √            | √             | √             | √          |
| Helen Davis             | X        | √         | √              | √            | √             | √             | √          |
| John Donaghy            | X        | X         | X              | √            | √             | √             | √          |
| Peter Douglas (1)       | √        | √         | √              | X            | X             | √             | √          |
| Sheila Drayton          | √        | √         | √              | √            | X             | √             | √          |
| Elizabeth Ellis (2)     | √        | √         | √              | X            |               |               |            |
| Christine Farrell       | √        | √         | √              | √            | √             | √             | √          |
| Sue Griffiths (A) (3)   |          |           |                |              |               |               |            |
| Daisy Haggerty (A)      | √        | √         |                |              | √             |               |            |
| John Harper             | X        | X         | √              | √            | √             | X             | X          |
| Tony Hazell (4)         | √        | √         | √              | √            | √             |               |            |
| Carol Lloyd (A)         |          |           | √              |              | √             | √             |            |
| Jeff Lucas              | √        | √         | X              | X            | X             | √             | √          |
| Morag MacKellar         | √        | √         | X              | √            | √             | √             | √          |
| Alan Mount (A)          | √        | √         |                | X            |               |               |            |
| William Munro           | X        | X         | √              | √            | √             | √             | √          |
| Helen Patey (A) (5)     |          |           |                | X            |               |               |            |
| Jacqueline Pearce (A)   |          |           | √              |              |               |               |            |
| Gill Pearson (A)        |          |           | X              | X            |               |               |            |
| Doug Proctor (A)        |          |           |                | X            |               |               |            |
| Keith Ross              | √        | X         | √              | √            | √             | √             | √          |
| Pam Sabine              | √        | √         | √              | √            | √             | X             | √          |
| Jeff Seneviratne (6)    |          |           | √              | √            | X             | √             | √          |
| Jacqueline Sheridan (A) |          |           |                | X            |               | √             |            |
| Graham Smith            | √        | √         | √              | √            | √             | √             | X          |
| Barbara Stuart          | √        | √         | √              | √            | √             | √             | √          |
| Eileen Thornton (A)     |          |           |                |              |               | √             | √          |
| Annie Turner            | √        | √         | X              | √            | X             | √             | X          |
| Anna van der Gaag       | √        | √         | √              | √            | √             | √             | √          |
| Diane Waller            | √        | √         | √              | √            | √             | X             | √          |
| Neil Willis             | √        | √         | √              | √            | √             | √             | √          |

| Member                 | May 2008 | July 2008 | September 2008 | October 2008 | December 2008 | February 2009 | March 2009 |
|------------------------|----------|-----------|----------------|--------------|---------------|---------------|------------|
| Mark Woolcock (A)      |          |           |                | X            |               |               |            |
| Stephen Wordsworth (7) |          |           | √              | √            | √             | √             | √          |

### Key

√ Attended

X apologies for absence received

(A) Alternate member

(1) Ceased to be a Council member 31 March 2009

(2) Ceased to be a Council member 26 November 2008

(3) Ceased to be a Council member 26 April 2008

(4) Ceased to be a Council member 31 December 2008

(5) Ceased to be a Council member 12 October 2008

(6) Council member from 9 July 2008

(7) Council member from 9 July 2008

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

## Committee meeting attendance

### Audit Committee

| Member               | June 2008 | September 2008 | December 2008 | February 2009 |
|----------------------|-----------|----------------|---------------|---------------|
| Paul Acres           | √         | √              | √             | X             |
| Tony Hazell (1)      | √         | √              | X             |               |
| Richard Kennett      | √         | √              | √             | √             |
| Carol Lloyd          | √         | √              | √             | √             |
| Doug Proctor         | √         | X              | √             | X             |
| Jeff Seneviratne (2) |           |                |               | √             |
| Graham Smith         | √         | X              | √             | √             |

### Key

√ Attended

X Apologies for absence received

(1) Member until 31 December 2008

(2) Member from 11 December 2008

### Communications Committee

| Member                 | May 2008 | October 2008 | January 2009 |
|------------------------|----------|--------------|--------------|
| Paul Acres             | √        | √            | X            |
| Ozan Altay             | √        | √            | √            |
| Mary Clark-Glass       | X        | √            | √            |
| Christine Farrell      | √        | √            | √            |
| Daisy Haggerty         | √        | √            | √            |
| Morag MacKellar        | √        | √            | √            |
| Annie Turner           | X        | √            | √            |
| Mark Woolcock          | X        | √            | √            |
| Stephen Wordsworth (1) |          | √            | √            |

### Key

√ Attended

X Apologies for absence received

(1) Member from 9 July 2008

## Conduct and Competence Committee

| Member           | April 2008 | September 2008 | February 2009 |
|------------------|------------|----------------|---------------|
| Mary Clark-Glass | √          | X              | √             |
| Helen Davis      | √          | √              | √             |
| John Donaghy     | X          | √              | X             |
| Carol Lloyd      | √          | √              | √             |
| Helen Patey (1)  | X          | X              |               |
| Doug Proctor     | √          | X              | X             |
| Keith Ross       | √          | √              | √             |
| Pam Sabine       | √          | √              | X             |

### Key

√ Attended

X Apologies for absence received

(1) Member until 12 October 2008

## Education and Training Committee

| Member               | June 2008 | September 2008 | December 2008 | March 2009 |
|----------------------|-----------|----------------|---------------|------------|
| Eileen Thornton      | √         | √              | √             | √          |
| Karen Bryan          | √         | √              | √             | √          |
| Helen Davis          | √         | √              | √             | √          |
| John Donaghy         | √         | √              | X             | X          |
| Sheila Drayton       | X         | √              | X             | √          |
| Elizabeth Ellis (1)  | √         | X              |               |            |
| Christine Farrell    | √         | √              | √             | √          |
| Daisy Haggerty (2)   | √         |                |               |            |
| John Harper          | √         | X              | √             | √          |
| Tony Hazell (3)      | √         | √              | √             |            |
| Stephen Hutchins     | √         | √              | √             | √          |
| Carol Lloyd          | √         | √              | √             | √          |
| Jeff Lucas           | √         | X              | √             | √          |
| Alan Mount           | √         | X              | X             | √          |
| Gill Pearson         | X         | √              | √             | X          |
| Pam Sabine           | √         | √              | √             | √          |
| Jeff Seneviratne (4) |           | √              | X             | √          |
| Barbara Stuart       | √         | √              | √             | √          |
| Diane Waller         | √         | √              | √             | √          |
| Neil Willis          | √         | √              | √             | √          |

### Key

√ Attended

X Apologies for absence received

(1) Member until 26 November 2008

(2) Member until 11 September 2008

(3) Member until 31 December 2008

(4) Member from 11 September 2008

## Finance and Resources Committee

| Member              | April 2008 | June 2008 | July 2008 | September 2008 | November 2008 | February 2009 | March 2009 |
|---------------------|------------|-----------|-----------|----------------|---------------|---------------|------------|
| Robert Clegg        | √          | √         | √         | √              | √             | √             | √          |
| Patricia Blackburn  | X          | √         | √         | √              | √             | √             | X          |
| Mary Clark-Glass    | √          | √         | X         | √              | √             | √             | √          |
| Peter Douglas       | √          | √         | √         | √              | √             | √             | √          |
| Sheila Drayton      | √          | √         | √         | √              | X             | √             | X          |
| John Harper         | √          | √         | √         | X              | √             | X             | √          |
| William Munro       | √          | X         | √         | X              | X             | √             | √          |
| Daniel Ross         | √          | X         | √         | √              | √             | √             | X          |
| Keith Ross          | X          | √         | X         | √              | √             | √             | √          |
| Jacqueline Sheridan | √          | √         | √         | X              | √             | √             | √          |
| Barbara Stuart      | √          | √         | √         | √              | √             | √             | √          |
| Neil Willis         | √          | √         | √         | √              | √             | X             | √          |

### Key

√ Attended

X Apologies for absence received

## Health Committee

| Member             | April 2008 | September 2008 | February 2009 |
|--------------------|------------|----------------|---------------|
| Ozan Altay         | √          | √              | √             |
| Patricia Blackburn | X          | √              | √             |
| Peter Douglas      | √          | √              | √             |
| Sheila Drayton     | √          | X              | √             |
| Tony Hazell (1)    | √          | √              |               |
| Shah Khan          | √          | √              | √             |
| Jacki Pearce       | √          | √              | √             |
| Annie Turner       | √          | X              | X             |
| Neil Willis        | √          | √              | X             |

### Key

√ Attended

X Apologies for absence received

(1) Member until 11 December 2008

## Investigating Committee

| Member            | April 2008 | September 2008 | February 2009 |
|-------------------|------------|----------------|---------------|
| Nigel Callaghan   | √          | √              | √             |
| Robert Clegg      | X          | √              | √             |
| Christine Farrell | √          | √              | √             |
| Daisy Haggerty    | √          | √              | √             |
| Morag MacKellar   | √          | √              | √             |
| William Munro     | √          | X              | √             |
| Diane Waller      | X          | √              | √             |
| Mark Woolcock     | X          | √              | √             |

### Key

√ Attended

X Apologies for absence received

## Remuneration Committee

| Member              | March 2009 |
|---------------------|------------|
| Robert Clegg        | √          |
| Patricia Blackburn  | √          |
| Mary Clark-Glass    | √          |
| Peter Douglas       | √          |
| Sheila Drayton      | √          |
| John Harper         | X          |
| William Munro       | X          |
| Daniel Ross         | √          |
| Keith Ross          | √          |
| Jacqueline Sheridan | X          |
| Barbara Stuart      | √          |
| Neil Willis         | √          |

### Key

√ Attended

X Apologies for absence received

## **Corporate, social and environmental responsibility**

A 'statement of intent' document relating to corporate, social and environmental responsibilities was approved by the Council in 2007. A number of initiatives were pursued by a cross-directorate working group during 2008–09. These included:

- maintaining ethical restrictions on Health Professions Council investment funds (direct investment in alcohol production, tobacco and gambling companies);
- establishing a Fire and Safety Team (FAST) which includes representatives from each area of the building;
- undertaking an employee attitude survey in summer 2008 which included questions about the working environment;
- researching and planning the implementation of a childcare-voucher scheme in 2009;
- encouraging employees to switch-off office appliances overnight to save power;
- the provision of bicycle racks outside the Health Professions Council premises to encourage bicycle commuting;
- the purchase of Fair-trade tea and coffee products;
- replacing Health Professions Council Christmas cards with a donation to a nominated charity; and
- holding an employee event where used spectacles, mobile phones and the financial proceeds of a book sale, were donated to nominated charities.

### **Recycling**

In 2008–09, we recycled approximately 1,500 kilos of paper each month. In the year ending 31 March 2009, 17.6 tonnes (13.1 tonnes, 2007–08) of confidential waste paper material was recycled. This amount is equivalent to 293 trees. We have also introduced new facilities for recycling plastic drinking cups in our offices and public spaces, and we return used printer-cartridges to the manufacturer for recycling. All printer paper used at the Health Professions Council is now recycled.

### **Tree planting**

In November 2008, Kate Hoey, Member of Parliament for Vauxhall, planted three trees outside the Health Professions Council offices in Stannary Street. The trees were donated by the Health Professions Council and supplied by Trees for Cities, a national charity working with local communities on tree-planting and landscaping projects. We also worked closely with the Heart of Kennington Residents' Association in organising the tree planting ceremony, which received coverage in local media.

In the coming year we plan to continue our commitment to corporate, social and environmental responsibilities and to implement further initiatives involving all Health Professions Council employees.

## **Equality and diversity**

The Health Professions Council maintains an equality and diversity scheme encompassing equality and diversity training of employees, Council members and partners, the collection of demographic data, ongoing monitoring, and the inclusion of equality and diversity impact assessments in departmental workplans.

The Health Professions Council is an equal opportunities employer and provides employment opportunities and advancement of all suitably qualified persons regardless of age, dependents, disability, ethnic origin, gender, marital status, political beliefs, religion or sexual orientation.

## **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 Health Professions Council were a non-Departmental Public Body (NDPB) of the Department of Health.

## Management commentary

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

### Key operating statistics and commentary

The table below shows the key operating statistics for the six years to 31 March 2009.

|  | 2003-04        | 2004-05      | 2005-06    | 2006-07  | 2007-08   | 2008-09    |
|--|----------------|--------------|------------|----------|-----------|------------|
| Total operating income in £000's           | 6,965          | 10,038       | 10,988     | 10,512   | 11,625    | 13,549     |
| Total operating expenditure in £000's      | 8,299          | 10,367       | 10,106     | 10,502   | 11,578    | 12,926     |
| <b>Net (deficit) / surplus in £000's</b>   | <b>(1,334)</b> | <b>(330)</b> | <b>882</b> | <b>9</b> | <b>47</b> | <b>623</b> |
| Working capital in £000's                  | 1,727          | 1,645        | 2,532      | 2,449    | 3,010     | 3,080      |
| Total assets in £000's                     | 6,990          | 6,966        | 9,409      | 9,852    | 10,397    | 10,638     |
| Capital purchases in £000's                | 514            | 99           | 1,040      | 544      | 1,539     | 1,241      |
| Average number of FTE* permanent employees | 55             | 66           | 76         | 80       | 95        | 116        |
| Registrant numbers                         | 144,834        | 160,381      | 169,235    | 177,230  | 178,393   | 185,689    |
| Number of professions regulated            | 12             | 13           | 13         | 13       | 13        | 13         |
| Number of fitness to practise allegations  | 134            | 172          | 316        | 322      | 424       | 483        |
| Number of fitness to practise hearings     | n/a            | 102          | 140        | 222      | 324       | 396        |

\* full time equivalent (temporary / agency contractors are not included)

The number of permanent employees at 31 March 2009 was 116.

In the six years since 2003–04, net registrant numbers have risen by 28.2 per cent. The number of registrants at the end of the financial year is a combination of the opening balance, the number of UK and international registrations added during the year, readmissions to the register, additions from any new professions regulated and reduced by the number of registrants who deregister during the year. In the 2003–04 year, the average number of registrants per profession was about 12,000, rising to an average per profession of about 14,280 in 2008–09.

Income growth during the past six years has come both from growth in registrant numbers within each profession and from the addition of one additional profession regulated (operating department practitioners). The largest other volume growth contributions have come from the following professions; occupational therapists, paramedics, physiotherapists and radiographers. Income growth during the past five years also came from across-the-board fee rises.

The growth in the average number of permanent employees has been largest in the Fitness to Practise, Education and Registration Departments. The Fitness to Practise Department handles allegations, cases and hearings concerning Health Professions Council registrant health (where the health of the registrant may be affecting their ability to practise) and conduct and competence – see the Fitness to Practise annual report for more information. The Education Department runs the approvals and monitoring processes relating to programmes that health professionals must complete before they

can register with us – see the Education annual report for more information. The Registration Department handles applications for registration, handles registrant enquiries, runs the registration renewal process and manages the continuing professional development process for registrants.

### **Fee rise**

Following an extensive consultation process with stakeholders, the Council approved a general fee rise which will come into effect from 1 April 2009. The renewal fee has increased from £72 per year to £76 per year and only takes effect from the date each profession next renews. The last fee rise occurred in June 2007.

### **Risks and uncertainties affecting the Health Professions Council's long-term position**

The Health Professions Council maintains and regularly updates an organisation-wide 'risk register'. The register catalogues the agreed key risks facing the organisation in the short-to medium-term, assigns a risk owner and converts the risk likelihood and significance into a risk score. Please refer also to the 'The risk and control framework' in the Accounting Officer's statement on internal control.

Over the next five years, regarding income, there is uncertainty in several areas. These include:

- forecasting the volumes for the number of new health professionals applying to join the Health Professions Council Register, the number of international applicants, the number of readmissions and the rate of deregistration of registrants, including retirements and voluntary deregistrations by profession;
- forecasting the magnitude of future fee changes; and
- accurately forecasting the list and timing of aspirant professional groups wanting to become regulated by the Health Professions Council.

Over the next five years, regarding spending, there is uncertainty in several areas. These include the following.

- Forecasting the cost impacts (timing and magnitude) of compliance with the Government paper published in early 2007 titled 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 Health Professions Council, would need to be in place by 2011. The White Paper also referred to the need for the existing health-care regulators to consider the regulation of health-care assistants / support workers. Other potential costs for health-care regulators include; those relating to selective language testing, student / trainee registration, post-registration qualification record-keeping, harmonisation of regulation between the UK / European regulators and annual equality and diversity reporting to Parliament.
- Forecasting the increase in the number of fitness to practise allegations and the total cost of fitness to practise hearings.
- Forecasting the cost impacts (timing and magnitude) of capital infrastructure projects, including software enhancements, software upgrades and building works. These are also influenced by the timing of the White Paper changes outlined above.

Regarding key relationships with stakeholders that might affect the Health Professions Council's long-term position, some of the Health Professions Council's most important stakeholder groups are the general public, employers, government, employees, professional bodies and registrants.

As a statutory regulator with the principal functions of establishing and maintaining standards of education, training, conduct and performance for members of the relevant professions in order to “safeguard the health and well-being of persons using or needing the services of registrants”, the Health Professions Council is accountable to and reliant on the Privy Council for the functions conferred on it or provided to it by Order. As a UK-wide health regulator, the Health Professions Council needs to maintain a close working relationship with the departments of health (or equivalents) in England, Northern Ireland, Scotland and Wales to coordinate changes in the regulation of various health groups over the longer term, including scope and timing issues.

Registrants provide an important range of services to help the Health Professions Council function effectively. These services include serving on professional liaison groups to set standards, providing valuable stakeholder feedback at Listening Events and in consultations, serving as registration assessors, serving as education and training provider visitors, serving as fitness to practise panel members, providing testimony at fitness to practise hearings and serving as Council or Committee members. In order to comply with future changes to the Health Professions Order impacting the Health Professions Council’s long-term position, the support of registrants is a very important element.

In order to achieve the principles of good regulation, the Health Professions Council invests much time and effort in maintaining close links with its stakeholders. This includes, but is not limited to:

- holding regular registrant Listening Events across the UK;
- attending meetings with stakeholders in the home countries;
- holding Employer Events across the UK;
- attending the three main political party conferences and home country main political party conferences;
- giving talks and presentations to a range of stakeholders;
- organising stakeholder consultations;
- attending health professional body meetings;
- distributing public information material;
- contacting registrants;
- updating the Health Professions Council website;
- distributing Health Professions Council briefings to Members of Parliament; and
- attending Government-led meetings to provide input and be briefed on forthcoming developments.

### **Financial review**

There was a retained deficit after tax of £375,021 (2007–08, £976,272) for the year, which is set out in these financial statements. The underlying cause of the deficit was impairment write down of the land and buildings, following the phase one building refurbishment work and a decrease in the market value. Phase one is building refurbishment work which has been done on the premises at 22–26 Stannary Street and phase two relates to an additional floor being built on these premises. The total impairment was £1,056,695 (2007–08, £1,269,962) with £207,800 (2007–08 £230,443) going through the revaluation reserve. This reduces the revaluation reserve from £421,746 at the start of the year to £213,946. The remaining amount of £848,895 (2007–08, £1,039,519) generates the retained deficit. Without the impairment adjustment, the results as at 31 March 2009 would show a surplus of £473,874. At 31 March 2009 accounting reserves had decreased to £916,232 (2007–08, £1,424,746). The refurbishment work was done with the consent and

knowledge of the Council and the full in value is in line with the change in South London property market conditions during the course of the year.

Net investment income, including gains or losses on sale of investments, totalled £193,647 (2007–08, £246,169).

The balance sheet of the organisation shows fixed assets totalling £3,594,236 (2007–08, £3,756,215). Of this, tangible fixed assets are primarily freehold land and buildings. Asset additions of £1,241,819 included £656,543 of freehold property (building refurbishment work) and £483,488 of computer-system enhancements to the registration system. The freehold land and buildings were revalued at the year end to £2,520,000 which resulted in the impairment as detailed above. The investment portfolio is managed by professional fund managers with a market value at 31 March 2009 of £1,347,418 (2007–08, £1,528,047). Cash at bank and on deposit rose to £5,341,865 (2007–08, £4,899,109). There was deferred income of £7,106,069 (2007–08, £6,869,190) 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 2009.

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

The Health Professions Council 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, 97 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.

### **Corporate, social and environmental responsibility**

Refer to the section on Corporate, social and environmental responsibility in the front of this Annual report.

### **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;
- Cross Department Team (CDT) meetings;
- project team meetings;
- all-employee meetings;
- departmental team meetings; and
- one-to-one meetings between managers and their direct reports.

To facilitate good communication, as well as in person meetings, there is extensive use of email, regular updates of the Health Professions Council intranet and regular publication of

HPC Update, the Health Professions Council employee newsletter. There is also employee induction training and employee attendance at public meetings of the Committees and Council.

During the financial year, an employee attitude survey was conducted with the results analysed, summarised and made available to the Finance and Resources Committee, the Executive Management Team and employees. In addition, the National Audit Office conducted an 'organisational health check' of the Health Professions Council. The results were presented to the Council, the Executive Management Team and presented at an all-employee meeting.

### **Health and safety**

The total number of employee sick leave days reported in 2008–09 was 849 (777 days, 2007–08). The average number of sick days per full time equivalent employee in 2008–09 was 7.3 days (8.2 days, 2007–08). The Health Professions 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 Health Professions Council premises continue to enjoy the benefits of a safe working environment. No health and safety incidents were reported during the year.

### **Personal-data-related incidents**

There were no personal-data-related incidents identified or reported 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 Health Professions Council's external auditors, Baker Tilly UK Audit LLP.

Under the Article 46 (5) of the Health Professions Order 2001, the Comptroller and Auditor General is required to examine, certify and report on the annual accounts.

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 Officer

Signature

Signature

6 July 2009

6 July 2009

## 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 in March by the Remuneration Committee, after due consideration of annual performance and changes in the London labour markets. Regarding labour market benchmarking of Health Professions Council employee roles, an external rating agency is used to assess remuneration levels, based on the job description outlined for each type of role. For existing employees, the resulting remuneration changes come into effect from the start of the subsequent financial year and apply for the full financial year, or until the date of leaving, whichever comes first.

In the Health Professions Council's remuneration package, the most significant item is salary benefit. No performance bonuses are payable to any employee and no senior managers are on fixed-term contracts. For employees passing their six-month probationary period, they can elect to join the contributory pension scheme. The employer contribution levels in the current employment contract were 16.5 per cent for contracts pre-dating May 2007 and seven per cent basic salary for employee contracts dated May 2007 onwards. The employee contribution rate is set at a minimum of three per cent of basic salary.

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 probationary period. At 31 March 2009, 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. No Health Professions Council employee roles require the employee to have a health practitioner's background.

The Chief Executive and Registrar's total remuneration was £164,878 (2007–08, £149,889). This includes basic pay as well as pension contributions paid by the Council of £23,352 (2007–08, £21,229). The Chief Executive and Registrar is an ordinary member of the Friends Provident Pension Scheme (see note 15). His total pension fund value was £218,252 (2007–08, 221,593) and his age is 55. No other senior employee salaries are disclosed, as decision-making is vested in the Council members.

Council members do not receive 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 (external visits etc), up to 60 days per annum. No benefits in kind were provided to Council and Committee members during the year.

Council and Committee member allowances, totalling £244,725 (2007–08, £227,202) were accrued and paid to 41 members (40 members in 2007–08). This includes five non-Council Committee Members. The attendance allowances accrued and paid directly to, or via their employer, those members earning at least £5,000 in annual value were as follows:

| <b>Council Member</b> | <b>Role</b>               | <b>Accrued and paid directly</b> | <b>Accrued and paid to employer</b> |
|-----------------------|---------------------------|----------------------------------|-------------------------------------|
| Anna van der Gaag     | President                 | £ 51,235                         |                                     |
| Diane Waller          | Registrant Council member | £ 10,760                         | Goldsmith University                |
| Carol Lloyd           | Alternate Council member  | £ 10,140                         |                                     |
| Babara Stuart         | Lay Council member        | £ 9,550                          |                                     |
| Helen Davis           | Registrant Council member | £ 9,030                          | University of Sheffield             |
| Robert Clegg          | Lay Council member        | £ 8,030                          |                                     |
| Neil Willis           | Registrant Council member | £ 7,870                          |                                     |
| Sheila Drayton        | Lay Council member        | £ 7,710                          | Drayton Associates Ltd              |
| Mary Clark-Glass      | Lay Council member        | £ 7,410                          |                                     |
| Tony Hazell           | Lay Council member        | £ 7,400                          |                                     |
| Jacqueline Pearce     | Alternate Council member  | £ 7,360                          |                                     |
| Daisy Haggerty        | Alternate Council member  | £ 6,910                          |                                     |
| Keith Ross            | Lay Council member        | £ 6,730                          |                                     |
| Peter Douglas         | Lay Council member        | £ 6,480                          |                                     |
| John Harper           | Lay Council member        | £ 5,850                          | The Robert Gordon University        |
| Annie Turner          | Registrant Council member | £ 5,470                          | University College Northampton      |
| Graham Smith          | Registrant Council member | £ 5,230                          |                                     |

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

In 2006, following a review of how the Health Professions Council 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. The Council has updated their payment policy and procedure to reflect this. The total amount shown in the accounts is £450,514 relating to the PAYE and National Insurance due on the fees and expenses paid in the six years to March 2009. This includes £26,126 relating to the financial year 2008–09.

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

The review system for Council members was agreed by the Council in 2006. The system provides a mechanism for annual self-appraisal; a mechanism for appraisal of the President; and an opportunity for members of Council to discuss their experiences of the Health Professions Council with the President. The system is competency-based, in common with many systems used for review of board members. Members complete a self-appraisal form and meet with the President for discussion and feedback and identification of any training needs. The President then presents a paper to Council, outlining general themes and conclusions from the process.

By order of the Council

**Anna van der Gaag**  
President

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

Signature

Signature

6 July 2009

6 July 2009

## **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 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 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 HM 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 Professions 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 2009 and up to the date of approval of the Annual report and accounts and accords with HM 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 is 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 the 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:

- information-security training for employees;
- operating different types and levels of system-access rights;
- creating audit trails of record changes;
- the use of unique user-codes and passwords to access systems, laptops and PCs;
- the use of electronic firewalls and virtual private networks;
- regular data-security-penetration testing by specialist external parties;
- the use of data-protection agreements and employee agreements containing data-confidentiality clauses;
- the use of locked safes and locked filing cabinets;
- secure, offsite record storage;
- redaction (removal of sensitive fitness to practise information from documents) before publication on websites;
- the use of shredding machines and confidential waste disposal arrangements;
- physical destruction of computer hard disks prior to recycling by the manufacturer;
- the use of standalone PCs and smartcards;

- the use of post-transaction verification messages; and
- the use of CCTV 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 external 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 information during the 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 operating procedures;
- ensuring suitable systems and physical infrastructures are in place;
- ensuring employees are adequately briefed and trained in order to respond to change;
- ensuring that corporate governance best practice, as appropriate to the Council, is maintained and updated to meet changing requirements;
- constructing comprehensive budgeting and forecasting models to produce an annual budget and five-year plan which are reviewed and agreed by the Council;
- ensuring regular reviews by the Council and the Finance and Resources Committee of monthly and annual financial performance against forecasts;
- ensuring 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 the Financial Regulations, financial policies and procedures;
- ensuring clear documentation of operating procedures and processes to maintain International Organisation for Standardisation (ISO) accreditation; and

- regular quality audits of the Health Professions Council's processes by the British Standards Institute 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 subsequent Audit Committee meetings and addressed as appropriate, in 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-blower 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 and 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 Health Professions Council's internal auditors in May 2006. During the 2009 financial year, internal audits were carried out in a number of key areas, namely; processes for the approval and monitoring of education and training programmes, registrant continuing professional development (CPD) processes, the online renewals project, financial systems, corporate governance and risk management, and the purchase requisition system project.

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

### **Marc Seale**

Chief Executive and Registrar  
Accounting Officer

Signature

6 July 2009

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

We have audited the financial statements on pages 48 to 68.

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 48 to 68 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 53 to 54.

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

As described on page 40, 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 there under, 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 31 to 43 reflects the Council's compliance with HM Treasury guidance on the Statement on Internal Control. We report if it does not meet the requirements specified by HM 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 foreword from the President and introduction from the Chief Executive and the information on pages 7 to 30. 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 2009 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 conform to the authorities which govern them.

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

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

Signature

7 July 2009

## 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 Health Professions Council for the year ended 31 March 2009 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 been audited.

### **Respective responsibilities of the Council, Chief Executive 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 the Council and Chief Executive'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 my opinion as to whether the financial statements give a true and fair view and 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, the information, which comprises the Composition of the Council, Corporate social and environmental responsibility and the Management commentary included in the Annual 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 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 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 the unaudited part of the Remuneration 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 opinions**

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 Council and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the 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**

In my opinion:

- the financial statements give a true and fair view, in accordance with 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 2009 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, which comprises the Composition of the Council, Corporate social and environmental responsibility and the Management commentary, included within the Annual Report, is consistent with the financial statements.

## **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.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

Signature

13 July 2009

**Consolidated income and expenditure account for the year ended  
31 March 2009**

| <b>Income</b>  | <b>Notes</b> | <b>2009<br/>£</b> | <b>2008<br/>£</b>  |
|--|--------------|-------------------|--------------------|
| Fee income   |              |                   |                    |
| Registration fees  |              | 762,817           | 386,101            |
| Readmission fees   |              | 203,592           | 115,360            |
| Renewal fees   |              | 11,352,036        | 10,155,949         |
| Pre-registration fees                                      |              | 1,231,632         | 956,835            |
| <b>Total fee income</b>                                    | 1            | <u>13,550,077</u> | <u>11,614,245</u>  |
| Other income   |              | (1,008)           | 10,594             |
| <b>Total operating income</b>                              |              | <u>13,549,069</u> | <u>11,624,839</u>  |
| Payroll costs  | 3            | <u>4,721,405</u>  | <u>4,084,632</u>   |
| Staff travelling and subsistence                           |              | 225,361           | 130,191            |
| Council and Committee expenses                             |              | 385,780           | 355,440            |
| Property services  |              | 353,095           | 350,716            |
| Facilities management                                      |              | 1,005,405         | 1,129,638          |
| Information technology                                     |              | 794,416           | 675,646            |
| Partners (assessors and other professionals)               |              | 1,587,927         | 1,106,900          |
| Legal expenses   |              | 2,519,697         | 2,268,930          |
| Communications   |              | 504,988           | 579,092            |
| Project costs  |              | 294,147           | 170,356            |
| Other expenses   |              | 533,459           | 725,973            |
| <b>Total operating expenditure</b>                         | 4            | <u>12,925,680</u> | <u>11,577,514</u>  |
| <b>Surplus for the year after operational costs</b>        |              | <u>623,389</u>    | <u>47,325</u>      |
| Investment income  | 2            | 208,512           | 237,299            |
| (Loss) / profit on disposal of investments                 |              | (14,864)          | 8,870              |
| Unrealised losses on investments                           | 9            | (349,051)         | (187,108)          |
| Impairment of freehold land and buildings                  |              | (848,896)         | (1,039,519)        |
| Notional credit  | 5            | (64,844)          | (101,737)          |
| <b>Deficit after notional credit and investment income</b> |              | <u>(445,754)</u>  | <u>(1,034,870)</u> |
| Reversal of notional credit                                | 5            | 64,844            | 101,737            |
| <b>Deficit on ordinary activity before taxation</b>        | 6            | <u>(380,910)</u>  | <u>(933,133)</u>   |
| Taxation   | 7            | 5,889             | (43,139)           |
| <b>Retained deficit for the year</b>                       |              | <u>(375,021)</u>  | <u>(976,272)</u>   |

The operating deficit for the year arises from the Council's continuing operations.  
The notes on pages 55 to 68 form part of these financial statements.

## Consolidated statement of total recognised gains and losses for the year ended 31 March 2009

|  | 2009<br>£        | 2008<br>£          |
|--|------------------|--------------------|
| <b>Deficit for the year</b>                              | (375,021)        | (976,272)          |
| Impairment on revaluation of freehold land and buildings | (207,800)        | (230,443)          |
| Grant income   | 74,307           | 48,648             |
| <b>Total recognised deficit for the year</b>             | <u>(508,514)</u> | <u>(1,158,067)</u> |

### Note of historical cost surpluses and deficits

|   | 2009<br>£        | 2008<br>£        |
|---|------------------|------------------|
| <b>Deficit on ordinary activities before taxation</b>   | (380,910)        | (933,133)        |
| Difference between historic costs depreciation charge and the depreciation charge calculated on the revalued amount | (9,015)          | (11,798)         |
| <b>Historic cost deficit on ordinary activities before taxation</b>   | <u>(389,925)</u> | <u>(944,931)</u> |
| <b>Historic cost deficit on ordinary activities after taxation</b>  | <u>(384,036)</u> | <u>(988,070)</u> |

The notes on pages 55 to 68 form part of these financial statements.

## Consolidated balance sheet as at 31 March 2009

|  | Notes | 2009<br>£          | 2008<br>£          |
|--|-------|--------------------|--------------------|
| <b>Fixed assets</b>                            |       |                    |                    |
| Tangible assets                                | 8     | 3,594,236          | 3,756,215          |
| <b>Investments</b>                             |       |                    |                    |
| Financial investments                          | 9     | 1,347,418          | 1,528,047          |
|  |       | <u>4,941,654</u>   | <u>5,284,262</u>   |
| <b>Current assets</b>                          |       |                    |                    |
| Debtors  | 11    | 354,207            | 213,204            |
| Cash at bank and in hand                       | 21    | 5,341,865          | 4,899,109          |
|  |       | <u>5,696,072</u>   | <u>5,112,313</u>   |
| Creditors: amounts falling due within one year | 12    | (2,615,425)        | (2,102,639)        |
| Deferred income                                | 13    | (7,106,069)        | (6,869,190)        |
|  |       | <u>(4,025,422)</u> | <u>(3,859,516)</u> |
| <b>Net current liabilities</b>                 |       |                    |                    |
|  |       | <u>(4,025,422)</u> | <u>(3,859,516)</u> |
| <b>Total assets less current liabilities</b>   |       |                    |                    |
|  |       | <u>916,232</u>     | <u>1,424,746</u>   |
| <b>Represented by:</b>                         |       |                    |                    |
| Accumulated funds                              |       |                    |                    |
| Revaluation reserves                           | 14    | 213,946            | 421,746            |
| General funds                                  | 14    | 702,286            | 1,003,000          |
|  |       | <u>916,232</u>     | <u>1,424,746</u>   |

The notes on pages 55 to 68 form part of these financial statements.

Approved and authorised for issue on behalf of the Council on 6 July 2009 and signed on its behalf:

**Anna van der Gaag**  
President

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

Signature

Signature

6 July 2009

6 July 2009

## Council balance sheet as at 31 March 2009

|  | Notes | 2009<br>£          | 2008<br>£          |
|--|-------|--------------------|--------------------|
| <b>Fixed assets</b>                            |       |                    |                    |
| Tangible assets                                | 8     | 2,692,383          | 2,636,215          |
| <b>Investments</b>                             |       |                    |                    |
| Investments in subsidiary                      | 10    | 750,000            | 750,000            |
| Financial investments                          | 9     | 1,347,418          | 1,528,047          |
|  |       | <u>4,789,801</u>   | <u>4,914,262</u>   |
| <b>Current assets</b>                          |       |                    |                    |
| Debtors  | 11    | 2,198,727          | 1,395,883          |
| Cash at bank and in hand                       | 21    | 5,341,865          | 4,899,109          |
|  |       | <u>7,540,592</u>   | <u>6,294,992</u>   |
| Creditors: amounts falling due within one year | 12    | (2,298,384)        | (1,810,865)        |
| Deferred income                                | 13    | (7,106,069)        | (6,869,190)        |
|  |       | <u>(1,863,861)</u> | <u>(2,385,063)</u> |
| <b>Net current liabilities</b>                 |       |                    |                    |
|  |       | <u>(1,863,861)</u> | <u>(2,385,063)</u> |
| <b>Total assets less current liabilities</b>   |       |                    |                    |
|  |       | <u>2,925,940</u>   | <u>2,529,199</u>   |
| <b>Represented by:</b>                         |       |                    |                    |
| Accumulated funds                              |       |                    |                    |
| Revaluation reserves                           | 14    | 213,946            | 421,746            |
| General funds                                  | 14    | 2,711,994          | 2,107,453          |
|  |       | <u>2,925,940</u>   | <u>2,529,199</u>   |

The notes on pages 55 to 68 form part of these financial statements.

Approved and authorised for issue on behalf of the Council on 6 July 2009 and signed on its behalf:

**Anna van der Gaag**  
President

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

Signature

Signature

6 July 2009

6 July 2009

## Consolidated cash flow statement for the year ended 31 March 2009

|   | Notes           | 2009<br>£             | 2008<br>£             |
|---|-----------------|-----------------------|-----------------------|
| <b>Net cash inflow from operating activities</b>      | 19              | <u>1,582,897</u>      | <u>2,003,234</u>      |
| <b>Returns on investment and servicing of finance</b> |                 |                       |                       |
| Bank deposit interest income                          | 2               | 137,729               | 165,980               |
| Income from other investments                         | 2               | <u>70,783</u>         | <u>71,319</u>         |
|   |                 | <u>208,512</u>        | <u>237,299</u>        |
| <b>Taxation</b>                                       |                 | <u>(12,719)</u>       | <u>(36,867)</u>       |
| <b>Capital expenditure and financial investment</b>   |                 |                       |                       |
| Purchase of tangible fixed assets                     | 8               | (1,241,819)           | (1,535,842)           |
| Purchase of investments                               | 9               | (498,165)             | (220,182)             |
| Sale of investments                                   | 9               | <u>329,743</u>        | <u>353,295</u>        |
|   |                 | <u>(1,410,241)</u>    | <u>(1,402,729)</u>    |
| <b>Net cash inflow before financing</b>               |                 | <u>368,449</u>        | <u>800,937</u>        |
| <b>Financing</b>                                      |                 |                       |                       |
| Grant income from the Department of Health            |                 | <u>74,307</u>         | <u>48,648</u>         |
|   |                 | <u>74,307</u>         | <u>48,648</u>         |
| <b>Increase in cash</b>                               | 20<br>and<br>21 | <u><u>442,756</u></u> | <u><u>849,585</u></u> |

The notes on pages 55 to 68 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 2009.

### Value added tax

The Council is not registered for Value Added Tax (VAT). 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 deregistered for VAT in October 2008 and is now not registered for VAT purposes.

### 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. The valuation is done annually. Property capital costs incurred between valuations are capitalised at cost.

### Assets under construction

Expenditure relating to the construction of additional office space in the 22–26 Stannary Street building has been capitalised and has not been depreciated. An additional floor is being built on the current building and depreciation will be provided for once the construction is complete and the office space is in use. The additional floor comprises phase two of the building project work referred to in the financial review section.

### Grant income

Grants and grants-in-aid received are accounted for 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 profession 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 for two years upfront or on a six-monthly basis.

**Investments**

There are two classes of investments: property investments and financial investments (funds under professional funds management, eg 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.

**Corporation and deferred taxation**

Corporation 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 per cent 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.

**Financial instruments**

Financial instruments are classified in accordance with the substance of the contractual arrangement and with the definitions of financial assets and financial liabilities and equity instrument under FRS 25. Financial instruments are valued at fair value. If future cash flows are discounted to measure fair value, the discount rate is the higher of the rate intrinsic to the financial instrument and the real discount rate set by HM Treasury as applied to the flows expressed in current prices.

## Notes to the financial statements for the year ended 31 March 2009

|   |                   |                   |
|---|-------------------|-------------------|
| <b>1 Fee income (by profession)</b>                             | <b>2009</b>       | <b>2008</b>       |
|   | <b>£</b>          | <b>£</b>          |
| Arts therapists   | 134,998           | 94,415            |
| Biomedical scientists   | 1,661,100         | 1,460,343         |
| Chiropodists / podiatrists                                      | 887,511           | 773,850           |
| Clinical scientists   | 320,473           | 282,503           |
| Dietitians  | 429,201           | 486,170           |
| Occupational therapists   | 2,230,139         | 1,912,792         |
| Operating department practitioners                              | 618,973           | 513,535           |
| Orthoptists   | 102,089           | 93,920            |
| Paramedics  | 1,024,029         | 847,268           |
| Physiotherapists  | 3,300,962         | 2,692,761         |
| Prosthetists / orthotists                                       | 64,819            | 56,090            |
| Radiographers   | 1,885,001         | 1,624,684         |
| Speech and language therapists                                  | 890,782           | 775,914           |
|   | <u>13,550,077</u> | <u>11,614,245</u> |
| <b>2 Investment income</b>                                      | <b>2009</b>       | <b>2008</b>       |
|   | <b>£</b>          | <b>£</b>          |
| Bank deposit interest   | 137,729           | 165,980           |
| Investment deposit interest                                     | 4,331             | 6,957             |
| Fixed interest securities                                       | 13,344            | 7,719             |
| Quoted equities   | 53,108            | 56,643            |
|   | <u>208,512</u>    | <u>237,299</u>    |
| <b>3 Payroll costs</b>  | <b>2009</b>       | <b>2008</b>       |
|   | <b>£</b>          | <b>£</b>          |
| Wages and salaries  | 3,557,174         | 2,818,846         |
| Social security costs   | 375,347           | 298,372           |
| Pension costs   | 326,984           | 281,221           |
| Other payroll expense including recruitment and temporary staff | 461,900           | 686,193           |
|   | <u>4,721,405</u>  | <u>4,084,632</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                      | 2009                           | 2008                           | 2009                                 | 2008                                 |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
|                                      | Temporary / agency contractors | Temporary / agency contractors | Permanent and fixed-term contractors | Permanent and fixed-term contractors |
| Chief Executive's Office             | 0.1                            | -                              | 2                                    | 2                                    |
| Education                            | 0.4                            | 0.3                            | 10                                   | 8                                    |
| Communications                       | 0.7                            | 0.1                            | 9                                    | 7                                    |
| Facilities                           | 0.2                            | 0.2                            | 6                                    | 6                                    |
| Finance                              | 0.9                            | 1.0                            | 7                                    | 6                                    |
| Fitness to Practise                  | 1.3                            | 1.0                            | 25                                   | 17                                   |
| Human Resources (including Partners) | 0.2                            | 0.6                            | 5                                    | 4                                    |
| Information Technology               | 0                              | 0.1                            | 5                                    | 6                                    |
| Operations                           | 0                              | 0.8                            | 7                                    | 4                                    |
| Policy and Standards                 | 0.1                            | -                              | 4                                    | 4                                    |
| Registration                         | 0.8                            | 5.9                            | 32                                   | 27                                   |
| Secretariat                          | 0.2                            | 0.3                            | 4                                    | 4                                    |
| <b>Total</b>                         | <b>4.9</b>                     | <b>10.3</b>                    | <b>116</b>                           | <b>95</b>                            |

| 4 Operating expenditure              | Staff costs      | Other costs      | 2009              | 2008              |
|--------------------------------------|------------------|------------------|-------------------|-------------------|
|                                      | £                | £                | £                 | £                 |
| Office of the President              | -                | 50,952           | 50,952            | 39,344            |
| Chief Executive's Office             | 233,811          | 52,069           | 285,880           | 280,526           |
| Council and Committees               | -                | 351,729          | 351,729           | 448,737           |
| Education                            | 366,522          | 170,696          | 537,218           | 474,401           |
| Communications                       | 383,653          | 596,483          | 980,136           | 886,079           |
| Facilities                           | 197,566          | 743,050          | 940,616           | 897,301           |
| Finance                              | 347,300          | 278,119          | 625,419           | 530,240           |
| Fitness to Practise                  | 890,107          | 3,766,383        | 4,656,490         | 3,759,735         |
| Human Resources (including Partners) | 409,941          | 314,288          | 724,229           | 613,196           |
| Information Technology               | 267,865          | 820,864          | 1,088,729         | 1,000,260         |
| Operations                           | 354,205          | 72,759           | 426,964           | 306,405           |
| Policy and Standards                 | 177,460          | 100,185          | 277,645           | 252,286           |
| Registration                         | 934,613          | 616,805          | 1,551,418         | 1,695,336         |
| Secretariat                          | 158,362          | 57,573           | 215,935           | 261,564           |
| Major Projects                       | -                | 212,320          | 212,320           | 132,104           |
| <b>Total</b>                         | <b>4,721,405</b> | <b>8,204,275</b> | <b>12,925,680</b> | <b>11,577,514</b> |

'Operations' expenditure includes quality-management costs, project-management and monitoring costs.

'Major Projects' expenditure includes expenses for the online-renewals project, the fee-rise project, the equality and diversity project, registration of practitioner psychologists, registration of hearing aid dispensers, the financial-systems-upgrade project and the purchase-requisition-system project.

| <b>5 Notional credit</b> | <b>2009</b>   | <b>2008</b>    |
|--------------------------|---------------|----------------|
|                          | <b>£</b>      | <b>£</b>       |
| Cost of capital          | <u>64,844</u> | <u>101,737</u> |

Notional cost of capital is calculated as 3.5 per cent (2008, 3.5%) of the average capital employed by the Council in the year.

| <b>6 Operating deficit</b>                      | <b>2009</b>                 | <b>2008</b>                 |
|---|-----------------------------|-----------------------------|
|   | <b>£</b>                    | <b>£</b>                    |
| This is stated after charging:                  |                             |                             |
| Depreciation                                    | 346,581                     | 223,455                     |
| Loss on disposal of fixed asset                 | 481                         | 157                         |
| Auditors' remuneration:                         |                             |                             |
| • External audit – Baker Tilly UK Audit LLP     | 51,821                      | 37,500                      |
| • External audit – National Audit Office        | 5,700                       | 9,000                       |
| • Internal audit – PKF (UK) LLP                 | 27,004                      | 36,786                      |
| Tax advice – Baker Tilly Tax and Accounting Ltd | 16,318                      | 14,145                      |
| Pension administrator costs                     | 15,049                      | 18,557                      |
|   | <u>                    </u> | <u>                    </u> |

| <b>7 Taxation</b>  | <b>2009</b>      | <b>2008</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Current tax:   |                  |                  |
| UK corporation tax on profits of the year  | 24,530           | 43,139           |
| Adjustment in respect of prior years   | <u>(30,419)</u>  | <u>-</u>         |
| Total current tax (credit) / charge  | <u>(5,889)</u>   | <u>43,139</u>    |
| Deferred taxation:   |                  |                  |
| Origination and reversal of timing differences   | <u>-</u>         | <u>-</u>         |
| Total deferred tax   | <u>-</u>         | <u>-</u>         |
| Tax on profit on ordinary activities   | <u>(5,889)</u>   | <u>43,139</u>    |
| Factors affecting tax (credit) / charge for year:  |                  |                  |
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below: |                  |                  |
| Deficit on ordinary activities before tax  | <u>(380,910)</u> | <u>(933,133)</u> |
| Deficit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008, 30%)                                | (106,655)        | (279,940)        |
| Effect of:   |                  |                  |
| Non-taxable income   | (3,806,330)      | (3,494,741)      |
| Write off of unrealised losses on investments not taxed  | 97,734           | 56,133           |
| Loss / (profit) on disposal of investments   | 4,162            | (2,661)          |
| Expenses not deductible for tax purposes   | 3,847,010        | 3,774,040        |
| Benefits of small companies starting rate relief   | (8,177)          | (13,989)         |
| Capital allowances (in excess of) / less than depreciation   | (3,214)          | 3,150            |
| Adjustment in respect of prior years   | (30,419)         | -                |
| Tax losses carried forward   | -                | 1,147            |
| Current tax (credit) / charge for the period   | <u>(5,889)</u>   | <u>43,139</u>    |

There is a potential capital gains tax asset within the Health Professions Council's subsidiary, 22–26 Stannary Street Limited, if company 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 £785,000, the contingent tax asset would be in the region of £410,000 (2008, contingent liability of £145,000). No sale is anticipated in the foreseeable future and no contingent tax asset has been recognised in the accounts.

## 8 Tangible fixed assets

| Group                   | Freehold properties<br>£ | Assets under construction<br>£ | Office furniture and equipment<br>£ | Computer equipment<br>£ | Registration system<br>£ | Total<br>£  |
|-------------------------|--------------------------|--------------------------------|-------------------------------------|-------------------------|--------------------------|-------------|
| Cost or valuation:      |                          |                                |                                     |                         |                          |             |
| At 1 April 2008         | 3,090,000                | -                              | 387,804                             | 631,970                 | 2,026,370                | 6,136,144   |
| Additions               | 539,690                  | 116,853                        | 18,544                              | 83,244                  | 483,488                  | 1,241,819   |
| Disposals               | -                        | -                              | (36,502)                            | (12,220)                | -                        | (48,722)    |
| Revaluation             | (1,109,690)              | -                              | -                                   | -                       | -                        | (1,109,690) |
| 31 March 2009           | 2,520,000                | 116,853                        | 369,846                             | 702,994                 | 2,509,858                | 6,219,551   |
| Depreciation:           |                          |                                |                                     |                         |                          |             |
| At 1 April 2008         | -                        | -                              | 347,835                             | 459,060                 | 1,573,034                | 2,379,929   |
| Charge for the year     | 52,994                   | -                              | 24,844                              | 68,252                  | 200,491                  | 346,581     |
| Disposals               | -                        | -                              | (36,502)                            | (11,699)                | -                        | (48,201)    |
| Reversal on revaluation | (52,994)                 | -                              | -                                   | -                       | -                        | (52,994)    |
| 31 March 2009           | -                        | -                              | 336,177                             | 515,613                 | 1,773,525                | 2,625,315   |
| Net book value:         |                          |                                |                                     |                         |                          |             |
| At 31 March 2009        | 2,520,000                | 116,853                        | 33,669                              | 187,381                 | 736,333                  | 3,594,236   |
| At 31 March 2008        | 3,090,000                | -                              | 39,969                              | 172,910                 | 453,336                  | 3,756,215   |

### Freehold properties

The valuations of freehold land and buildings were made on 12 March 2009 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 6<sup>th</sup> 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 and 22–26 Stannary Street was valued at £2,520,000. The historic cost of the Park House property was £1,659,254 (2008, £1,659,254) and accumulated depreciation based on cost was £411,633 (2008, £378,448).

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<br>(continued) | Freehold<br>properties<br>£ | Office<br>furniture<br>and<br>equipment<br>£ | Computer<br>equipment<br>£ | Registration<br>system<br>£ | Total<br>£ |
|--|-----------------------------|--|----------------------------|-----------------------------|------------|
| <b>Council</b>                         |                             |  |                            |                             |            |
| Cost or valuation:                     |                             |  |                            |                             |            |
| At 1 April 2008                        | 1,970,000                   | 387,804                                      | 631,970                    | 2,026,369                   | 5,016,143  |
| Additions                              | -                           | 18,544                                       | 83,244                     | 483,488                     | 585,276    |
| Disposals                              | -                           | (36,502)                                     | (12,220)                   | -                           | (48,722)   |
| Revaluation                            | (235,000)                   | -  | -                          | -                           | (235,000)  |
| 31 March 2009                          | 1,735,000                   | 369,846                                      | 702,994                    | 2,509,857                   | 5,317,697  |
| Depreciation:                          |                             |  |                            |                             |            |
| At 1 April 2008                        | -                           | 347,835                                      | 459,060                    | 1,573,033                   | 2,379,928  |
| Charge for the year                    | 27,200                      | 24,844                                       | 68,252                     | 200,491                     | 320,787    |
| Disposals                              | -                           | (36,502)                                     | (11,699)                   | -                           | (48,201)   |
| Revaluation                            | (27,200)                    | -  | -                          | -                           | (27,200)   |
| 31 March 2009                          | -                           | 336,177                                      | 515,613                    | 1,773,524                   | 2,625,314  |
| Net book value:                        |                             |  |                            |                             |            |
| At 31 March 2009                       | 1,735,000                   | 33,669                                       | 187,381                    | 736,333                     | 2,692,383  |
| At 31 March 2008                       | 1,970,000                   | 39,969                                       | 172,910                    | 453,336                     | 2,636,215  |

### Freehold properties

The valuations of freehold land and buildings were made on 12 March 2009 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 6<sup>th</sup> 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 £1,735,000. The historic cost of the Park House property was £1,659,254 (2008, £1,659,254) and accumulated depreciation based on cost was £411,633 (2008, £378,448).

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 new laptops and upgrading switches.

### Computer software

Major project capital spending occurred for; the online renewals project, fitness to practise registrations system statuses rationalisation project, finance system upgrade, purchase requisition system project, Netregulate access rights project, equality and diversity project, fee-rise project and the registration of practitioner psychologists.

| <b>9 Listed investments</b>            | <b>2009</b>      | <b>2008</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| <b>Group and council</b>               |                  |                  |
| Listed investments as at 1 April 2008  | 1,528,047        | 1,848,268        |
| Additions                              | 498,165          | 220,182          |
| Disposals                              | <u>(329,743)</u> | <u>(353,295)</u> |
|  | 1,696,469        | 1,715,155        |
| Unrealised losses on investments       | <u>(349,051)</u> | <u>(187,108)</u> |
| At 31 March 2009                       | <u>1,347,418</u> | <u>1,528,047</u> |
| Historical cost value at 31 March 2009 | 1,721,865        | 1,734,392        |

All listed investments are managed on a pooled basis in a nominee account by Rensburg Sheppards, professional funds managers on behalf of the Council. Within the portfolio, UK and offshore investments are listed on the London Stock Exchange.

No investments are held which account for more than five per cent of the investment portfolio (2008, nil)

| <b>10 Investments In subsidiary</b> | <b>2009</b>           |
|-------------------------------------|-----------------------|
|                                     | <b>£</b>              |
| <b>Council</b>                      |                       |
| Cost                                |                       |
| At 1 April 2008 and 31 March 2009   | <u>1,043,279</u>      |
| Asset impairment                    |                       |
| At 1 April 2008 and 31 March 2009   | <u>293,279</u>        |
| Net book value                      |                       |
| At 1 April 2008 and 31 March 2009   | <u><u>750,000</u></u> |

| <b>11 Debtors</b>  | <b>2009</b>      | <b>Group</b>     | <b>2009</b>      | <b>Council</b>   |
|--|------------------|------------------|------------------|------------------|
|  | £                | <b>2008</b>      | £                | <b>2008</b>      |
|  |                  |                  | £                | £                |
| Other debtors  | 51,847           | 27,662           | 51,847           | 27,662           |
| VAT  | -                | 53,235           | -                | -                |
| Prepayments  | 302,360          | 132,307          | 302,360          | 132,307          |
| Amounts due from subsidiary undertakings                 | -                | -                | 1,844,520        | 1,235,914        |
|  | <u>354,207</u>   | <u>213,204</u>   | <u>2,198,727</u> | <u>1,395,883</u> |
| <b>12 Creditors: amounts falling due within one year</b> | <b>2009</b>      | <b>Group</b>     | <b>2009</b>      | <b>Council</b>   |
|  | £                | <b>2008</b>      | £                | <b>2008</b>      |
|  |                  |                  | £                | £                |
| Corporation tax  | 24,530           | 43,139           | 24,530           | 43,139           |
| Other taxation and social security                       | 111,952          | 108,843          | 111,952          | 108,843          |
| Other creditors  | 975,915          | 708,139          | 975,915          | 518,504          |
| Accruals   | 1,503,028        | 1,242,518        | 1,185,987        | 1,140,379        |
|  | <u>2,615,425</u> | <u>2,102,639</u> | <u>2,298,384</u> | <u>1,810,865</u> |
| <b>13 Deferred income</b>                                | <b>2009</b>      | <b>Group</b>     | <b>2009</b>      | <b>Council</b>   |
|  |                  | <b>2008</b>      | £                | £                |
| Registration fees in advance                             | 262,884          | 175,734          | 262,884          | 175,734          |
| Renewal fees in advance                                  | 6,843,185        | 6,693,456        | 6,843,185        | 6,693,456        |
|  | <u>7,106,069</u> | <u>6,869,190</u> | <u>7,106,069</u> | <u>6,869,190</u> |

#### **14 Accumulated funds**

Following instruction from the Privy Council, the Health Professions Council is required to report as if it was a non-departmental public body (NDPB). The Government Financial Reporting Manual (FReM) requires NDPBs 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 £74,307 from the Department of Health towards the set-up of statutory regulation of practitioner psychologists (£48,648 in 2008). The financial impact is to increase the income and expenditure reserve value and increase the bank account by the same amount.

| <b>Group</b>  | <b>At 31<br/>March<br/>2009</b> | <b>At 31<br/>March<br/>2008</b> |
|---|---------------------------------|---------------------------------|
| Deficit for the year  | (375,021)                       | (976,272)                       |
| Unrealised deficit on revaluation of<br>freehold land and buildings | (207,800)                       | (230,443)                       |
| Grant income  | 74,307                          | 48,648                          |
| <b>Total recognised deficits for year</b>                           | <b>(508,514)</b>                | <b>(1,158,067)</b>              |
| General reserve   | 702,286                         | 1,003,000                       |
| Revaluation reserve   | 213,946                         | 421,746                         |
| <b>Total reserves</b>   | <b>916,232</b>                  | <b>1,424,746</b>                |
| <b>Council</b>  |                                 |                                 |
| Surplus for the year  | 530,234                         | 120,741                         |
| Unrealised deficit on revaluation of<br>freehold land and buildings | (207,800)                       | (217,000)                       |
| Grant income  | 74,307                          | 48,648                          |
| <b>Total recognised surpluses / (deficits)<br/>for year</b>         | <b>396,741</b>                  | <b>(47,611)</b>                 |
| General reserve   | 2,711,994                       | 2,107,453                       |
| Revaluation reserve   | 213,946                         | 421,746                         |
| <b>Total reserves</b>   | <b>2,925,940</b>                | <b>2,529,199</b>                |

## 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 2009, the scheme had 9 (2008, 10) deferred members (members whose benefits are not yet in payment) and 8 (2008, 12) 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 three per cent per annum. In addition, in relation to service after 1997, if increases in the Retail Prices Index (RPI) exceed three per cent, then

increases must be provided at the rate of increase in RPI, subject to a cap of five per cent.

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 new surplus would be distributed.

### **The Capita Federated FlexiPlan Scheme**

This scheme is a defined benefit, occupational pension scheme. Its target was to provide final salary benefits at retirement, but Capita notified the Health Professions Council 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 two per cent per annum for contributions received after 31 March 2003 and four per cent 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 Capita Federated FlexiPlan scheme is a multi-employer scheme comprising at least 70 active employers at 31 March 2009. Entrust Pension Recovery Ltd ("Entrust") was appointed as the corporate trustee in May 2007 and KPMG appointed as the scheme administrators and actuaries to the trustees in July 2008. The scheme is covered by the Pension Protection Fund (PPF) for which a levy is payable. The Health Professions Council was advised by Entrust in April 2008 that the employer's share of this levy was nil. At 31 March 2009, there were no active contributing members remaining in the Capita scheme. Employer contributions of £60 per month were being made in order to retain an employer presence in the scheme until it is wound-up.

The most recent actuarial valuation of the scheme had an effective date of March 2005 and indicated that the value of the scheme's assets were greater than the value of the scheme's liabilities. To date, no consistent and reasonable basis for splitting the assets and liabilities of the plan across the more than 350 employers who have historically participated in the scheme has been identified and therefore the Health Professions Council is exempt from the full requirements of FRS17. The scheme is therefore treated on a defined contribution accounting basis in these financial statements. However, should a future net deficit be identified upon scheme valuation (scheme liabilities greater than scheme assets), the Health Professions Council is likely to bear its share of funding this deficit on a basis yet to be determined.

### **The Friends Provident Scheme**

This is a designated stakeholder, defined contribution scheme open to Health Professions Council employees from May 2008. At 31 March 2009, there were 53 active members (employees) in the pension scheme.

## 16 22–26 Stannary Street Limited

The summary financial results for the period to 31 March 2009 for the subsidiary company 22–26 Stannary Street Limited are as follows:

| <b>Profit and loss account</b>            | <b>2009<br/>£</b>         | <b>2008<br/>£</b>       |
|---|---------------------------|-------------------------|
| Turnover                                  | 68,754                    | 22,575                  |
| Operating expenses                        | (125,113)                 | (79,396)                |
| Operating loss                            | <u>(56,359)</u>           | <u>(56,821)</u>         |
| Impairment on freehold land and buildings | (848,896)                 | (436,994)               |
| Operating loss before taxation            | <u>(905,255)</u>          | <u>(493,815)</u>        |
| Taxation                                  | -                         | -                       |
| Loss for the year                         | <u><u>(905,255)</u></u>   | <u><u>(493,815)</u></u> |
| <br>                                      |                           |                         |
| <b>Balance sheet</b>                      | <b>2009<br/>£</b>         | <b>2008<br/>£</b>       |
| Tangible fixed assets                     | 901,853                   | 1,120,000               |
| Current assets                            | -                         | 53,235                  |
| Current liabilities                       | (2,161,561)               | (1,527,688)             |
| Total assets less current liabilities     | <u>(1,259,708)</u>        | <u>(354,453)</u>        |
| Represented by:                           |                           |                         |
| Called up share capital                   | 9,251                     | 9,251                   |
| Share premium account                     | 9,000                     | 9,000                   |
| Capital redemption reserve                | 3,500                     | 3,500                   |
| Profit and loss account                   | (1,281,459)               | (376,204)               |
| Shareholders' funds                       | <u><u>(1,259,708)</u></u> | <u><u>(354,453)</u></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 Health Professions Council has dealt with during the year was the Department of Health. A grant was received from the Department of Health in June 2008, totaling £74,307 (2008, £48,648) towards the set-up costs of regulating 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 or Committee meetings. Such allowances, totaling £244,725 (2007–08, £227,202), were accrued and paid to 41 members, including five non-Council Committee members (40 members in 2007–08).

Transactions with subsidiary companies which are greater than 90 per cent owned by the Health Professions Council are not disclosed, as consolidated financial statements of the Health Professions 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 Health Professions Council, this date is 6 July 2009. There are no other items to note.

## 19 Net cash inflow from operating activities

|   | 2009<br>£        | 2008<br>£        |
|---|------------------|------------------|
| Surplus of income over expenditure        | 623,389          | 47,325           |
| Depreciation of tangible fixed assets     | 346,581          | 223,455          |
| (Loss) / gain on disposal of investment   | (14,865)         | 8,870            |
| Gain on disposal of fixed asset           | 521              | 157              |
| (Increase) / decrease in debtors          | (141,003)        | 26,949           |
| Increase in creditors                     | 531,395          | 255,895          |
| Increase in deferred income               | 236,879          | 1,440,583        |
| Net cash inflow from operating activities | <u>1,582,897</u> | <u>2,003,234</u> |

**20 Reconciliation of net cash flow to movement in net funds**

|                                   | <b>2009</b><br>£ | <b>2008</b><br>£ |
|-----------------------------------|------------------|------------------|
| Increase in cash in the year      | 442,756          | 849,585          |
| Movement in net funds in the year | 442,756          | 849,585          |
| Opening net funds                 | 4,899,109        | 4,049,524        |
| Closing net funds                 | <u>5,341,865</u> | <u>4,899,109</u> |

**21 Analysis of funds**

|                             | <b>Opening Balance</b><br>£ | <b>Cash flow</b><br>£ | <b>Closing balance</b><br>£ |
|-----------------------------|-----------------------------|-----------------------|-----------------------------|
| Cash at bank and on deposit | <u>4,899,109</u>            | <u>442,756</u>        | <u>5,341,865</u>            |

**22 Financial instruments**

The details of the various categories of financial assets are outlined in note 9 (Listed investments), note 11 (Debtors) and note 21 (Analysis of funds). The details of the various categories of financial liabilities are outlined in note 12 (Creditors: amounts falling due within one year).

Exposure to credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, is not considered to be significant. The Health Professions Council does not use financial instruments that increase its own credit risk profile and has no external debt exposure. It uses a variety of risk mitigations including credit rating assessments to assess credit risk of counter parties including suppliers and financial institutions.

The age of all debtors are current and there are no amounts past due but not impaired. The main element of other debtors relate to employee season ticket loans. There are no impaired financial assets.

Regarding the age and value of financial liabilities, 97 per cent by value of creditor invoices were paid within 30 days with no interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

## 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.

The Health Professions Council adhered to its reserves policy at all times during the year. Due to renewal cycles and the payment methods of registrant fees, the Health Professional Council holds a significant amount of cash in short-term money-market accounts and investment holdings to cover the expenditure expected to be incurred over the payment period.

## 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 a business reserve account each night to maximise interest earned.

**Money market** – surplus funds are held in a combination of short-term money-market and special interest-bearing accounts. Competitive rates are sought on money-market investments and the special interest-bearing account earns a preferential interest rate compared to the instant access interest rate.

**Investment fund** – at 31 March 2009 fixed interest investments accounted for 20.74 per cent (2008, 18.87%) of the fund and generate a yield of 6.91 per cent (2008, 13.71%). The remainder of the fund is invested in a diversified portfolio of equities and bonds where there is always a risk of diminution in value.

The Finance and Resources Committee are routinely provided with information outlining the prevailing interest rates for money-market and special interest-bearing account investments. The interest rate risk is not considered to be significant in terms of the Health Professions Council relying on interest income to a sizeable extent to fund its operations.

**22–26 Stannary Street Limited**

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

**Financial statements for the year ended 31 March 2009**

## **Directors and officers**

### **Directors**

M. Seale  
R. Clegg  
A. van der Gaag

### **Secretary**

N. O'Sullivan (resigned 11 November 2008)  
L. Hart (appointed 13 May 2009)

### **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 2009. The report is prepared in accordance with the small companies regime as defined in the Companies Act 1985.

### **Principal activities**

22–26 Stannary Street Limited is a property company located at 22–26 Stannary Street. It was purchased to provide office space for the Health Professions Council, the parent and ultimate parent organisation of the property company. The Health Professions Council is located in adjoining premises at 184 Kennington Park Road and 20 Stannary Street, Kennington, London SE11 4BU.

### **Annual financial results**

The loss for the year after taxation was £905,255, (2008 loss, £493,815). This includes impairment for the freehold land and buildings of £848,896 due to a revaluation done at year end.

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

Current activities of the company are to provide office accommodation and meeting rooms for Health Professions Council employees including the Registration Department. The premises are also used for fitness to practise hearings, and Council and Committee meetings.

### **Directors**

The following directors have held office since 1 April 2008:

M. Seale  
R. Clegg  
A. van der Gaag

### **Statement as to disclosure of information to the auditor**

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 auditor is unaware. Each of the directors have 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; and
- c. 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

**Louise Hart**  
Secretary

Signature

Signature

6 July 2009

6 July 2009

## **Report of the independent auditor**

We have audited the financial statements on pages 75 to 83.

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 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 2009 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

7 July 2009

## Profit and loss account for the year ended 31 March 2009

|   | Note | Year to<br>31 March<br>2009<br>£ | Year to<br>31 March<br>2008<br>£ |
|---|------|----------------------------------|----------------------------------|
| Turnover                                    | 2    | 68,754                           | 22,575                           |
| Cost of sales                               |      | -                                | -                                |
| Gross profit                                |      | <u>68,754</u>                    | <u>22,575</u>                    |
| Other operating expenses                    |      | (125,113)                        | (79,396)                         |
| Operating loss                              |      | <u>(56,359)</u>                  | <u>(56,821)</u>                  |
| Impairment of freehold land and buildings   |      | (848,896)                        | (436,994)                        |
| Loss on ordinary activities before taxation | 3    | <u>(905,255)</u>                 | <u>(493,815)</u>                 |
| Taxation                                    | 4    | -                                | -                                |
| Loss for the year                           | 9    | <u><u>(905,255)</u></u>          | <u><u>(493,815)</u></u>          |

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

**Statement of total recognised gains and losses**

|  | <b>2009</b>      | <b>2008</b>        |
|--|------------------|--------------------|
|  | <b>£</b>         | <b>£</b>           |
| Loss for the financial year                              | (905,255)        | (493,815)          |
| Impairment on revaluation of freehold land and buildings | -                | (615,969)          |
| Total losses recognised since last annual report         | <u>(905,255)</u> | <u>(1,109,784)</u> |

**Note of historical cost profits and losses for the period ended 31 March 2009**

|  | <b>2009</b>      | <b>2008</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Loss on ordinary activities before taxation  | (905,255)        | (493,815)        |
| Difference between an historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount | (22,811)         | (7,517)          |
| Historical cost loss on ordinary activities before taxation  | <u>(928,066)</u> | <u>(501,332)</u> |
| Historical cost loss for the year retained after taxation and dividends  | <u>(928,066)</u> | <u>(501,332)</u> |

**Balance sheet as at 31 March 2009**

|  | <b>Note</b> | <b>2009</b><br><b>£</b> | <b>2008</b><br><b>£</b> |
|--|-------------|-------------------------|-------------------------|
| Fixed assets                                   |             |                         |                         |
| Tangible fixed assets                          | 5           | 901,853                 | 1,120,000               |
|  |             | <u>          </u>       | <u>          </u>       |
| Current assets                                 |             |                         |                         |
| Debtors  | 6           | -                       | 53,235                  |
|  |             | <u>          </u>       | <u>          </u>       |
|  |             | -                       | 53,235                  |
| Creditors: amounts falling due within one year | 7           | (2,161,561)             | (1,527,688)             |
| Net current liabilities                        |             | <u>(2,161,561)</u>      | <u>(1,474,453)</u>      |
| Total assets less current liabilities          |             | <u>(1,259,708)</u>      | <u>(354,453)</u>        |
| Capital and reserves                           |             |                         |                         |
| Called up share capital                        | 8           | 9,251                   | 9,251                   |
| Share premium account                          | 9           | 9,000                   | 9,000                   |
| Capital redemption reserve                     | 9           | 3,500                   | 3,500                   |
| Profit and loss account                        | 9           | (1,281,459)             | (376,204)               |
| Shareholders' funds                            | 10          | <u>(1,259,708)</u>      | <u>(354,453)</u>        |
|  |             | <u>          </u>       | <u>          </u>       |

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 75 to 83 to be approved by the board of directors and authorised for issue on 6 July 2009 are signed on its behalf by:

**Marc Seale**  
Director

Signature

6 July 2009

## Notes to the financial statements for the year ended 31 March 2009

### 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 £1,259,708 at 31 March 2009. The company has a significant reliance on its parent entity, the Health Professions Council, and at 31 March 2009 £1,844,520 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 twelve months. With reference to the five-year plan and annual budget, the Health Professions Council has indicated its willingness to provide such funds as are necessary to enable the Company to continue its activities for a period of at least twelve months from the signing of these accounts and enable the Company to pay its debts as they fall due. No material uncertainties leading to significant doubt about going concern have been identified by the directors. 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. The valuation is updated annually and the latest valuation was performed in March 2009. Property capital costs incurred between valuations are capitalised at cost.

### **Assets under construction**

Expenditure relating to the construction of additional office space in the 22–26 Stannary Street building have been capitalised and have not been depreciated. An additional floor is being built on the current building and depreciation will be provided for once the construction is complete and the office space is in use.

### **Value added tax**

22–26 Stannary Street Limited deregistered for VAT in October 2008 and is now not registered for VAT purposes.

### **Turnover**

Turnover represents the invoiced value of services provided.

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

The company's turnover and loss before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

| <b>3</b> | <b>Loss on ordinary activities before taxation</b>                    | <b>2009</b>       | <b>2008</b>       |
|----------|---|-------------------|-------------------|
|          |   | <b>£</b>          | <b>£</b>          |
|          | Loss on ordinary activities before taxation is stated after charging: |                   |                   |
|          | Depreciation  | 25,794            | 10,500            |
|          | Auditors' remuneration for audit services                             | 5,250             | 5,000             |
|          | Tax advice – Baker Tilly Tax and Accounting Limited                   | 2,644             | -                 |
|          |   | <u>          </u> | <u>          </u> |

There were no persons employed by the company during the year except for the directors (2008, nil).

No director received any emoluments in the year (2008, nil). No advances or credits were granted by the company to its directors and no guarantees were entered into by the company on behalf of its directors.

| 4 Taxation   | 2009<br>£ | 2008<br>£ |
|--|-----------|-----------|
| Current tax:   | -         | -         |
| UK corporation tax on profits of the year              | -         | -         |
| Adjustment to tax charge in respect of previous period | -         | -         |
| Total current tax                                      | <u>-</u>  | <u>-</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>-</u>  |

Factors affecting tax charge for the period: the tax assessed for the year is higher than the standard rate of corporation tax in the UK.

The differences are explained below:

|  |           |           |
|--|-----------|-----------|
| Loss on ordinary activities before tax   | (905,255) | (493,815) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008, 30%) | (253,471) | (148,144) |
| Effects of:  |           |           |
| Capital allowances (in excess of) / less than depreciation   | (3,214)   | 3,150     |
| Tax losses (utilised) / not utilised   | -         | 1,147     |
| Starting rate companies relief   | -         | -         |
| Expenses not deductible for tax purposes   | 243,297   | 143,847   |
| Adjustment to tax charge in respect of previous period   | -         | -         |
| Income not taxable   | -         | -         |
| Losses group relieved  | 13,388    | -         |
| Tax charge for year  | <u>-</u>  | <u>-</u>  |

The company has no trading losses (2008, £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 £785,000, the contingent tax asset would be in the region of £410,000 (2008, contingent liability of £145,000). No sale is anticipated in the foreseeable future and no contingent tax asset has been recognised in the accounts.

| 5 Tangible fixed assets         | Land and<br>buildings<br>freehold<br>£ | Assets under<br>construction<br>£ | Total<br>£ |
|---------------------------------|--|-----------------------------------|------------|
| Cost or valuation 1 April 2008  | 1,120,000                              | -                                 | 1,120,000  |
| Additions                       | 539,690                                | 116,853                           | 656,543    |
| Revaluation                     | (874,690)                              | -                                 | (874,690)  |
| 31 March 2009                   | 785,000                                | 116,853                           | 901,853    |
| Depreciation 1 April 2008       | -                                      | -                                 | -          |
| Charged in the year             | 25,794                                 | -                                 | 25,794     |
| Reversal on revaluation         | (25,794)                               | -                                 | (25,794)   |
| 31 March 2009                   | -                                      | -                                 | -          |
| Net book value<br>31 March 2009 | 785,000                                | 116,853                           | 901,853    |
| 31 March 2008                   | 1,120,000                              | -                                 | 1,120,000  |

The valuation of freehold land and buildings was made on 12 March 2009 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 6<sup>th</sup> 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 2008 and 31 March 2009 | 149,125 |
| Depreciation based on cost                         |         |
| At 1 April 2008                                    | 42,217  |
| Charge for the period                              | 2,983   |
| At 31 March 2009                                   | 45,200  |
| Net book value<br>31 March 2009                    | 103,925 |
| 31 March 2008                                      | 106,908 |

|          |                      |                 |                      |
|----------|----------------------|-----------------|----------------------|
| <b>6</b> | <b>Debtors</b>       | <b>2009</b>     | <b>2008</b>          |
|          |                      | <b>£</b>        | <b>£</b>             |
|          | Due within one year: |                 |                      |
|          | Other debtors        | -               | 53,235               |
|          |                      | <u>-</u>        | <u>53,235</u>        |
|          |                      | <u><u>-</u></u> | <u><u>53,235</u></u> |

|          |   |                         |                         |
|----------|---|-------------------------|-------------------------|
| <b>7</b> | <b>Creditors: amounts falling due within one year</b>           | <b>2009</b>             | <b>2008</b>             |
|          |   | <b>£</b>                | <b>£</b>                |
|          | Amounts owing to Health Professions Council parent organisation | 1,844,520               | 1,235,914               |
|          | Accruals and deferred income                                    | 317,041                 | 291,774                 |
|          |   | <u>2,161,561</u>        | <u>1,527,688</u>        |
|          |   | <u><u>2,161,561</u></u> | <u><u>1,527,688</u></u> |

|          |                                   |                      |                      |
|----------|-----------------------------------|----------------------|----------------------|
| <b>8</b> | <b>Share capital</b>              | <b>2009</b>          | <b>2008</b>          |
|          |                                   | <b>£</b>             | <b>£</b>             |
|          | Authorised:                       |                      |                      |
|          | 10,000 ordinary shares of £1 each | <u>10,000</u>        | <u>10,000</u>        |
|          |                                   | <u><u>10,000</u></u> | <u><u>10,000</u></u> |
|          | Allotted, issued and fully paid:  |                      |                      |
|          | 9,251 ordinary shares of £1 each  | <u>9,251</u>         | <u>9,251</u>         |
|          |                                   | <u><u>9,251</u></u>  | <u><u>9,251</u></u>  |

|          |  |                              |                       |                                |
|----------|--|------------------------------|-----------------------|--------------------------------|
| <b>9</b> | <b>Statement of movement on reserves</b> |                              |                       |                                |
|          |  | <b>Share premium account</b> | <b>Other reserves</b> | <b>Profit and loss account</b> |
|          |  | <b>£</b>                     | <b>£</b>              | <b>£</b>                       |
|          | At 1 April 2008                          | 9,000                        | 3,500                 | (376,204)                      |
|          | Loss for the year                        | -                            | -                     | (56,359)                       |
|          | Impairment                               | -                            | -                     | (848,896)                      |
|          | At 31 March 2009                         | <u>9,000</u>                 | <u>3,500</u>          | <u>(1,281,459)</u>             |
|          |  | <u><u>9,000</u></u>          | <u><u>3,500</u></u>   | <u><u>(1,281,459)</u></u>      |

| <b>10 Reconciliation of movement in shareholders' funds</b> | <b>2009</b><br>£          | <b>2008</b><br>£        |
|---|---------------------------|-------------------------|
| Loss for the financial year                                 | (56,359)                  | (493,815)               |
| Revaluation of land and buildings                           | (848,896)                 | (615,969)               |
| Net decrease in shareholders' funds                         | <u>(905,255)</u>          | <u>(1,109,784)</u>      |
| Opening shareholders' funds                                 | (354,453)                 | 755,331                 |
| Closing shareholders' funds                                 | <u><u>(1,259,708)</u></u> | <u><u>(354,453)</u></u> |

## **11 Related-party transactions**

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

## **12 Controlling parties**

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



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