



# Health and Care Professions Council Annual Report and Accounts 2021-22

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# Health and Care Professions Council Annual Report and Accounts 2021-22

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and 46(7) of the Health Professions Order 2001

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## Purpose of this report

The Annual Report and Accounts is made up of the Performance report, the Accountability report and the financial statements. The Performance report provides information about the HCPC, our work during the year and our plans for the future; the Accountability report explains how we are structured and managed; and the financial statements set out our income and expenditure and assets, liabilities and reserves in detail.

# Foreword by the Chair

Standards – it is a word central to the existence of the HCPC. Our purpose is public protection and promoting excellence across the 15 health and care professions we regulate. To do this effectively, we too must attain high quality standards in our work. Here, I am pleased to report, significant progress is being made, although the journey is not yet done.

In the Professional Standards Authority's (PSA) next full performance review, we intend to achieve the majority of standards of good regulation and keep them. In June 2022, in a PSA monitoring assessment of the 2021-22 year, the HCPC achieved the PSA standard for Equality Diversity and Inclusion (EDI) for the first time. This is significant and testament to the work done on initiatives such as our council apprenticeships. However, the HCPC is not yet meeting the PSA standards in Fitness to Practise (FTP), nor a standard in Registration. Council is acutely aware that this falls short of where we need to be, despite evidence of sustained improvement. Therefore I continue to chair our performance improvement board, identifying opportunities to achieve what we must, assuring quality, and assessing our progress.

Despite funding constraints and against the backdrop of COVID-19, the roll out of our five-year corporate strategy is going well, with many milestones for year one already achieved. Part of this approach is to listen to our stakeholders in order to learn and improve. Many registrants report that they are grappling with the tail of long COVID-19 and face huge demands from swelling patient volumes. When capacity is stretched, what they need and deserve is a regulator that is easy to work with and efficient.

To fulfil the second part of our purpose, *to champion high quality care that the public can access safely and with confidence*, we need systems and processes that are simple, efficient, digital. This will, of course, mean we must invest in continual improvements and upgrades, in order to keep patients safe. To provide this a rise in registrant fees will be essential. We will be transparent on where investment is made and how it is funded, mindful of the wider economic situation.

The pandemic showed us that, when there is need, change can be achieved quickly. Unnecessary red tape gave way and technology enabled us to work differently. Now we must embed the lessons learned or risk falling behind. The HCPC is a leading voice in this conversation. As an agile, multi-profession regulator with 20 years' experience, we can make a major contribution to health and care workforce and capacity challenges. Registrants need us to be at our best: adaptability, productivity and innovation are integral to the future of the NHS and wider health and care system.

Investment and regulatory reform are vital if we are to be an effective and sustainable regulator. We must also take action on our environmental sustainability. As a sector, health and care leaves a significant footprint. The HCPC will work to minimise its own carbon emissions and reduce other environmental impacts, and also work with others in the sector. Government has a key role in reducing and mitigating climate change impacts, but we must also be self-reliant.

My admiration for our registrants who continue to deliver the best patient care possible is undiminished. I would like to thank the PSA, the Department of Health & Social Care (DHSC), professional bodies and unions who have all played a part in helping us to deliver on our key improvement initiatives, providing helpful feedback and insights over the past year. And finally, my thanks goes to colleagues in the HCPC, to the executive and non-executive teams for working to drive forward our ambitious strategy.



**Christine Elliott**  
Chair

# Foreword by the Chief Executive & Registrar

The HCPC's plan to deliver its five-year Corporate Strategy has framed our work during the year. I am pleased to report that, working closely with partners and registrants, 85% of our workstream milestones for year one have now been achieved across the plan's six key areas.

To fulfil our vision of being a high performing, adaptable and compassionate regulator that ensures public protection through strong, evidence-based regulation, the HCPC is focused on continuous innovation and improvement. Good progress is being made. The Fitness to Practise (FTP) improvement programme has successfully delivered 16 individual projects, as we work to meet the required (PSA) standards. These include developing our people, processes and systems to improve the quality of decision making and reduce the time it takes for cases to conclude, mindful of the stresses FTP brings.

Further innovations have been made through the move to online registration for UK and international applications. We have developed our first Insight and Intelligence framework, using data to understand the trends that will help us shape policy. This includes the analysis of diversity data within our FTP processes, allowing better understanding of regulation's impact on different groups.

Intelligent use of data and proactive engagement underpin our new model for assuring the quality of education programmes. This approach delivers proportionate and risk-based quality assurance and reduces administrative burdens. Increased collaboration and dialogue through our enhanced Professional Liaison service are supporting registrants to understand our standards and promote high quality professional practice.

We continue to invest in our engagement with key stakeholders, including professional bodies and unions across the four nations. A dedicated professional liaison specialist based in Scotland has been appointed and in time we will do the same in Wales and Northern Ireland to increase our engagement across the four nations.

Our work to champion the value of good regulation has made headway. We engaged with the creation of the Professional Qualifications Act 2022, influencing the conversation to protect the position of regulators to decide whether applicants meet our standards. Amid the debate on the Government's Health and Care Bill, the HCPC made the case for regulatory reform. We continue to work closely with the Department of Health & Social Care and others to help shape future legislative frameworks for health and care regulators.

The HCPC processed some 17,000 new applications during the year. International applications have been at unprecedented levels. To address this, we have improved our processes and brought in additional resource. We've also developed a new programme of support for international registrations, which includes educational materials. Although this influx posed operational challenges, new overseas talent is vital for the future of the UK's healthcare workforce.

Our Corporate Strategy requires investment to make progress and remedy historic underinvestment. Funding has been achieved through maximising efficiencies and utilising our reserves. Although manageable in the short term, the situation is clearly unsustainable. We must develop a medium term financial strategy and consider our overall funding base, if we are to continue to deliver high quality standards of regulation.

The HCPC can achieve much more. With proportionate levels of funding and modern legislation, we will develop a regulator that is agile, resilient, and capable of meeting the needs of our registrants whilst continuing to deliver robust public protection.



**John Barwick**  
Chief Executive and Registrar

# About the HCPC

The HCPC was established under section 60 of the Health Act 1999. As a regulator of health and care professions in the UK, our role is to protect the public. We achieve this by:

- setting the standards for education and training, professional skills, conduct, performance and ethics and continuing professional development for 15 health care professions;
- keeping a Register of professionals who meet these standards;
- approving education programmes that professionals must complete prior to registration; and
- taking action when registrants do not meet our standards.

## We regulate:

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

# How we work

Our vision, purpose and values underpin everything we do

## Our Vision

*To be a high performing, adaptable and caring regulator that ensures public protection through strong, evidence-based regulation*

## Our Purpose

*To promote excellence in the professions we regulate and champion high quality care that the public can access safely and with confidence*



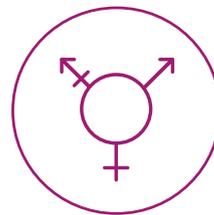
### Fair

being honest, open and transparent



### Compassionate

treating people with respect, empathy and care



### Inclusive

collaborating with others and championing diversity



### Enterprising

seeking opportunities to be creative and foster innovation to improve our performance

Our values are demonstrated by:

Working with all of our stakeholders to understand and respond to their specific needs

Actively listening to diverse and protected groups including those who may not traditionally have a strong voice

Being empathetic and compassionate in our dealings with registrants, complainants and witnesses

Contributing and adapting to reflect regional, national and profession differences

Using our data and evidence, and that of our stakeholders, to inform our decision making

Being an excellent employer

# Our core activities

## Regulation

- Maintain and publish an accurate register
- Set appropriate standards
- Quality assure education and training programmes
- Respond proportionally to fitness to practise concerns, taking action to protect the public



## Learning

We are harnessing our data to have more informed insights about the impact of our processes and take that learning to improve our regulatory activity, future approach and decision making.

We use what we know from our own learning, and that of others, to promote positive and inclusive professional working environments.

## Preventative Action

We are developing an approach based on preventative action. This will use our learning to address and reduce the conditions that may contribute to instances of service user harm.

This preventative approach supports quality practice by articulating the expected standards, helping registrants overcome any barriers they face in meeting those standards thereby reducing the need for unnecessary fitness to practise actions.

# 2021-2022 highlights

This section provides highlights of our core activity in 2021-22, more detail can be found in the performance analysis section of this report.



# The HCPC Register

The HCPC maintains an accurate Register of the 15 health and care professions we regulate. In the year of this report, the number of new registrants added to the Register grew significantly. International applications were also at unprecedented levels, highlighting a pool of potential talent vital for the UK's future healthcare workforce.



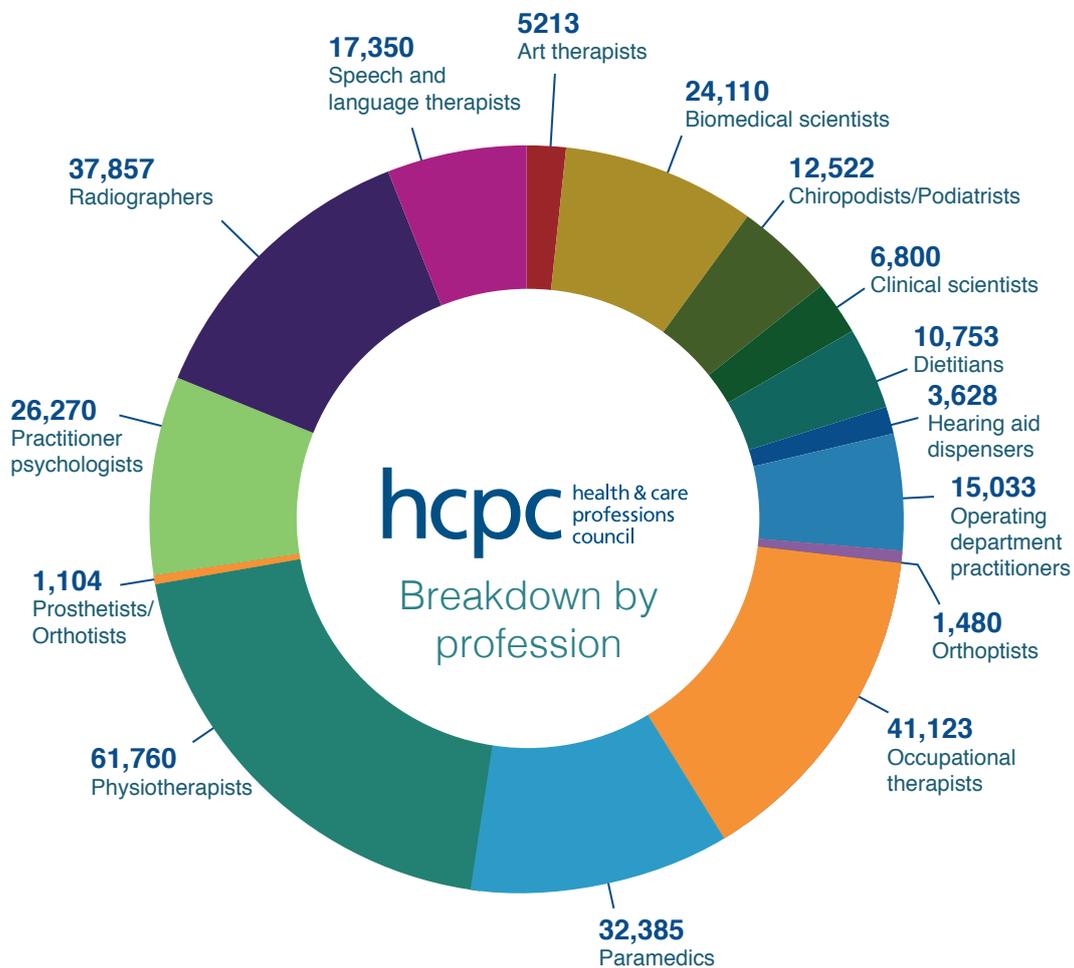
**297,388<sup>1</sup>**

Total number of registrants



**18,785**

Number of new registrants in the last financial year



*I've always admired dietitians working in the UK and the fact that there are national-level regulatory bodies like the HCPC that provide professional support. This is something I didn't have access to in my native country.*



**Barira Saad, registered dietitian**

<sup>1</sup> As of 31 March 2022

## Setting standards of practice

The HCPC works with the health and care professions, registrants and other stakeholders to set and reach high standards of care that the public can access safely and with confidence. As part of this work to improve and set standards, the HCPC delivered the following:



Reviewed all 15 sets of profession specific standards of proficiency



Revised the threshold standard of education for operating department practitioners



Published guidance on reflective practice, supervision and the duty of candour



Delivered 25 mystandards events and 8 webinars to support our registrants' engagement with their standards



Responded to 1,033 policy enquires



*As a returning to practice physiotherapist in the UK, this session has really reminded me of the importance of remembering patients are people and that holding a hand & listening, can make a huge difference.*



**Participant at 'Joining the UK Workforce' event.**

## Quality assurance, education, and training programmes

The HCPC quality assures education programmes, degrees and other courses, that ensure applicants meet our Standards before joining our Register.

In September 2021, we launched our new model of education quality assurance, following a period of pilot and refinement. The new model allows us to be much more flexible, data-led and risk-based when assessing the quality assurance of education providers.



955

total approved  
programmes



74

new  
programmes



*Moving to a portfolio-based submission has significantly reduced the administrative burden.*

*This moves the process from one which emphasises quality assurance – meeting the minimum standard – to one which allows us to demonstrate more clearly our approach to reflective quality enhancement – continuous improvement of our programmes and processes.*

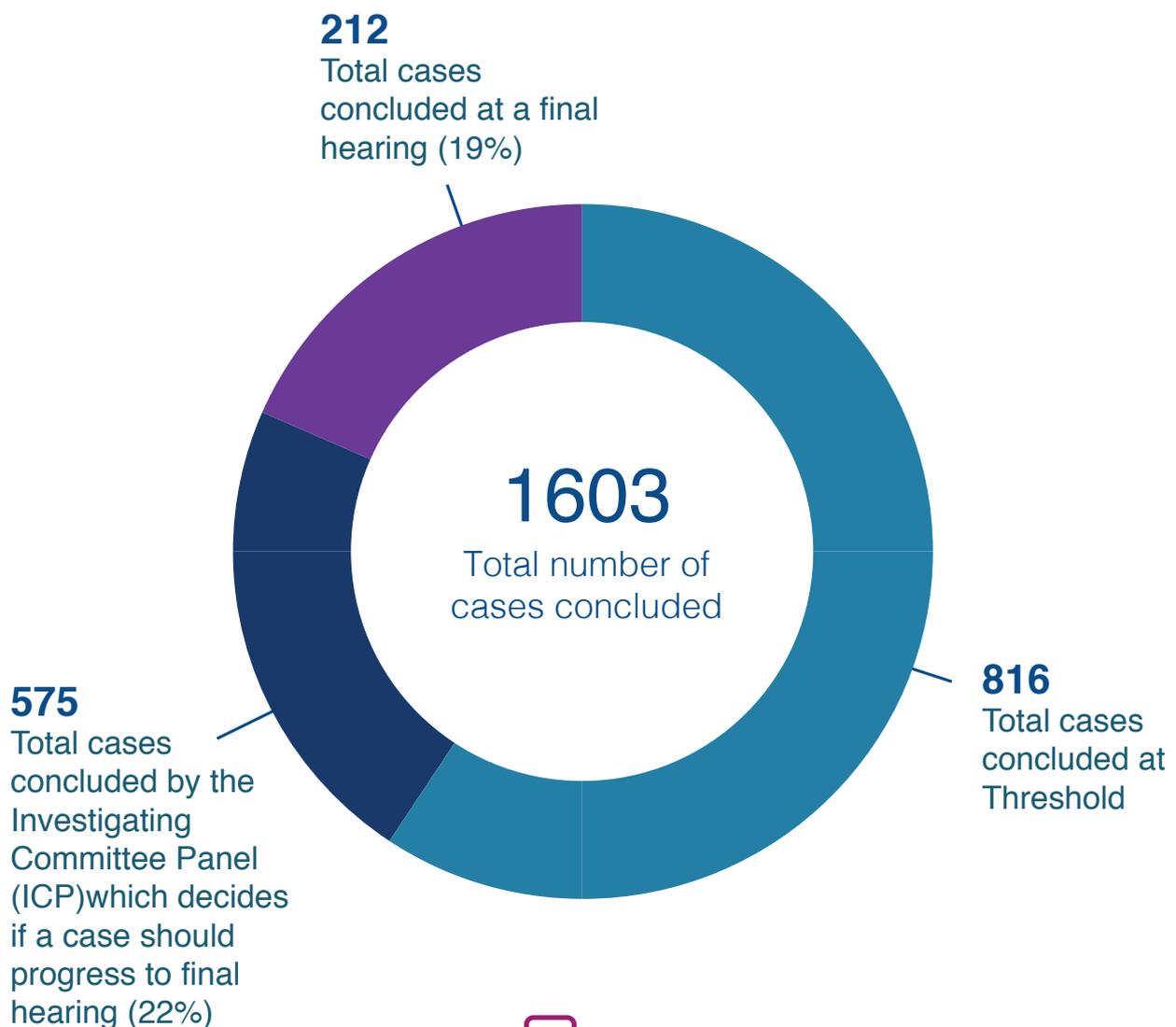
*We have welcomed this approach, the relationships it has nurtured and the mutual benefit that it has provided to all stakeholders involved in HCPC-regulated programmes.*



**Participant at 'Joining the UK Workforce' event.**

## Taking action to protect the public

During a period of unprecedented disruption, the HCPC continued our fitness to practise investigations during the pandemic.



### 346

cases met the Threshold Policy, which sets out the factors that that are met to required an investigation.

## Insight and engagement

We established new analytical capability, which has allowed us to deliver our first in-house statistical analysis of the wealth of data we hold, which will help inform and improve our performance as a regulator. Our first in-house analytical report, our [Diversity Data Report](#), which presented the findings from our registrant Equality, Diversity and Inclusion (EDI) survey was published in October 2021.

During 2021-22 we contributed to the following stakeholder events:



This year we have done significant work to improve our guidance to employers of our registrants.

11,350 visits to the employer hub

*Employer hub insights published:*



## Preventative action

Our Professional Liaison Service was established in 2020 to promote high quality professional practice through providing support to registrants, employers and students. This work is a key part of our transition to risk-based preventative regulation.

The service ran the following HCPC events and engagements in 2021-22:



# 14

Joining the UK Workforce workshops to support the transition of our international registrants into UK practice



# 7

Becoming a health and care professional workshops for students on HCPC-approved programmes



# 3

Insights for employers webinars

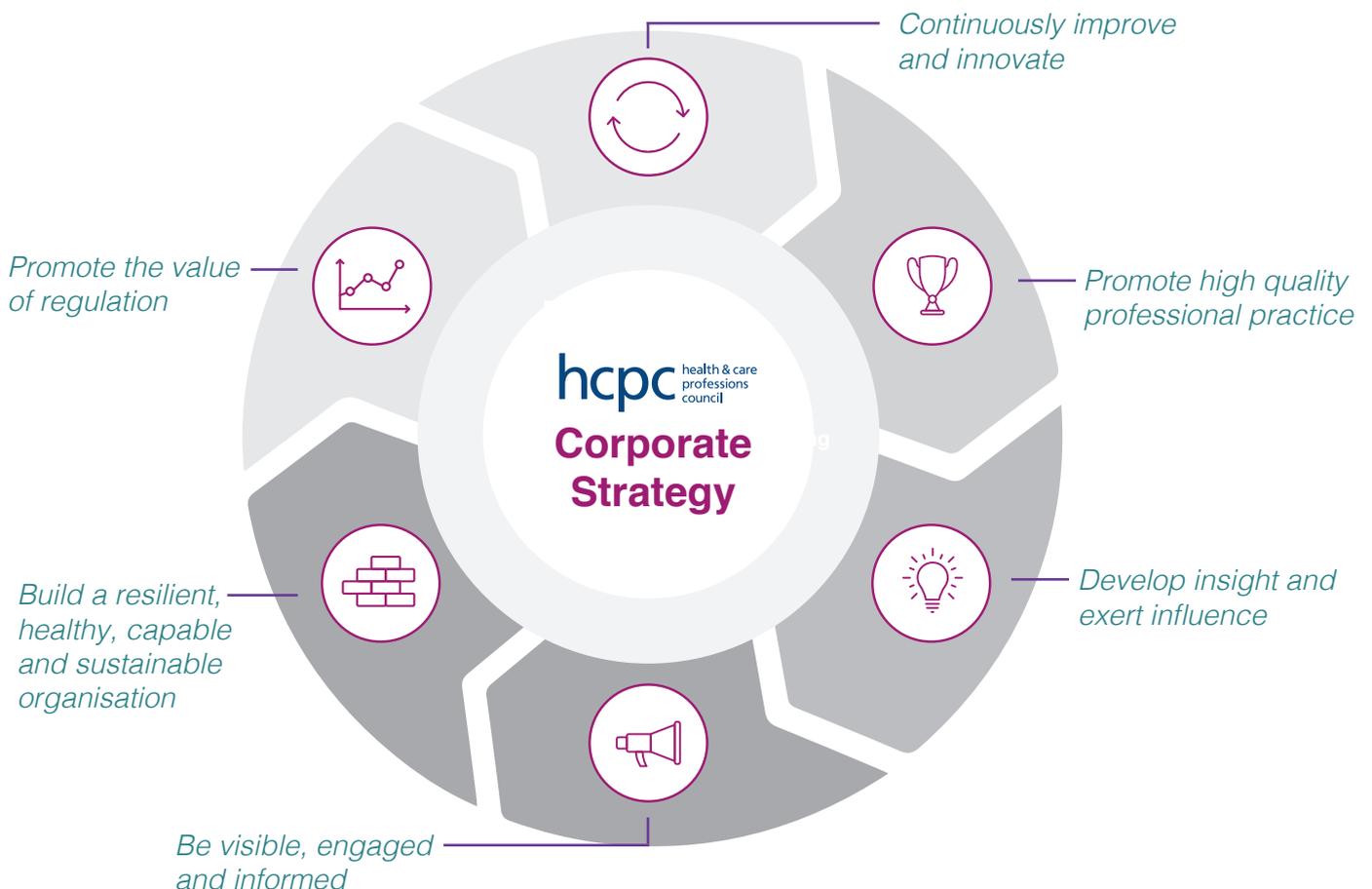
# Performance analysis

This section outlines our performance during 2021-22 focusing on our strategic, operational and KPI performance as well as our performance against the Professional Standards Authority standards of good regulation. We also outline our learning from the COVID-19 pandemic and look ahead to our ambitions for future years.

## Delivery of the Corporate Strategy

The HCPC is adapting to become a more targeted and evidence-based regulator by focusing on upstream, preventative work, and laying the foundations from which we can deliver more intelligent regulation to health and care professionals.

Our [Corporate Strategy 2021-2026](#) sets out our vision and goals, as well as six priority areas of work, which are to:



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

In March 2021 we launched our [Corporate Plan 2021-2022](#), setting out how we would progress our strategy in 2021-22. The following pages report our Corporate Plan 2021-22 delivery performance.

## Corporate plan delivery in numbers



# 52

workstreams included in the Corporate Plan 2021-22



# 85%

44 workstreams (85%) were completed or are on track to complete as planned



# 8

8 workstreams (15%) were deprioritised or will not complete as planned (detail provided later in this section)

## Strategic priority 1 - Continuously improve and innovate



Aim - To improve our performance against PSA standards of good regulation and to innovate across all our regulatory functions to provide an enhanced user experience.

### Overview of delivery 2021-22

Launched and completed a project to deliver a new FTP Case Management IT System

Concluded or progressed our oldest cases and concluded cases which were postponed due to COVID-19 restrictions

Introduced legally qualified Investigating Committee Panel Chairs and completed a pilot to 'frontload' our FTP investigations

Introduced online registration capability

Completed a project to capture diversity data at initial point of registration and renewal

Delivered a successful pilot, and then full roll out, of a new quality assurance model for education programmes

### Delivery highlights 2021-22

#### Improving our fitness to practise performance

A key focus in 2021-22 continued to be improving our performance against the PSA FTP Standards. In December 2020, our Council approved significant funding for an ambitious FTP Improvement Plan. The core principle of the plan is that sustainable improvements can only be achieved by resolving the root causes rather than managing the symptoms.

Enablers of improvement were put in place during 2021-22, with 16 discrete FTP improvement projects completed. This included a new FTP case management system to improve management information, forecasting and the embedding of risk management in case management processes. We also put in place an FTP employee recruitment and retention strategy with targeted additional resource to improve the time it takes to progress cases.

Looking to how we operate in the future, we launched a pilot of a new model of investigating cases called 'frontloading'. This means focusing investigation activity at the earlier stages of a case. The results of our pilot show that transitioning to frontloading is likely to reduce the time from an Investigating Committee Panel decision to final hearing which is a significant benefit to all those involved in cases.

Transparency is key to our improvement plan. We have included representatives from the PSA and Department of Health and Social Care on our FTP oversight board which receives regular and detailed performance data. This forum has also enabled us to seek learning from the PSA's experiences of improvement work by other healthcare regulators.

## Online registrations

In 2020 we launched a new IT system to improve our registration performance. In 2021-22 we made enhancements to this system and further developed it to deliver online registration functionality for international applicants. This functionality allows international applications to be made online. This represents a big step forward for both registrant experiences and the efficiency of our registration process. It will enable resources to be directed away from data processing and instead focused on value adding services to applicants and registrants.

As part of this self-service enhancement, we made it easier for registrants to share their diversity data with us, which has improved the proportion of EDI data we hold to enable us to better understand our registrant demographics.



*I think this is a great initiative that the HCPC has and I look forward to seeing this pilot program be the next route for the international application.*

**Participant at 'Joining the UK Workforce' event.**



## Registration responsiveness

We experienced some registration service challenges in 2021-22. During the summer of 2021 we received an un-forecasted surge in international applications. This increase in volume had impacts on our processing time as well as our contact centre responsiveness.

We understand that nothing is more important to the professionals we work with than ensuring they are able to get on the Register and begin practising. We have focused on improving our response times for queries to our registrations department and our response time for emails has halved since its peak. In addition, in January 2022, following a procurement process, we partnered with Pricewaterhousecoopers (PWC) to provide us with significant additional capacity to process international applications.

## Education quality assurance model

In 2021-22 we fully implemented our new education quality assurance model, which enables bespoke, proportionate and effective risk based regulatory engagement with education providers.

Following a programme of work with stakeholders to define underpinning concepts, we piloted the model and then rolled it out to all education activity from September 2021. Part of the new model includes establishing a regional way of working with education providers and other key sector stakeholders, such as professional bodies.

## Strategic priority 2 - Promote high quality professional practice



Aim - Enable our professions to meet our standards so they are able to adapt to changes in health and care practice delivery, preventing harm to service users.

### Overview of delivery 2021-22

Enhanced our employer hub & e-newsletter and developed learning materials for education providers and students

Reviewed our standards of proficiency

Developed and expanded our Professional Liaison Service

Delivered 25 mystandards events and 8 webinars to support our registrants' engagement with their standards

Introduced a programme of support for international registrants

### Delivery highlights 2021-22

#### Building our professionalism and prevention approach

Our Professional Liaison Service was established in 2020 to promote high quality professional practice through providing support to registrants, employers and students. This work is a key part of our transition to risk-based preventative regulation. Registrant engagement has been positive with a high number of attendees reporting that their practice would change as a result of a professional liaison learning event, exceeding our targets consistently as tracked through a key performance indicator, more detail of which can be found on page 39.

During 2021-22 we increased our support for those who employ our registrants. This included development of our employer hub, publication of our 'insights for employers' e-newsletter and delivery of three webinars for employers. We have partnered with a specific large employer to support its shift in culture and assist with the development of key policies on supervision and regulatory referrals. We have also contributed to leadership programmes across England and Northern Ireland.



*I particularly like the reflective practice part. I have been practising it lately since I read the material on the HCPC website and I have to say it's been really helpful.*



Participant at 'Joining the UK Workforce' event

During 2021-22 our Professional Liaison Service contributed to the following stakeholder events:



## Reviewing our standards

### Standards of proficiency

In 2020, we consulted on wide ranging proposals to update each of the standards of proficiency for the 15 professions we regulate. These standards set out the technical competency requirements for each of our 15 regulated professions. We extended the consultation and engagement period for this major programme due to the impact of COVID-19 on our stakeholders.

In early 2021-22, we completed analysis of the responses and undertook focused engagement to resolve issues raised and promote consensus. We also held workshops to explain the key proposed changes to the standards for each of our professions.

We are grateful to our stakeholders for their engagement in our consultation which enriched our review and informed our final proposals. In 2022-23 we will be working closely with our stakeholders to launch the new standards.

### Operating department practitioners

Following a consultation in 2020-21, in July 2021 our Council agreed to raise the threshold level of qualification for Operating department practitioners from diploma to degree level. This decision was taken following close engagement with stakeholders, particularly in Scotland, where transitioning to new arrangements required greater change than elsewhere in the UK. The decision struck the right balance between safeguarding service user safety and providing education providers, employers, and other stakeholders adequate time to plan for a successful transition.

## Enhancing our guidance

Through 2021-22 we have developed and published well-received guidance across three key areas: reflective practice, supervision and the duty of candour. These materials are a key part of our preventative approach to regulation, by supporting continuing professional development and high-quality practice.

## Reflective practice



In June 2021, we published guidance materials on reflective practice, including case studies and videos about how registrants approach reflective practice in a range of different settings. They aim to help registrants gain a clear understanding of reflection, learn about the benefits of reflection and understand how reflection can be used to help meet our standards.

## Supervision



In September 2021, we published resources to support effective supervision. This guidance was based on research carried out in 2019 demonstrating that supervision has many important benefits for registrants, service users and the wider health service. In particular, it can help improve professional practice, team working and wellbeing which can lead to improvements in patient care and help prevent things going wrong.

## Duty of candour



In January 2022, we published guidance materials designed to help registrants meet the duty of candour. Candour is an integral part of Standard 8 of the Standards for conduct performance and ethics, which is focused on being open and honest when things go wrong.

## Strategic priority 3 - Develop insight and exert influence



Aim - Learning from data and research to inform our decision making and share insights to protect, promote and maintain the health, safety and well-being of the public.

### Overview of delivery 2021-22

Established our first Insight & Intelligence framework setting out our priorities for improving our use of data

Developed our online portal to enable ongoing collection of diversity data from registrants

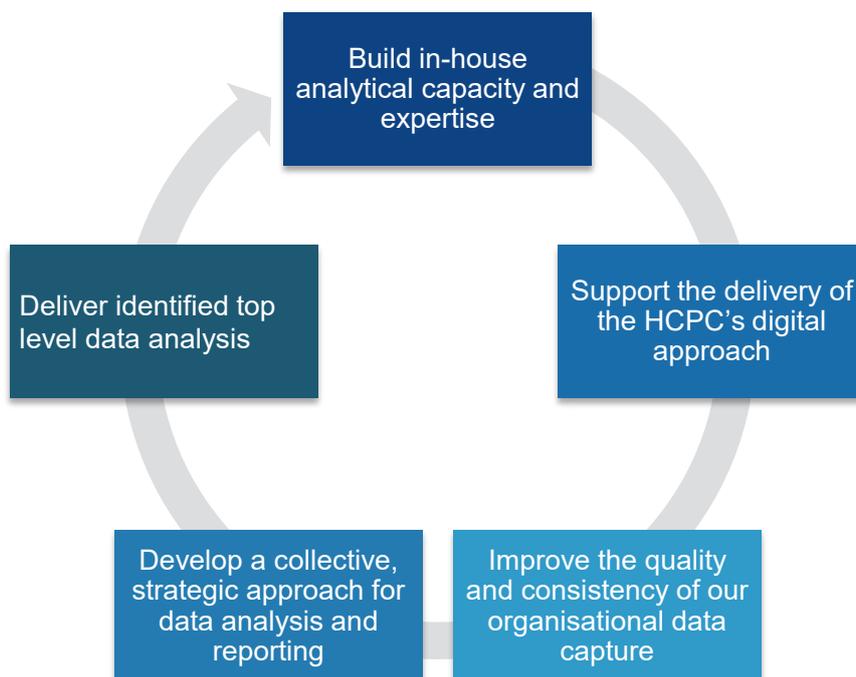
Delivered guidance, supporting materials and led thinking on registrant health & wellbeing, professionalism, and multi-professional regulation

Reviewed the case for the regulation of advanced practice

### Delivery highlights 2021-22

#### Developing our data, analytics and reporting ability

Our Professional Liaison Service was established in 2020 and aims to promote high quality practice. In 2021-22 we established new analytical capability to enable us to carry out in-house data analysis. Creating this capability marks a critical step on our journey towards being a data-led, risk-based regulator. Our first [Insight and Intelligence framework](#) sets our data analysis priorities for the next two years, shown below.



In October 2021, we published our first in-house analytical report, our [Diversity Data Report](#). This presented the findings from our registrant survey held between December 2020 and March 2021. The survey collected data relating to protected characteristics and socio-economic indicators, as well as workplace information to inform our understanding and knowledge of the diversity and experiences of our registrants. The report also provided analysis of employee, partner and Council data to inform our approaches to promote equality, diversity and inclusion internally.

## Delivering leadership in regulatory policy development

Through 2020 and 2021 we conducted a wide-ranging review of regulation of advanced practice. During the course of the review, we carried out both mixed methods and targeted research with input from more than 4,000 stakeholders across the UK.

Our review identified the complexity of the advanced practice landscape. It found a lack of consensus on advanced practice across stakeholders and current practitioners. The review did not find clear evidence of public protection risk in the current status quo nor sufficient evidence to meet the threshold required for a new regulatory framework.

Our [Council agreed](#) that the landscape was not yet ready for regulation at this stage but that the HCPC should monitor developments and review and respond to changes where necessary. Our Council also agreed that the HCPC should work to develop a definition and guiding principles for advanced practice in collaboration with stakeholders.

## Strategic priority 4 - Be visible, engaged and informed



Aim - We regulate, take and communicate decisions which are informed by a deep understanding of the environment within which our registrants, employers and education providers operate.

### Overview of delivery 2021-22

Engaged across the four nations and developed a strategic approach to stakeholder engagement, establishing a quarterly meeting with professional bodies supported by relationship management

Established stakeholder views on our regulatory functions and how we can improve through a stakeholder perceptions survey

Delivered guidance, supporting materials and led thinking on registrant health & wellbeing, professionalism, and multi-professional regulation

Analysed data from our second annual diversity data and published our 2021 Diversity Report, including profession specific fact-sheets

### Delivery highlights 2021-22

#### Developing effective mechanisms to reach all stakeholders

##### *Professional bodies*

In 2021-22 we relaunched our approach to stakeholder engagement and considered how best to engage with the more than 35 professional bodies who represent our registrants across our 15 professions.

We put in place a new stakeholder relationship management approach, with each professional body assigned a HCPC relationship manager. In December 2021, we established a quarterly Professional Body Forum which aims to discuss items of mutual interest and ensure that the HCPC's regulatory approach is informed by views and key issues of relevance to professional bodies and their registrant members.

Our new engagement approach has been positively welcomed by professional bodies and led to a number of areas of joint working in, for example, the development of joint events, speaking engagements and communications. We look forward to continuing to develop and mature our relationships approach over the next period.

Between October and December 2021, we ran a [survey](#) to help us better understand how our stakeholders see us. As the survey is repeated over time, this will allow us to measure progress against the aims of our Corporate Strategy and our performance against our values.

### *Four nation engagement*

We increased our engagement across the four nations in 2021-22. In January 2022, we published a joint letter with the Chief Allied Health Professional and Chief Scientific Officers of England, Northern Ireland, Scotland and Wales, recognising and expressing our thanks for the professionalism and dedication of Allied Health Professionals during the COVID-19 pandemic. The letter reiterated our commitment to continuing to take into account in our approach to regulation the context and environment within which our registrants are working. It also confirmed the shared commitment of the letter's signatories to ensuring the long-term prospects of AHPs in training and confirmed that we are working with the education bodies in the four nations to maintain student education programmes.

### *Examples of dedicated engagement*

Northern Ireland	We attended bi-monthly meetings of the Northern Ireland Joint Regulators' Forum, which is regularly joined by colleagues from the Northern Ireland government
Scotland	We appointed a professional liason consultant based in Scotland to increase our ability to promote high quality professional practice in partnership with employers, registrants and other stakeholders in Scotland
Wales	We presented at the Wales Regulatory Seminar, at which we talked about our data and insights ambitions, how we supported the response to the pandemic

### *Registrants*

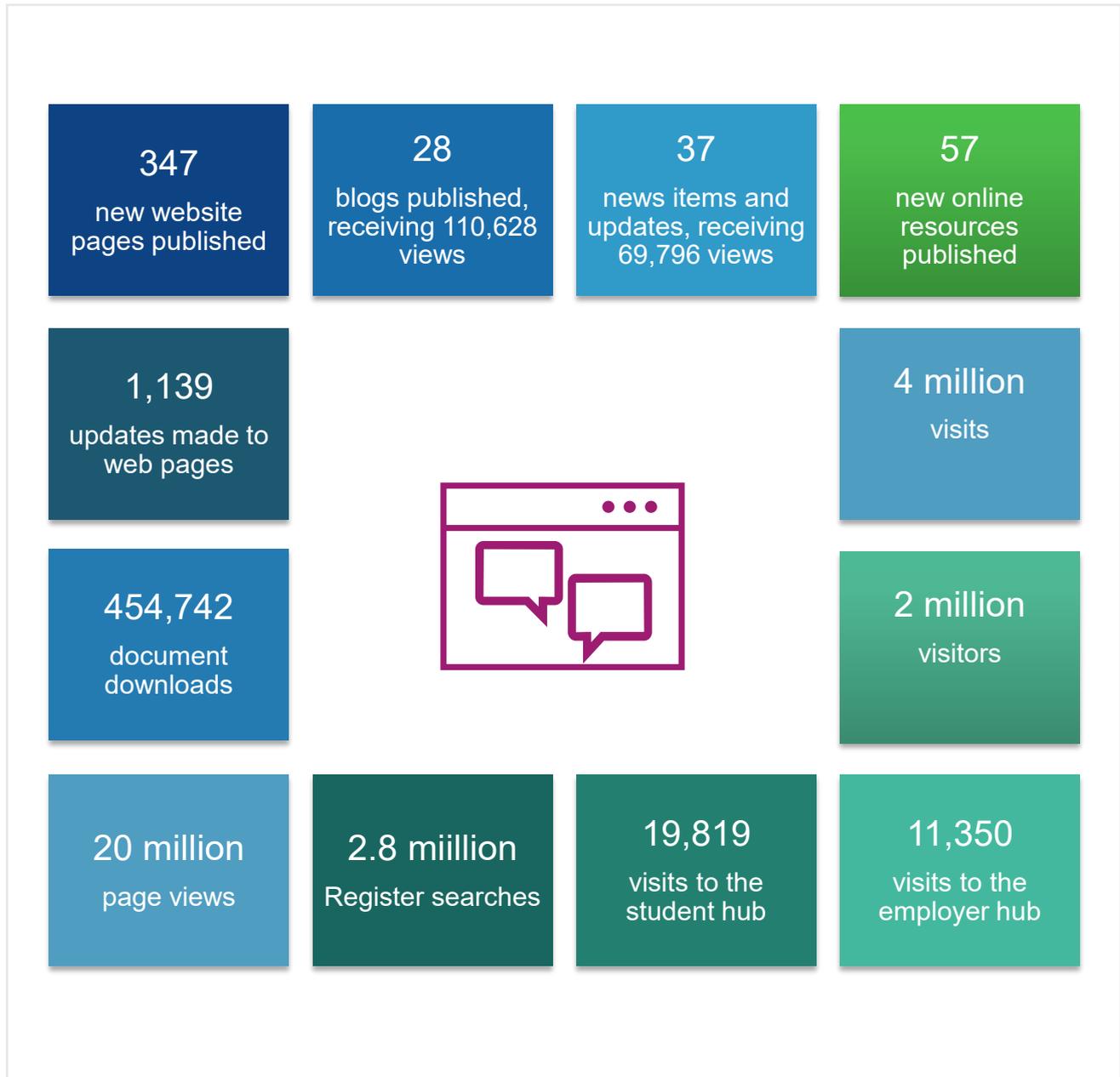
Throughout the year, we have sought to engage with our registrants and showcase their stories and experiences on our website. On Occupational Therapy Day in October, we shared the story of Buchan Jagdev, who described how her role has changed during the pandemic and what motivates her every day. In celebration of South Asian Heritage Month, Mary-Jane wrote about her journey leaving the Philippines to become a HCPC registered physiotherapist.

The HCPC has also regularly sought the views of registrants on operational changes. As part of the commitment in our Corporate Strategy to be a fair, compassionate, inclusive and enterprising regulator, we opened a perceptions survey, inviting registrants to share their views with us. This survey closed in December and has helped influence and shape the service the HCPC provides by informing our Corporate Plan commitments for 2022-23. In August we also launched a consultation and sought our registrants' views on amending our rules around remote FTP hearings.

## Online engagement

We regularly publish online resources such as learning materials, case studies, fact sheets and reports on our data and regulatory performance. In 2021-22 we published 347 new pages and made 1,139 updates across the site. We also published 28 blogs from senior leaders and subject matter experts to promote the work of the HCPC, and support understanding of our standards and important developments.

### Online engagement statistics



## Consultation engagement

During the year, the HCPC responded to a large number of external consultations including the following:

Department of Health and Social Care (DHSC) - consultation on regulation reform and regulating healthcare professionals

DHSC consultation on reviewing regulated professions

Department for Business, Energy & Industrial Strategy consultation on recognition of professional qualifications

DHSC's consultation on a proposed conversion therapy ban

Department of Health Northern Ireland's consultation on draft policy proposals on duty of candour

DHSC's consultation on the proposals for introducing mandatory covid vaccination for healthcare professionals

Government of Jersey's consultation on assisted dying

Health Education England (HEE) consultation on standards for the non-regulated foot health workforce

HEE consultation on framework 15

HEE consultation on their credential approval and assurance process

Driver and Vehicle Licensing Agency consultation on potential changes to driving license legislation

Royal Pharmaceutical Society's (RPS) consultation on reforms to the competency framework for prescribers

General Pharmaceutical Council (GPhC) consultation on managing concerns about pharmacy professionals

General Medical Council (GMC) consultation on their good medical practice review

Professional Standard Authority (PSA) consultation on performance reviews

PSA consultation on the proposed fee increase

## Strengthening our organisational approach to Equality, Diversity and Inclusion



*EDI provides the opportunity to grow as a person and as a professional. Our world is diverse and there's a lot to share and enjoy together, so it is important to me that we make every effort to be welcoming to others and build stronger communities.*

**Mary-Jane Dioso, registered physiotherapist**



In March 2021, our Council approved the HCPC's first [EDI Strategy](#). This set an ambitious range of strategic objectives across all of the HCPC's activities, both as an employer and a regulator. It also outlined our vision to be an anti-discriminatory organisation that upholds and promotes best practice in equality, diversity and inclusion and is an ally for positive change.

In 2021-22, we focused on analysing registrant EDI data and improving our data collection which enabled us to publish our first EDI data profession-specific factsheets. These provide stakeholders with valuable information about the profile of each of our professions to support effective action to be taken to identify challenges and promote diversity within each profession.

We also launched our EDI monitoring form, integrated into the HCPC's online registration portal. Every registrant is now encouraged to share their EDI information directly with the HCPC at every renewal window. Of professions renewing at the end of the year, over 60% were choosing to share their information. For some professions this has since increased to over 80%.

To support our employees, we launched 'Beyond Barriers', our internal mentoring scheme focused on providing individuals from groups underrepresented in the HCPC's senior roles with the opportunity to develop their personal skills supported by trained mentors from across the organisation.

The HCPC's regular EDI forum is attended by a range of stakeholders, including registrants and representative bodies who are interested in supporting and challenging our EDI work.



*I joined the HCPC EDI Forum to ensure I can "be a voice, not an echo", share my experiences and actively be part of change. It was powerful to hear others going through the same thing and working collaboratively to make things better for the future.*

**Nusrat Kauser, registered dietitian**



## EDI Forum 2021-2022

Consulted on revisions to our Standards of proficiency

Informed the development of our Joining the UK Workforce events

Reviewed plans for our 'Beyond Barriers' mentoring programme

Reviewed the HCPC's ethnicity and gender pay gap reports

Consulted on the development of our EDI action plan

Discussed the EDI impacts of mandatory vaccination

Fundamental to our EDI leadership role is ensuring that we are visible in promoting EDI as a key priority. Our social media content has wide reach and engagement. In 2021-22 our approximately 60+ EDI-focused social media posts and blogs from registrants covered topics including South Asian Heritage Month, Black History Month, UK Disability History Month, LGBTQ+ History Month, International Women's and Men's Days, and a range of religious festivals including Eid, Diwali and Hanukkah. Combined reach for these outputs was over 4,000 engagements and almost 350,000 total impressions.

## Strategic priority 5 - Build a resilient, healthy, capable and sustainable organisation



Aim - Employees feel valued and supported, and fully able to contribute. The organisation is resilient and able to quickly adapt to changes in the external environment.

### Overview of delivery 2021-22

Launched our first People Strategy, setting out how we will support and develop our people

Developed a new Behaviours Framework for all staff and Council members bringing alive our commitment to our four values

Delivered a programme of 'becoming a compassionate regulator' workshops with all employees taking part

Reviewed our HR Policies and Integrated our organisational behaviours and values into our performance management system

Implemented our Medium-Term Financial Strategy incorporating an efficiency action plan

### Delivery highlights 2021-22

#### Establishing the culture we need

This year the HCPC has undertaken significant work to establish a new working culture. A key step was achieved in 2021-22 with the launch of our first People Strategy. The five-year Strategy sets out the HCPC's vision for the development of its employees, both at an individual and organisational level, and seeks to ensure that the HCPC is an organisation where employees feel that they belong and are valued.

### People strategy themes

**Strategic workforce planning** - forward thinking workforce planning enables us to stay ahead and helps us make best use of people and skills

**High performing, capable and skilled organisation** - a refreshed performance management framework that sets clear, fair expectations. Data informs decisions and aids delivery

**Compassionate, inclusive and effective leadership at all levels** - highly visible, capable, positive, confident and enthusiastic leaders, who exemplify our culture, promote equality and role model our behaviours and values

**Develop and embed an organisational culture where morale is high** - people are proud to work here and feel valued, supported and recognised. They feel free to speak and enjoy coming to work

To support the culture we need, our employees worked together to formulate the HCPC's Behavioural Standards Framework, a set of behaviours we expect of each other as colleagues. The Framework sets out our principal responsibilities within each of our four values: Fair, Compassionate, Inclusive and Enterprising.

We also established an Employee EDI Forum, which has led to employees reporting increased engagement and support in EDI initiatives, and increased participation in EDI activities such as staff events on menopause and LGBTQ+ issues.

### Pursuing our Digital Transformation Strategy and building our Change Management capability

Our [Digital Transformation Strategy](#), which was approved by the Council in September 2020, sets out our vision to be the UK's leading healthcare regulator for the effective use of digital technology to support our development as an agile, efficient organisation.

Much of the focus of work on the strategy in 2021-22 has been on improving the IT systems that support our main regulatory functions. We implemented user experience improvements to our registration system, which included the launch of online registration capability. We replaced our FTP Case Management System with a modern platform and launched a new education interface to support our new quality assurance model.

We have created a small Business Change Team to oversee a corporate framework for planning and delivering change projects within our corporate strategy, to optimise benefits and ensure that change is carefully managed and controlled.

We took steps to strengthen our financial management as part of the wider corporate plan, bringing in new permanent leadership and setting out a series of actions to improve financial controls and reporting. A number of legacy issues associated with financial systems, processes and capacity were successfully addressed as the year progressed.

## Strategic priority 6 - Promote the value of regulation



Aim - The public, registrants, students and employers understand the value and importance of regulated health and care professionals.

### Overview of delivery 2021-22

Engaged with stakeholders on the provision of mental health support, including guidance relating to suicidal ideation

Embedded our registrant experiences research into employee learning and development and inductions

Extensive engagement with the DHSC's programme of regulatory reform, both with DHSC and our wider stakeholders, to help shape emerging legislation

Developed our messages and dedicated engagement to the Future of Health and Care White Paper and anticipated Health and Care Bill, including responding to the Health & Social Care Select Committee inquiry

### Delivery highlights 2021-22

#### Delivering year one of our registrant health and wellbeing strategy

Recognising that FTP regulatory processes can be challenging for those involved, our [Registrant Health and Wellbeing Strategy](#) and Action Plan (2021-2024) set out our commitment and the practical steps we will take to embed a human approach to regulation, led with kindness and compassion.

In year 1, we have committed to embedding the findings of the research into all employee learning and development and improving our stakeholders' understanding of regulation and our regulatory functions.

In 2021-22 all HCPC employees attended 'Becoming a compassionate regulator' workshops. The aim of the workshops was to provide an opportunity to discuss our new behavioural standards (see People Strategy above) and to consider how to embed them to improve registrant experience and our interactions with one another. Workshops focused on our compassionate value and embedding this into our ways of working and behaviours.

In August 2021, we published new Guidance on Health and Character, supported by a range of case studies and [resources](#) to support those who may need to declare a health condition. This

aimed to provide a clearer position in relation to Health and Character declarations and provide for an approach that supports effective management of mental and physical health, as well as using more disability-inclusive language.

In September 2021, we developed a specific [statement](#) on suicide ideation in September 2021, encouraging registrants to seek help. While this statement applies across all our professions, it was developed in light of particular concerns about suicide risk and mental health within the paramedic profession. We worked closely with the Association of Ambulance Chief Executives and College of Paramedics in developing this statement.

### Preparing for regulatory reform

We have continued our work on regulatory reform throughout the year to pave the way for a more agile regulatory framework that will allow us to better meet the needs of the public, our registrants and stakeholders. Two major pieces of legislation of importance to the HCPC passed through Parliament this year.

In May, the Professional Qualifications Bill was introduced in the House of Lords. As initially drafted, the Bill would have had the effect of reducing, or removing, our autonomy to decide whether applications from prospective registrants meet our Standards and current registration requirements. We engaged with several peers to discuss the Bill and its implications for professional healthcare regulators, and as the Bill passed through its legislative stages, we continued to engage with government departments, in particular the Department for Business, Energy and Industrial Strategy and the Department of Health and Social Care. The government acknowledged our concerns and introduced amendments to the Bill that rectified the issue of regulator autonomy.

The Health and Care Bill heralded major changes to the structure and operation of the NHS and care system and included provisions on professional regulation in health and care. The HCPC met with a number of MPs and Peers from across the political parties, and counterparts in the devolved nations, to discuss the HCPC's position on the Bill and regulatory reform more broadly. These meetings were all positive and were a good opportunity to set out the HCPC's thinking on reform of professional healthcare regulation.

Ahead of the Committee Stage of the Bill in September, we met with members of the House of Commons Health and Care Bill Committee. We highlighted the HCPC's key points on regulatory reform and encouraged the MPs to seek assurance that the Government would consult with professional regulators before utilising powers within the Bill. We also submitted written evidence to the Health and Care Bill Committee and were the only professional healthcare regulator to do so.

We are in the early stages of our regulatory reform journey and are ensuring that we are prepared for the next steps. We envisage that the next year will see our work in this area continue, as we consider detailed impacts across our regulatory functions. For more information please see our External Factors section which explores the impact of regulatory reform.

## Corporate plan commitments we did not deliver

As reported earlier in this section 44 of our 52, or 85%, corporate plan commitments were delivered in 2021-22. Eight workstreams, or 15%, were not.

When we set out the first Corporate Plan of our new Strategy, we were aware that our commitments were ambitious. Delivery progress was tracked through 2021-22 at regular intervals and decisions were made on prioritisation in response to demand.

Four of the eight workstreams were part of our plans to improve our data analysis capabilities. These workstreams could not go ahead due to unfilled specialist role vacancies, as well as the plans changing due to the development of our understanding of what we needed and how this could be achieved as part of a sustainable and affordable approach.

While a major IT project to create a data platform was not undertaken, instead we began to incrementally build our in-house data analysis capacity and capability, which has provided a good foundation for future years. As set out in more detail later in the Look Ahead section of this report, the Programme for Data Excellence is a key commitment in our 2022-23 Corporate Plan.

The remaining four workstreams that were not delivered will be delivered as part of our 2022-23 Corporate Plan commitments.

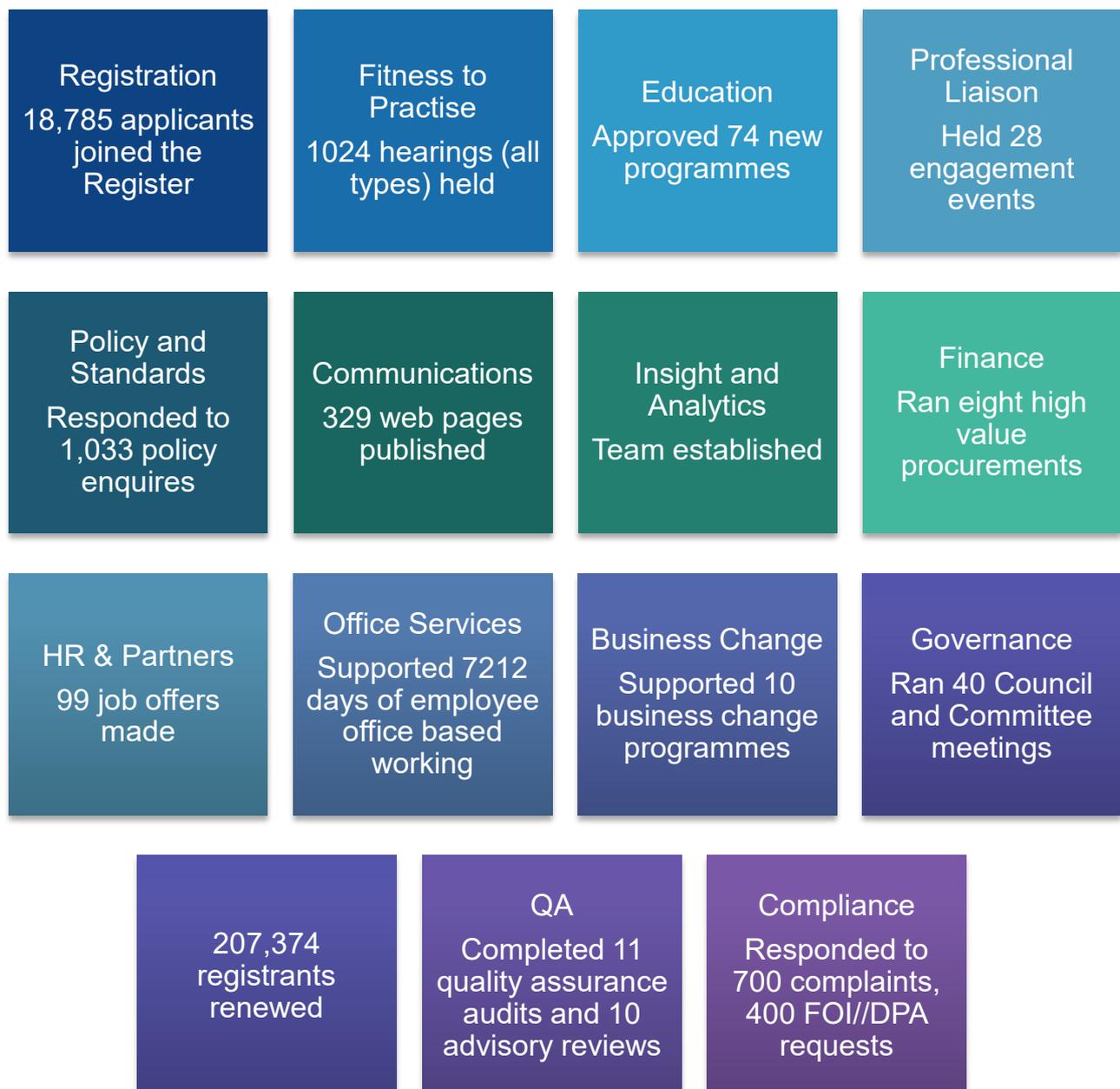
## Operational performance

Our strategic delivery for 2021-22 should be seen in the context of our essential regulatory business as usual delivery and the external demands we needed to meet. While strategic development work builds the foundations for our future, our everyday here and now operational work delivers our essential public protection remit, either on the frontline in our regulatory areas, or enabling delivery in our resources teams.

2021-22 was another extraordinary year with COVID-19 restrictions still in place for part. This added an extra challenge to our operation as an organisation.

We also saw an increase in work volumes. We had anticipated receiving 15,700 registration applications in 2021-22, but by the end of 2021-22 we had received approximately 19,000. This increase is attributable to a significant rise in international registration applications which required considerable resource to address.

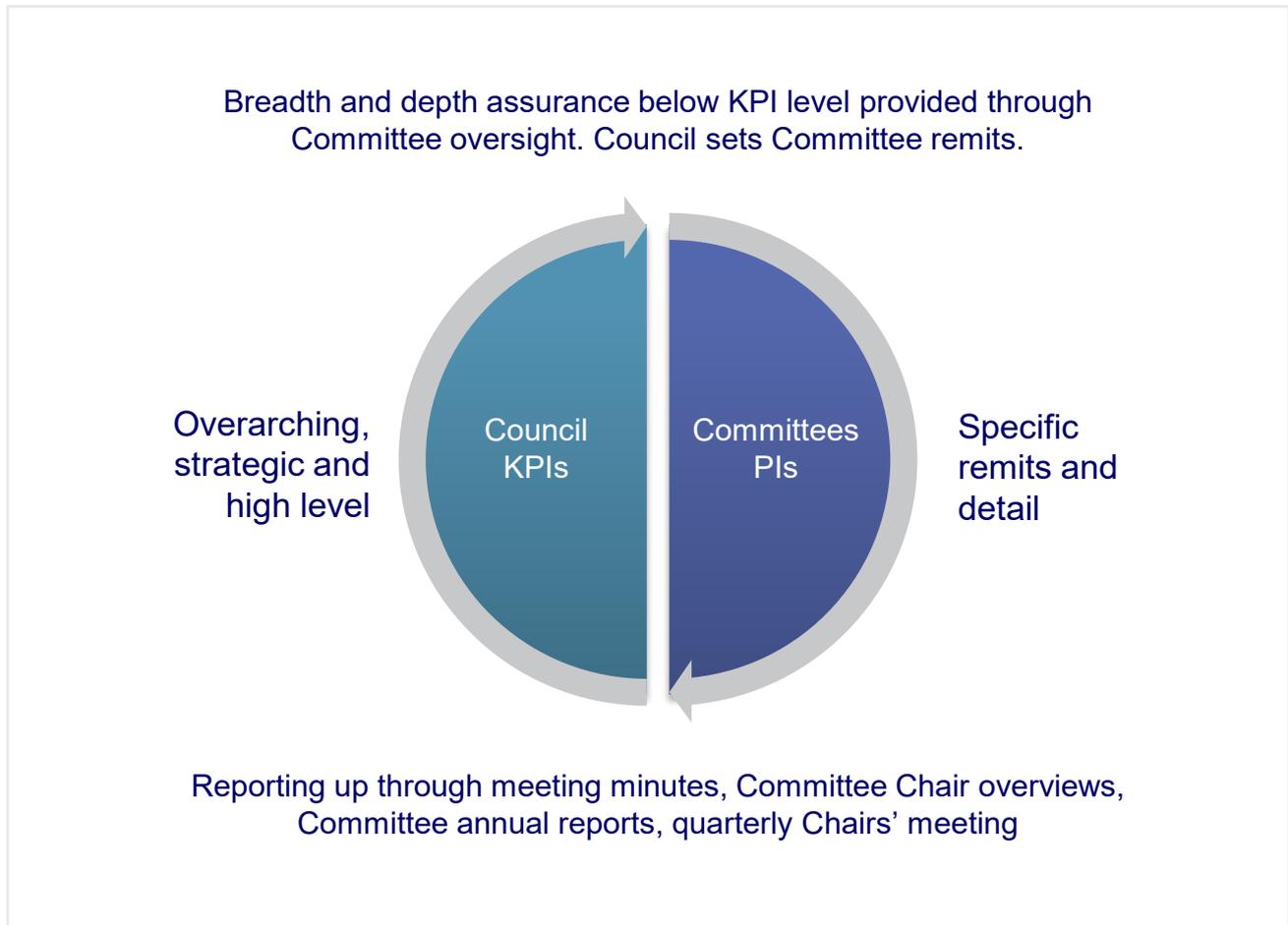
The figures below illustrate the volume of our day-to-day operations in 2021-22.



## Key Performance Indicators

During 2021-22 our Council received regular performance reporting against agreed Key Performance Indicators (KPIs) spanning the HCPC's operations. KPI data and narrative is included in the Chief Executive's Report on Organisational Performance on a quarterly basis and can be read on our website here.

The HCPC has many more Performance Indicators (PIs) than KPIs. This section focuses on the measures that are key for our Council to consider, taking into account the assurance the Committees seek on its behalf.



Our Council KPIs in 2021-22 were aligned to our strategic aims and our core regulatory purpose as follows:

	KPI definition	2021-22 Analysis
<b>Strategic priority 1 - Continuously improve and innovate</b>		
FTP Improvement	% of completed FTP Improvement Projects This overarching metric provides Council with a snapshot of progress of the FTP Improvement Programme. FTP KPIs are reported within a stand-alone FTP Improvement report.	100% of the 16 projects within the improvement programme were completed during 2021-22. Since November 2021 we will continue to report to Council on the impact of the improvement work on our performance.
Education Approvals	These measures provide Council with assurance on the timeliness of the Education approval process.	On average, the whole approval process was completed within the target of 6 months
Customer service	Number of complaints and % upheld. This provides insight into potential customer service and performance issues.	Over 2021-22 the monthly average of complaints received was between 50 and 60. On average 52% of complaints were determined to be due to, or partly due to, the fault of the HCPC. The majority of complaints related to registration responsiveness as noted below.
<b>Strategic priority 4 - Be visible, engaged and informed</b>		
Registration responsiveness	This provides Council with a view of the customer service received by registrants. Target - respond to 95% of emails, telephone calls and postal correspondence within service standards.	Registration responsiveness issues caused by increased application volumes resulted in this KPI being out of range for the majority of 2021-22. Remedial actions are set out in our performance analysis section earlier in this report.
<b>Strategic priority 2 - Promote high quality professional practice Strategic priority 3 - Develop insight and exert influence</b>		
Professional practice and insight	% of registrants saying their practice would change as a result of a professional liaison learning event. This measure focuses on outcomes which highlight the impact of our engagement. Target - 50%	We met or exceeded our target for 10/12 months in 2021-22. With the highest result being 100% and the lowest being 47%. In 2022-23 we are increasing our target to 60%.

### Strategic priority 5 - Build a resilient, healthy, capable and sustainable organisation

Performance against budgeted operating expenditure	Indicates the grip and control in place and accuracy of forecasting. Measure will be the full-year forecast variance against the full-year budget moving from YTD. Target less than 2.5% variation.	We were within target range for 9 out of 12 months of the year. Our outturn position vs the year-end improved due to additional international scrutiny income, and some underspends relating mainly to timing issues in FTP and IT.
Availability of core IT systems	Given the reliance of our core functions on IT systems, this measure indicates the reliability of the IT infrastructure. Target: >99.5%	This target was consistently met through 2021-22.
Number of known successful IT network breaches	This measure gives an indication of the security of our IT infrastructure. All data protection breaches are reported into ARAC.	Our target of 0 network breaches was met consistently through 2021-22.
Voluntary staff turnover	This provides an indicator that could point to cultural issues. Target: <15%	While we did not meet our target in 2021-22, when compared to 2020-21 there was a reduction in turnover from 26% to 23% on a quarterly average basis. Given the competitive jobs market this indicates that our work to improve retention has delivered some results though a large amount remains to be done as part of our People Strategy.
Average number of days lost to sickness	This provides an indicator that could point to cultural issues.	We saw a general steady decline in the number of days lost to sickness per employee. When compared to 2020-21, this was particularly notable during the winter months (when absence is generally highest).

# Professional Standards Authority

## performance review 2021-22

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The Professional Standards Authority's (PSA) Review of HCPC's performance in the period January 2021 to March 2022 was published in June 2022. HCPC met 13 of the 18 standards. We did not meet four FTP standards and one registration standard.

We were pleased to have achieved the EDI Standard. This was the first time a professional health regulator had moved from not meeting this standard to meeting it since it was introduced in 2019. The HCPC therefore met all five General Standards, as well as maintaining all four Standards relating to Education and Training and Standards and Guidance.

In its report the PSA recognised the significant progress we had made to transform our way of working and champion high-quality practice. The PSA highlighted our improved engagement with professional bodies, and positive feedback from stakeholders on our willingness to engage, collaborate, and be open to feedback.

We met three out of the four registration standards. We were disappointed not to have met all four standards, which was a result of the significant increase in international applications and impact this had on our ability to process these to our service standards as noted earlier in this report. Over the last year we have taken important steps to enhance our registration process and in its report, the PSA acknowledged the significant improvements to processing time that we have already made. From January 2021 to March 2022, we added over 21,000 professionals to our Register, helping the NHS and wider health and care system to provide safer, high quality care to more patients.

As in our last review, we did not meet four FTP standards. With our agreement, the PSA did not undertake an audit of the FTP Standards during this performance review period due to the need for improvements to embed and show through the lifecycle of a case.

We are listening carefully to the feedback from stakeholders on the FTP Improvement Board including the DHSC and PSA. This work has progressed well, and the PSA's report recognises our focus on the right initiatives, and the strong improvement in our decision making in FTP cases. The measures we have taken have significantly increased the quality and efficiency of our risk assessments. We have also not seen a delay in case progression as a result of this period of wide ranging improvement work. In fact, we have seen some improvements in the length of time taken to conclude cases at final hearing.

We acknowledge that there remains more to do, and we are determined to meet all of the PSA's standards. We are confident that we will be able to demonstrate further improvements when the PSA carries out its next performance review.

## Financial performance review

### Delivering efficiency and value

The HCPC aims to deliver value for all stakeholders and the public purse. In 2020-21, for the first time since 2015, we consulted on increasing our fees for registrants from £8.12 to £98.12. Given the context of the COVID-19 pandemic, we delayed the increase originally planned for 2020 to July 2021 and halved the increase from the original proposal. We also kept the 50% discount graduate applicants receive during their first two years of registration. Additionally, we invested in activities so that we can deliver efficiency savings in the medium term. These changes meant that we were obliged to set a deficit budget for the year.

### Key operating and financial statistics and financial commentary

The tables below show the key operating and financial information for 2021-22 and 2020-21. These statistics, are reported to Council at each meeting. Council meeting papers are available on the HCPC website at [www.hcpc-uk.org/aboutus/council/councilmeetings](http://www.hcpc-uk.org/aboutus/council/councilmeetings)

<b>Income and expenditure summary</b>	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Registrants' fee income</b>	<b>30,286</b>	<b>27,162</b>
Payroll costs	(13,063)	(12,247)
Non-payroll costs	(18,035)	(15,443)
Depreciation and Amortisation	(1,147)	(816)
Business transformation costs	(535)	(500)
<b>Total operating expenditure</b>	<b>(32,780)</b>	<b>(29,007)</b>
<b>Operating (deficit)</b>	<b>(2,494)</b>	<b>(1,845)</b>
Other income, including grant income, net of tax	869	512
Impairment (loss)	(62)	0
<b>Deficit</b>	<b>(1,687)</b>	<b>(1,333)</b>
Revaluation gains/(losses)	(186)	238
<b>Total recognised gains / (deficit)</b>	<b>(1,873)</b>	<b>(1,095)</b>

In 2021–22, our fee income increased by £3.12m or 11.5% on the previous year. This was mainly due to the higher scrutiny fees generated from the increase in international applications received, and to a lesser degree the impact of the phasing in of the fee increase from July 2021.

Operating expenditure increased by £5.77m in 2021-22, predominantly as a result of increased costs associated with the scrutiny of increased levels of international applications. This increase in activity generated higher international assessors fees, additional temporary staff costs and professional fees.

The full year impact of the capital investment that was made in 2020-21 in the Registration and Fitness to Practise systems resulted in an increase in software amortisation costs in 2021-22.

Our operating deficit has increased by £0.65m (35.2%). This includes the impact of the increase in the amortisation costs of the transformation of the HCPC systems above. The overall retained deficit was £1.69m. The deficit is manageable in the context of our reserves position, although it remains important for HCPC to ensure its financial sustainability over the longer term.

Statement of financial position (summary)	2021–22	2020–21
	£'000	£'000
Property, plant and equipment	6,616	6,487
Intangible assets	3,649	4,105
Cash and deposits	11,845	7,243
Deferred income	(38,009)	(18,561)
Other working capital, net	17,564	4,482
Liabilities greater than one year	(142)	(360)
<b>Total reserves</b>	<b>1,523</b>	<b>3,396</b>
	£	£
<b>Total reserves per registrant</b>	<b>5.12</b>	<b>11.85</b>

## Freehold valuation

The value of our total fixed assets is £10.3m (2021, £10.6m), of which £6.2m is our freehold offices in Kennington, London. We carry our land and buildings on our balance sheet at valuation, being the fair value at the balance sheet date. This year the value of the building has decreased by £186k.

## Cash flow

As a result of the requirement for registrants to pay their fees in advance, we hold relatively large cash balances. The aggregate of cash at bank and short-term deposits at 31 March 2022 was £11.8m (2021, £7.2m). These are not surpluses or profits; the element of fees received in advance is reflected in the deferred income balance of £38.0m (2021, £18.6m), and fee income is recognised evenly throughout the renewal cycle.

## Reserves

Our total accumulated reserves are £1.5m at 31 March 2022 (2021, £3.4m), which represents approximately £5.12 per registrant or 0.6 months of fees. The decrease in total reserves and free reserves is the consequence of our deficit for the year as we have been using reserves to invest in activities to improve our performance. Our reserves policy is set out below.

### Reserves policy

The HCPC has to meet its costs out of our income from registrants' fees. Our three-year budgeting and planning process, and periodic fee reviews, are undertaken with the aim of managing our finances on a sustainable basis, to conduct our business in an orderly fashion and take into account commitments and potential risks.

Our reserves policy is based on the objective of balancing the need to invest to ensure sustainability, while maintaining working capital through pre-paid registrant fees.

As a result of the pre-paid registrant's fees, the HCPC operates with a significant cash balance which ensures that we have sufficient working capital. If the Net Assets less Intangible Assets (the Realisable Net Assets) are positive, then if the HCPC were to encounter a situation where it would need to cease operating, it would be able to do so in an orderly fashion.

As of March 2022, HCPC has negative Realisable Net Assets (total reserves (net assets) less intangible assets). Due to the need to invest in order to deliver improvements and efficiencies in the medium term and the delay in implementing fee increases due to COVID-19, the HCPC will continue, in the short term, to have negative Realisable Net Assets. The ambition is to return to positive Realisable Net Assets as soon as possible as part of our medium-term financial sustainability planning. This will require us to increase our registration fees coupled with ongoing efficiency savings.

### Investment policy

Our investment policy was approved in September 2021. The policy provides the framework for the management of funds that are surplus to immediate requirements. The objectives of the policy, in order of priority, are to:

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

Surplus funds may be invested in sterling bank deposits with terms of up to 24 months in UK registered banks that have 'investment grade' long term credit ratings from both Standard and Poor's and Moody's.

### Going concern

The HCPC is established in statute, and it would require an Act of Parliament to dissolve or abolish the organisation. The annual fees paid by registrants joining the Register or renewing their registration increased by £8.12 to £98.12 per annum on the 1st July 2021. The implementation of the fee increase was delayed as part of the HCPC supporting registrants during the pandemic.

As a result of the pandemic, demand for many professions that the HCPC regulate has increased. Given the level of demand, we are seeing an increase to the number of registrants and as such, along with the fee increase, the fee income we receive has increased, which makes a contribution to covering the associated costs of this increased demand.

The HCPC continues to make investments that will deliver service improvements and enable cost reductions where appropriate. Council will continue to ensure that investments and operational financial commitments are affordable within the HCPC's income over the medium, including by reviewing our funding base.

We continue to make efficiencies, including giving up a lease on an office which accommodated our old tribunals suite, which released efficiency savings for reinvestments in service improvements.

Given the HCPC's regulatory role is established in statute, its ability to increase fees, significant cash balance, effective management of its financial operations and implementation of long-term financial suitability measures, there is no reason to believe the HCPC will not remain a going concern for the foreseeable future.

### Other matters

The UK Government sanctions in response to Russia's invasion of Ukraine have not had a direct financial impact on HCPC, nor are they expected to post 31 March 2022.

The HCPC is monitoring the status of a legal case relating to the employment status of NMC partners. It is not possible at this stage to determine with sufficient certainty any potential impacts on the HCPC.

At 31 March 2022, the HCPC had no contingent liabilities (2021 - £4.6m).

# External factors

## COVID-19 learning

In our 2020-21 Annual Report, we highlighted some of the work we undertook to respond to the pandemic. On the following pages we look again through a learning lens at our response to the pandemic to date.

### The essential role of our professions

During the pandemic our registrants bravely and selflessly rose to the challenge, demonstrating flexibility and innovation to continue to provide their services and protect the public. Many HCPC professionals have had to adapt their ways of working, with some of them learning new skills and joining new teams.

An example of this was the key role registrants played in the national vaccination roll-out. The HCPC successfully engaged government and key stakeholders to extend the invitation to register for vaccine administration to our professionals holding prescribing rights, enabling many of our registrants to further assist in the national fight against COVID-19.

In light of the ongoing impacts of the pandemic, in January 2022, we published a joint letter with the Chief Allied Health Professional and Chief Scientific Officers Officers of England, Northern Ireland, Scotland and Wales, recognising the professionalism and dedication of AHPs during the pandemic. The letter reiterated our commitment to continue to take into account the context and environment within which our registrants are currently working. It also confirmed the shared commitment of the letter's signatories to ensuring the long-term prospects of AHPs in training and that we are working with the education bodies in the four nations to maintain a normal service, as far as possible, for student education programmes.

### Key learning

#### Our professions

- The pandemic response brought into sharp focus the essential role of our professions in enabling the NHS to be at its best as a societal unifier through universal care.
- The transferable skills and knowledge of our registrants, supported by the common standards of multi-profession regulation which are at the heart of our registrant's practice, enabled quick adaptations to practice to protect the public against gaps in service provision and the national vaccination roll out.
- Service innovations grew out of challenging circumstances. In a survey by the Royal College of Occupational Therapists, 63% of participants said the pandemic had led to positive changes that they would like to see continued.



*In the past couple of weeks, the ward and work has been stressful and at times quite overwhelming, however we manage to get through it because at the end of the day our patient is our main priority and we are ensuring that they are set up safely and with their best interests at heart.*



*My words of advice to any healthcare professional right now would be that every profession is important in its own right, but without one another we would all be helpless.*

**Buchan Jagdev, registered occupational therapist**

## Guidance and support for registrants and students

### Support for registrants

One of our early key considerations was how to communicate essential advice to registrants, as our priority was to keep them informed and supported. Initially much of this information was government guidance and advice, yet this developed as time went on to include support on health and wellbeing, and advice on how to apply the HCPC standards during the pandemic.

In developing the guidance, one of the challenges was how to support registrants through the difficult times, whilst also ensuring standards were met and the public were adequately protected. This included advice on infection prevention control, communicating effectively, and both adapting and scope of practice with many registrants being asked to work in new roles.

We created a dedicated set of resources on our website to support registrants, including information sheets on applying each of the Standards of conduct, performance and ethics during the pandemic, promoted through our social media channels.

Supporting the health and wellbeing of registrants has been a primary focus for the HCPC. A particular piece of communications work which received very positive feedback was the 'My Covid Stories' involving interviews with registrants on the front line. The HCPC considered that telling the stories of their registrants was a powerful communication tool, assisting in promoting the advice on meeting the standards.

We also sought to assist registrants more directly. As an example of this, we followed up on a story of a paramedic who had been evicted by his landlady due to fears of COVID-19 infection and wrote to the Secretary of State to highlight the issue.

### Vaccination delivery

Throughout the pandemic, we have worked hard to ensure registrants are clear on their responsibilities in relation to vaccination. Since the start of the vaccine roll-out, the HCPC has strongly encouraged all our registrants to take up the vaccine, if they are able to do so.

During the government's consideration of introducing mandatory vaccination for health workers, we ensured registrants remained clear on our position throughout, and in February 2022 we updated our guidance and published a [statement](#) outlining the current position.

## Key learning

### Guidance and support for registrants

- The need for rapid engagement and co-production with professional bodies to support registrants has enhanced collaborative working and increased engagement.
- The development of 'My Covid Stories' enabled us to better relate to and engage with our registrants and aided our understanding of the experiences of those on the front line.

## Temporary registration

In response to the COVID-19 pandemic, the HCPC worked with the UK Government and the Higher Education sector to create two temporary registers, one for former registrants and one for final year students on our approved programmes. In total, 27,557 individuals were added to our temporary register to help manage the emergency response to the pandemic.

Throughout 2021-22, we have continued to maintain the temporary register for former registrants. However, the student register closed in September 2020 with the agreement of the sector, given the strong consensus within the sector that student progression needed to be prioritised to ensure there were no delays to students entering the full register and the permanent workforce.

We are encouraging temporary registrants to consider returning to their professions permanently.

### Key learning

#### Temporary registration

- Our COVID-19 temporary register was a vital mechanism to support the rapid deployment of additional Allied Health Professionals, healthcare scientists and psychologists over the course of the pandemic.
- Established to help the national response, the Student register was closed earlier in the pandemic in September 2020.
- Additionally, education providers faced challenges in securing placement learning for their students considering the reconfiguration of services to manage the pandemic. We will monitor our education providers response to this challenge to ensure the next generation of professionals enter the workforce without disadvantage.

## Regulatory operations

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

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

We are committed to embedding the lessons learnt and best practice from the pandemic in our work going forward. As an example, in August 2021, we launched a public consultation, exploring the possibility of continuing to make use of remote hearings when emergency COVID-19 legislation comes to an end in September 2022.

During the pandemic we did not receive any significant number of COVID-19-related FTP concerns. Of the small number we did receive these related to registrant's use of social media and breaching lockdown rules or local guidance and procedure.

### Key learning

#### Guidance and support for registrants

- While the regulatory sector can be seen as risk averse and regulatory transformation is challenging due to outdated legislation, we seized the opportunity to try new regulatory approaches when emergency powers were granted. In this we demonstrated that regulation can be agile when underpinned by enabling legislation.
- Rapid changes to healthcare delivery and our registrants' scope of practice did not lead to FTP concerns being raised with us as their regulator.

## Organisational impacts

We are proud of how our employees adapted to the various phases of the pandemic and changing restrictions, demonstrating continued resilience and adaptability. The lockdown period has showed us we are capable of quick and significant change. Of note was our ability to continue to deliver strategic improvement alongside our emergency COVID-19 response. We were successful in the delivery of our Corporate Plan, completing 85% of our development commitments during the pandemic period.

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

Remote working accelerated our organisational focus on employee wellbeing and culture, as we were mindful that our culture would be impacted without additional action, this resulted in an enhanced wellbeing offering to our employees being a key feature of our new People Strategy.

Reflecting on our experiences we established the following principles for the future of how we will work.

### Financial impact

Covid had financial impacts across all sectors of society and the HCPC faced its own challenges posed by the pandemic. While working remotely,

we have made savings on travel costs but we have incurred additional costs to increase capacity of our IT servers and to ensure our office was compliant with Covid measures in the periods of restrictions. Savings on travel realised through remote hearings, have been largely offset by remote hearings taking longer on average.

Recognising the extraordinary pressures faced by our registrants in responding to the emergency, our Council postponed the implementation of an agreed fee increase. The delay of the fee rise increases the financial challenges faced by the HCPC in the medium to longer term. Adding to this, the pandemic has also impacted the property market. Our major asset is the freehold of our offices whose value has decreased this year.

## Key learning

### Organisational impact

- The lockdown period has showed us we are capable of quick and significant change.
- Our people demonstrated resilience and adaptability without which we could not have supported our professions.
- Remote working accelerated our organisational focus on employee wellbeing and culture.
- The delay to our fee increase during the pandemic period has contributed to our medium to long term financial challenges and will require action as we emerge out of the pandemic.

## Further learning

Further information on how UK health professions regulation adapted to the pandemic to continue to deliver public protection can be found in the [PSA's April 2021 lessons learnt review](#), which includes a number of case studies focused on the HCPC's response.

We will continue to contribute to seeking learning from the pandemic and we will provide evidence to governments' COVID-19 inquiries.

## Regulatory reform

Regulatory reform is a far-reaching programme of work to modernise and improve the legislative framework across all professional healthcare regulators. It will have a significant, organisation-wide impact on the way the HCPC operates in the future.

We welcomed the Department for Health and Social Care's (DHSC) consultation on policy proposals to reform the legislative frameworks for all health and care regulators in June 2021. The intention of the reforms is to provide regulators with greater autonomy and flexibility in day-to-day operations, balanced with increased accountability and transparency.

These reforms will enable us to build on improvements already underway in fitness to practise, allowing us to adopt less adversarial approaches and, where appropriate, resolve cases at an earlier stage.

DHSC is now in the process of drafting legislation for the GMC (the first regulator whose legislation is being reviewed). This legislation will act as a blueprint for other regulators and we have been engaging closely with DHSC as this work progresses.

Confirmation of the timeframe for the transformation of the HCPC's regulatory framework is expected in the 2022-23 financial year. At the current time, the resources that we have allocated to regulatory reform are sufficient to allow us to work with the DHSC as they continue their work on the GMC's legislation.

As we enter into the next stage of this work, we will need to significantly scale-up our resources to ensure that we can effectively deliver the organisational change and benefits for our stakeholders that will follow. This will mean we may need to deprioritise other areas of development work and our strategic delivery commitments may need to be revisited.

We are clear that regulatory reform has the potential to bring real benefits to patients and service users. We look forward to continuing to work closely with the DHSC on reforming our underpinning legislation so that our approach is as effective and efficient as it can be in ensuring better, safer care for the public across the 15 professions that the HCPC regulates.

### HCPC's position on regulatory reform

Greater collaboration among professional regulators, and between regulators and the rest of the healthcare system, to reduce the siloes that exist. In the last year alone, the Cumberlege and Paterson inquiries, as well as many other reports before them, point to the dangers of this.

Recognition of the benefits of the multi-profession model of regulation and a commitment to build on it. The multi-profession model is effective and proven in building common standards and focusing on outcome measures to support improvements across professions, that are increasingly interconnected.

Efficiency improvements in the regulatory landscape, including the sharing of a range of functions among regulators to improve performance, to enhance shared learning and reduce costs.

# Look ahead

Our Corporate Plan 2022-2023 ensures that over the next 12 months we consolidate and embed the progress from our Corporate Plan 2021-2022, and details how HCPC plans to advance in our priority areas:

## Continuously improve and innovate

### Continuing to improve our regulatory operating models

In 2022-23 we will continue to focus on realising the benefits of FTP Improvement programme. We will build our capability to carry out more investigation work earlier in the FTP process (this is often referred to a 'frontloading' investigations). As well as improving the quality of our investigations, this will also ensure we are prepared for new ways of working as a result of regulatory reform.

### Pursuing technology enhancements to streamline key regulatory processes

We will continue to move our core registration activities online. Alongside this we will also review our registration operating model to ensure we have the right resources in place to support these new ways of working. Technology will also enable improved regulatory experiences within FTP and Education, through an online FTP concern form and an interactive education provider portal.

## Promote high quality professional practice

### Maintaining and promoting high-quality professional Standards

We will continue to develop and promote our Standards across the HCPC's 15 professions. We will develop our programme of registrant support events to embed those Standards further into practice. This programme will cover a wide range of critical areas, such as the duty of candour, sexual misconduct, reflective practice, supervision and professionalism.

### Expanding our professional liaison service

We plan to expand the Service and achieve a presence in each UK nation. We will work closely with employers to influence and support the development of cultures that enable high professional standards. Our Joining the UK Workforce programme will continue to grow, supporting new international registrants effectively transition into UK practice.

### Regulatory policy development

We will carry out research to better understand how prepared for practice our registrants are and consult on the development of principles in relation to preceptorship (the early career stage). This work will aim to help the wider system ensure effective support is provided for those entering practice for the first time to further promote high quality professional practice. We will also develop our understanding of the issues that impact on specific groups through our EDI work, and how we can support the healthcare system to meet the changing needs of patients and registrants.

## Develop insight and exert influence

### Delivering our insights and Intelligence framework

In 2021-22, we developed our first Insight and Intelligence Framework. This set out our approach to using our regulatory data to contribute to our policy and decision evidence base by uncovering patterns and trends. In 2022-23 we will deliver priority data analyses identified in the framework, including publication of analysis relating to FTP and EDI and investigating risk factors for FTP cases. We will expand our analytical capability through offering a data science apprenticeship.

### Launching our programme for data excellence

We will focus on implementing an enabling and precise approach to data discipline. Our Programme for Data Excellence will be foundational for the further development of risk-based regulation and support our digital transformation in an efficient and targeted way. It will support us to begin to confidently share appropriate data to support the wider healthcare system and the development of the healthcare workforce.

## Be visible, engaged and informed

### Strengthening our organisational approach to equality, diversity and inclusion

Commitments made in our EDI action plan are integrated across all planned strategic activity, such as the development of online systems to capture diversity data. The analysis of this data will help to inform improvements to our education quality assurance model, enabling us to better account for the experiences of all learners when ensuring that institutions and programmes continue to meet our standards.

### Increase partnership working with our stakeholders

In 2022-23 we will continue to strengthen our relationships with stakeholders to promote professional practice. We will deepen our work with partners around shared objectives to develop and enhance our impact. We will develop and improve structures and mechanisms to engage more closely with stakeholders, in particular, strengthening our collaboration with professional bodies. We will continue to engage service users in our work and will review our approach to engaging with the public who use our registrants' services to consider how we can learn from others to strengthen our approach.

## Build a resilient, healthy, capable and sustainable organisation

### Delivering year one of our new People Strategy

We will focus in particular on recruitment and retention of high performing staff. We will also continue to promote EDI including through EDI-focused mentoring and development for our diverse staff, working to reduce over time our ethnicity and gender pay gaps. We will build on work done in 2021 to further support staff engagement, staff recognition and continue to develop initiatives to promote staff health and wellbeing.

### Establishing our future hybrid working environment

We will establish a hybrid working environment for our people that fosters a culture of collaboration through the intelligent use of physical spaces and technology. Establishing our hybrid approach also aims to empower employees to achieve a positive work-life balance.

### Ensuring our organisational sustainability

We will develop an updated medium term financial strategy that sets out our expenditure plans, income needs and efficiencies over the remainder of the corporate strategy period, against the backdrop of a challenging external financial environment. We will strengthen our financial and commercial capability, including by upgrading our finance system to improve financial controls and reporting capability.

We will develop our change management and benefits realisation framework holding ourselves accountable for success. To support our wider sustainability, we will develop an environmental sustainability strategy that provides a pathway to ensure we realise the ambition of reducing our environmental impact.

## Promoting the value of regulation

### Improving registrant communications

We will develop a registrant communications strategy focusing on inspiring professionalism, bringing our Standards to life and enhancing registrants' understanding of both their own and the HCPC's role in promoting public safety. We will improve registrants' experience of our systems by developing our online services and accessibility of our communications.

### Delivering the second year of our Registrant Health & Wellbeing Strategy

In 2021-22, we began delivery of our Registrant Health and Wellbeing Strategy. Through 2022-23, we will continue to develop and build on this work. Working with our stakeholders, we will increase the support available for registrants involved in FTP cases. We will also continue to engage with registrants and other stakeholders to improve understanding of FTP, how to manage concerns locally and when FTP referrals or self-referrals are needed.



**Christine Elliott**  
Chair

Date 21 October 2022



**John Barwick**  
Chief Executive and Registrar  
Accounting Officer

Date 21 October 2022

# Accountability report

The Accountability Report sets out how we meet key accountability requirements to Parliament. It is formed of three sections:

1. The Corporate Governance report sets out how the HCPC has been governed in 2021-22, including membership and organisation of our governance structures. The report includes the Council's report, the Governance Statement and the Statement of Accounting Officer's Responsibilities.
2. The Remuneration and staff report sets out the remuneration of our Council and Committee members, as well as members of our Executive Leadership Team and includes fair pay disclosures.
3. The Parliamentary accountability and audit report brings together key information to support accountability to Parliament, including a summary of fees and charges, contingent liabilities and the Certificate and Report of the Comptroller and Auditor General.

## Corporate governance report

### Council's report

The membership of our Council and Committees at 31 March 2022 was as follows. Attendance at meetings is shown in the table on pages 76-78.

Council	
Christine Elliott (Chair) Stephen Cohen Maureen Drake Rebekah Eglinton Kathryn Foreman Sue Gallone	Helen Gough Eileen Mullan David Stirling Kathryn Thirlaway Steven Vaughan Valerie Webster
Education and Training Committee	Audit and Risk Assurance Committee
Maureen Drake (Chair) Helen Gough Kathryn Thirlaway Steven Vaughan Luke Jenkinson (independent member) Penny Joyce (independent member)	Sue Gallone (Chair) David Stirling Kathryn Foreman Julie Parker (independent member)
People and Resources Committee	Remuneration Committee
Stephen Cohen (Chair) Rebekah Eglinton Valerie Webster Neville Hounsome (independent member)	Stephen Cohen (Chair) Rebekah Eglinton Valerie Webster Neville Hounsome (independent member)

*The membership of the Executive Leadership Team at 31 March 2022 was as follows.*

John Barwick	Chief Executive and Registrar
Claire Amor	Head of Governance
Alastair Bridges	Executive Director of Resources and Business Performance
Naomi Nicholson	Executive Director of Professional Practice and Insight
Andrew Smith	Executive Director of Regulation

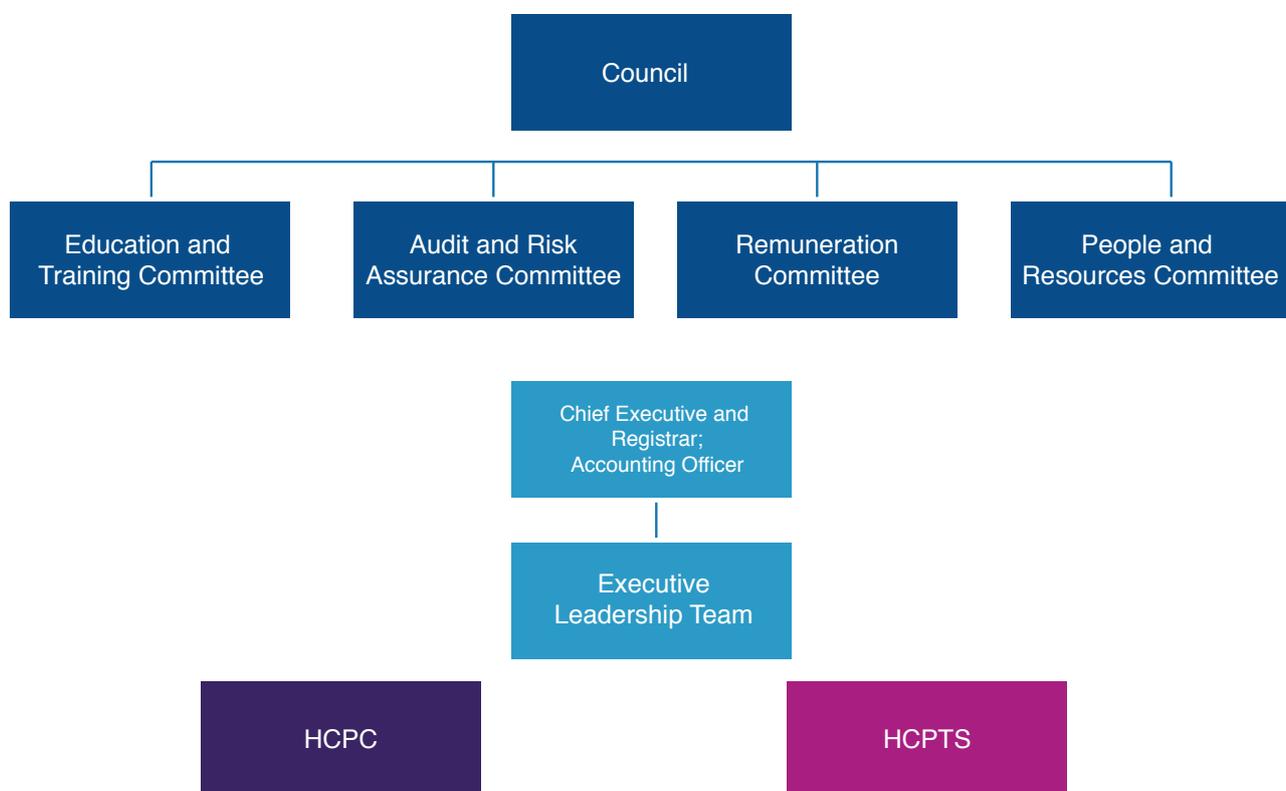
## Governance statement

The governance statement describes the framework of controls at the HCPC, including the assurances on the operation of the control framework, and the processes for identifying and managing risk.

Our Code of Corporate Governance incorporates a series of regulatory documents and policies which govern how we operate, take decisions and the procedures followed to ensure that our actions are fair, efficient, transparent and accountable to our stakeholders. Council and Committee members' interests are declared on our [website](#).

We adhere to the principles of the HM Treasury Corporate Governance Code of Good Practice 2017 and we adopt the supporting provisions of the Code to the extent that it is practical and appropriate and compatible with our legislation.

### *Our Governance structure*



## The Council

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

The Council has twelve members including the Chair (six registrant members and six lay members). The Chair may be either a registrant or a lay member. There must be at least one member (lay or registrant) from each country of the United Kingdom. Membership of the Council and Committees is shown on page 55.

## Council meetings

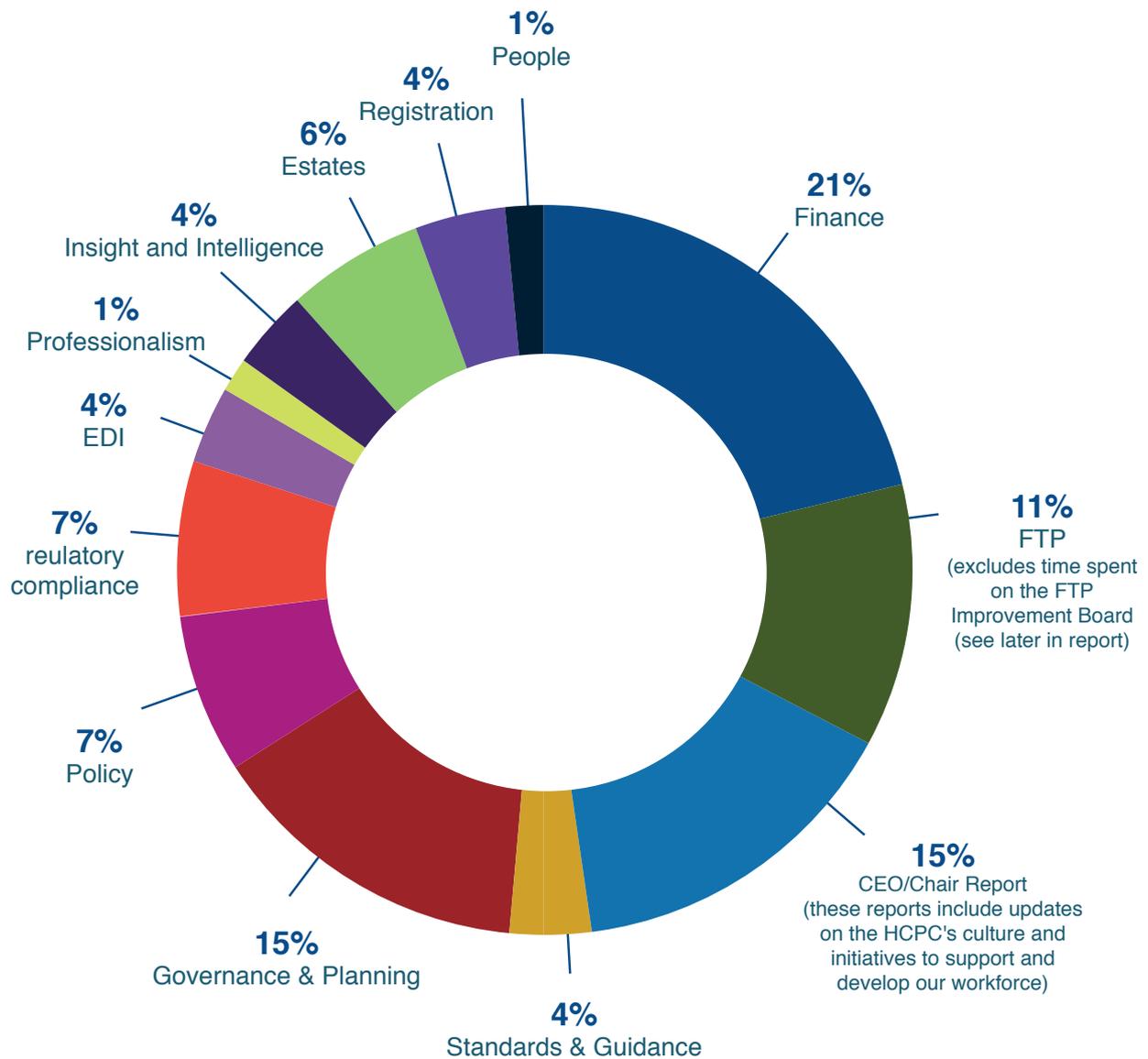
Our Council met 8 times in 2021-22. Attendance at meetings during the year is shown on pages 76-78. Council agendas are focused on significant strategic issues, as well as oversight and constructive challenge of regulatory and business performance. At each meeting, the Council considers a number of standing reports containing key oversight information as below:

Chair's report	Chief Executive's report	Finance report	FTP report
<ul style="list-style-type: none"> <li>• <i>Chair's update</i></li> <li>• <i>Key matters for Council attention</i></li> <li>• <i>Chair's stakeholder engagement</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Stakeholder engagement</i></li> <li>• <i>Regulatory Development</i></li> <li>• <i>Operational Development</i></li> <li>• <i>Covid temporary registers</i></li> <li>• <i>Corporate Plan milestone updates</i></li> <li>• <i>KPI data</i></li> <li>• <i>Strategic Risk Register updates</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Chair's update</i></li> <li>• <i>Key matters for Council attention</i></li> <li>• <i>Chair's stakeholder engagement</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Chair's update</i></li> <li>• <i>Key matters for Council attention</i></li> <li>• <i>Chair's stakeholder engagement</i></li> </ul>

Other matters considered by the Council in 2021-22 included:

Budgets 2021-22 & 2022-23	Medium-term Financial Strategy 2021-24	Provision Financial Outturn 2020-21	Financial Sustainability Strategy Development	Annual Report 2020-21
External Auditor's report 2020-21	Regulatory reform consultation response	DHSC review of professions consultation	Consultation on the revised Guidance on Health and Character	Revisions to the Standards of Proficiency
Consultation on the revised SET 1 for ODPs	Review of regulation of advanced practice	Professional Liaison year one evaluation	Insights and Intelligence Framework	Stakeholder Perceptions Survey
People Strategy	EDI Action Plan	HCPC Diversity Report 2021	PSA standard performance & Revised Performance Review Process	Welsh Language Scheme Annual Monitoring Report 2021
Corporate Plan 2022-23	Key Performance Indicators development	HCPC Code of Corporate Governance Revisions	Council appointments and appraisals	Council Apprentice cycle 2
Annual review of actions	Business Case - Tribunal Accommodation	Registration Service Transformation	Partnership Working	Minutes of Committee meetings (considered at each meeting)

The distribution of agenda time allocated to categories of business was as follows.



The distribution is based on standalone agenda items; it should be noted that the standing Chief Executive's report provides the Council with a holistic look at organisational performance and developments, including a detailed narrative on EDI and culture.

## Council seminars

As well as meeting formally to make decisions and provide guidance to the Executive, the Council holds a number of informal seminars each year focusing on topical areas, for which limited formal meeting time would not allow a depth of exploration.

*In 2021-22 the following seminars were held*

April 21	<ul style="list-style-type: none"> <li>• KPIs- exploring methodology behind effective KPIs and providing a steer for developing strategically focused KPIs.</li> </ul>
June 21	<ul style="list-style-type: none"> <li>• Regulatory reform themes and the future of regulation</li> </ul>
July 21	<ul style="list-style-type: none"> <li>• Behavioural Standards - Council formulate their own standards to contribute to our employee initiative</li> </ul>
October 21	<ul style="list-style-type: none"> <li>• Regulatory Performance deep dive</li> <li>• Financial Outlook future forecasting</li> </ul>
November 21	<ul style="list-style-type: none"> <li>• 5 Year strategy delivery priorities and mapping</li> <li>• Regulatory reform timelines</li> </ul>

## Council performance and effectiveness

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

Assessment of the Council's performance is carried out through a meeting review at the conclusion of each Council meeting and regular reflection workshops. This gives Council the opportunity to reflect on collective performance. As part of the annual self-appraisal, members are asked to identify any learning and development needs. Training is then approached in two ways: training undertaken by Council or Committees as a whole and also training undertaken on an individual basis.

## Council appointments

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

Whilst re-appointments can be made, subject to a satisfactory performance appraisal and the needs of the HCPC, a degree of change is often sought and there should be no expectation of automatic reappointment. During 2021-22 two members of the Council departed at the end of their term, and three new members (one lay and two registrant) were appointed. In 2022-23 we will be running an appointment exercise to appoint two new lay members of Council.

## Council apprentice

The HCPC currently operates a Council Apprentice programme, effectively enabling talented candidates who require a first foot in the door to a non-executive role, the opportunity to shadow the Council for a year. They are provided with mentoring and are encouraged to participate in all Council discussions as well as attending a Committee as a member. We are currently in our second cycle of the programme and we have two talented Council Apprentices with us to the end of December 2022.

Our Council Apprentices attend and participate in all Council meetings and seminar sessions as well as joining one Committee as a member. The Audit and Risk Assurance and People and Resources Committees were chosen as their remits offer the most transferable experience to other organisations. The Apprentices are entitled to, and encouraged to, contribute to any Council or Committee meeting or discussion; however they are not a 'voting' member of the Council as the appointment is not made by the privy office or overseen by the PSA.

Following a comprehensive HCPC induction, the Apprentices are paired with a Council member to act as a mentor throughout their year with us. Additionally, the Chair of Council regularly meets with the Apprentices, including to undertake a quarterly check in on how the apprenticeship is going and an end of Apprenticeship evaluation for both the Apprentice and the HCPC's running of the scheme.

Our experience of our first full cycle (January – December 2021) has been positive with regular feedback from Council members and the Apprentices of the value to both the quality of the Council and Committee's discussions as well as the personal development of the Apprentices and the benefit it will provide for their ongoing careers. We hope to continue to offer this opportunity in future years.

# Committees

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

The Audit and Risk Assurance Committee is made up of three members appointed by and from the Council, plus one independent member. The Chair and the independent member both have recent, significant and relevant financial experience. The Committee met 5 times in 2021–22. Attendance at these meetings is detailed in the table on pages 76-78 of this report.

Members of the Executive Leadership Team, other employees, the internal auditors and the external auditors attend Audit and Risk Assurance Committee meetings by invitation.

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

- advising the Council and the Accounting Officer on the appointment of the internal and external auditors and reviewing their work;
- reviewing the external auditors' management letters and any other relevant reports;
- reviewing the HCPC's Annual report and accounts and making recommendations to the Council as appropriate;
- monitoring ELT's internal control and risk management processes and making recommendations to the Council as appropriate;
- making recommendations to the Council on the appropriateness of HCPC's accounting policies, anti-fraud policies and whistleblowing processes; and
- reviewing the internal auditors' programme, receiving reports on their work, and considering appropriate actions arising from those reports.

### Internal Audit

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

BDO LLP were appointed as the HCPC's Internal Auditors from the 2019-20 financial year for three financial years. During 2021–22, the Committee considered the following Internal Audit reports.

#### *Internal Audit Focus 2021-22*

Risk  
management

Safeguarding

Key financial  
controls

Education

Registration  
Payment  
processes

Three high priority, 10 medium priority and 7 low priority recommendations were made. High priority findings related to issues found during the review of financial controls.

Each year the Internal Auditor undertakes a review of the implementation of recommendations made. For 2021-22 there were 30 Internal Audit recommendations reported to the Committee as having been implemented during the year. The Internal Auditors found that of these 30, 27 were fully implemented as reported, with only three requiring further work to be considered fully implemented. The review concluded that HCPC had good levels of implementation.

The Internal Auditors' annual report, delivered in the June 2022 Audit and Risk Assurance Committee meeting, provided an annual assurance rating for the HCPC on a four-level scale, with level one meaning that the findings of the Internal Auditor's work evidenced a very strong system of control was in place, and level four meaning that the findings had indicated that there was a very low level of assurance that could be taken from the control system.

The HCPC achieved a level three rating which indicates that there is 'considerable risk that the system of internal control, governance and risk management will fail to meet management's objectives'. The Internal Auditors noted that the opinion for 2021-22 had changed from their opinion from 2020-21 where a 'level 2' rating was provided. This reduction in assurance rating was due to a number of high risk findings resulting from a review of the HCPC's core financial controls in one of the areas of review. The recommendations made in the report have been completed or are close to completion. A detailed update was provided to the Committee on the Executive's progress in resolving the issues found and a follow-up Internal Audit review will take place in 2022-23 to ensure the remedial actions taken have been effective.

*During 2021-22, matters considered by the Committee included the following:*



The Committee held a workshop in February 2022 which focused on the HCPC's Quality Assurance Team's audit planning for 2022-23 as well as the 2022-23 plan of the HCPC's Internal Auditors. Focus was given to how the two plans would complement each other. The Committee also explored the HCPC's developing 'Unified Assurance Framework' which brings together all sources of assurance across the HCPC a report structured on the three lines of assurance model.

## Education and Training Committee

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

The Committee met 5 times in 2021–22. Attendance at these meetings is detailed in the table on pages 76-78 of this report. The matters considered by the Committee included the following:

Consultation on the revised standards of education and training (SET 1) for ODPs	Consultation on the revised Guidance on Health and Character	Progress reports and decision papers relating to the new Education Quality Assurance Model	Education operational decision making governance
Education and Training Committee Governance Review	Comparable Qualifications List update	Education partner resourcing framework	Policy and Standards update
Results of Standards of Proficiency review consultation	Annual Education data set for the 2020-21 academic year	Briefings on partnership working & Registration service support	Education provider concerns and Non approval recommendations

During 2021–22 the Committee also received regular performance reports on the performance of the Registration and Education functions in order to provide assurance on the decisions being taken on its behalf.

## People and Resources Committee

The People and Resources Committee is made up of three members appointed by and from the Council, plus one independent member. The Committee’s purpose is to seek assurance on behalf of the Council on the HCPC’s effective and efficient use of its resources, covering both finance and people, as well as other resources such as our estates, projects and technology.

*The matters considered by the Committee in 2020-2021 included the following:*

EDI Activity & Health and Wellbeing Report 2021	People Strategy	Business Case Template	Management Accounts	Budget 2021-22
Medium-term Financial Strategy 2021-24	Investments policy	Gender and Ethnicity Pay Gap Reports	HR & Partner performance reports	Travel Management Services Contract
HCPTS Relocation Business Case	Legal services tender	Hybrid working	Estates updates	Digital Transformation update
	Recognition of Scrutiny Fees	Budget 2022-23	Project Investment Summary 2022-23	

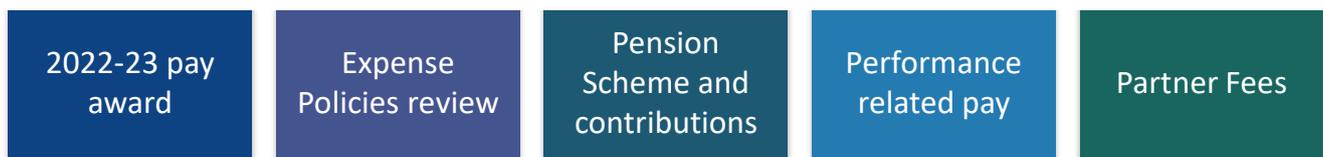
## Remuneration Committee

The Remuneration Committee is made up of three members appointed by and from the Council, plus one independent member. The Committee determines the annual salary review for HCPC employees including ELT and the Chief Executive and Registrar.

The Committee met twice in 2021–22. Attendance at these meetings is detailed in the table on pages 76-78 of this report. The matters considered by the Committee included the following:

Each year the Remuneration Committee receives performance appraisals for the Chief Executive and Executive Leadership Team individually. This is one factor taken into consideration when determining if any pay award should be made.

*The matters considered by the Committee in 2020-2021 included the following:*



## Fitness to Practise Improvement Board

While not a formal committee of the Council, the HCPC has operated the FTP Improvement Board since January 2021.

Chaired by the Chair of Council, and attended by the Chief Executive, Executive Director of Regulation and Head of FTP, the board is also attended by representatives from the Professional Standards Authority and Department of Health and Social Care. In 2021-22 the board met 5 times.

The Board provides a forum for a regular focused review of the HCPC's progress against its FTP Improvement Programme objectives, scrutiny of FTP performance data and live risks and mitigations. The Board's agenda is focused on providing key assurance data to the members, as well as seeking feedback and constructive challenge on the HCPC's FTP improvement work.

## Executive Leadership Team

The four senior leadership roles are Executive Director of Regulation, Executive Director of Professional Practice and Insight, Executive Director of Resources and Business Performance and Head of Governance, and together with the Chief Executive and Registrar, they form ELT.

The Executive Leadership Team has no significant interest that would conflict with directorship of the company which is in line with note 19 of the report.

## Accounting Officer

The Accounting Officer has responsibility for maintaining a sound system of internal control that supports the achievement of the HCPC's policies, aims and objectives whilst safeguarding the HCPC's assets for which he is responsible. The Chief Executive, as the Accounting Officer, attends Council meetings and chairs ELT meetings. He is also the designated senior employee for employees to approach under the HCPC's whistleblowing policy.

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

## Risks and internal control

### Risk management

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

### Risk Appetite

Risk appetite is defined by the Council and informs the decisions of employees and Council. The Council required consideration of risk as part of decision papers it considers.

The HCPC's risk appetite statement describes the level of risk the HCPC will accept or tolerate as minimal, measured, open, or seek. A summary of our risk appetite is illustrated below.

Risk area	Appetite	Description
<b>Regulatory Quality</b> How will we deliver effective regulatory functions?	Open	Our focus is on long term and lasting quality in our regulatory delivery. We have to take risk and challenge ourselves to achieve positive change. It is <b>essential</b> that mitigations to ensure ongoing public protection are in place as a foundation of taking risks to improve our regulatory quality.
<b>Compliance</b> How will we comply with our statutory, regulatory and policy requirements?	Measured	We have a preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward. We are willing to take decisions that could be challenged only where we are confident we would be successful in defending against such challenge, and the adverse consequences of being unsuccessful are minimal. It is <b>essential</b> that the long-term achievement of PSA standards is assured.
<b>Communication and Profile</b> How will we be viewed by our stakeholders?	Seeks	We are willing to express our views and communicate on issues where stakeholder opinion is divided, but where the HCPC has a legitimate voice. We acknowledge that being bold in communicating our position may lead to increased scrutiny from stakeholders. It is <b>essential</b> that the HCPC's voice is not perceived to be party political. The HCPC is neutral as a public body.
<b>People</b> How will we lead our workforce?	Seeks	We are eager to be innovative and to choose options that increase our effectiveness as an organisation despite greater inherent risk. We are prepared to accept risk as long as there is the potential for improving culture, recruitment and retention. It is <b>essential</b> that risk taking in this area is consistent with the HCPC's values and culture. As an employer are committed to upholding and promoting EDI.
<b>Financial and Value for Money</b> How will we use our resources?	Measured	We are funded through registrant fees and we have a responsibility to ensure we invest cautiously to minimise loss while maximising benefit. We are prepared to accept the possibility of limited financial loss where it does not have the potential to impact on our going concern. It is <b>essential</b> we remain a financially viable organisation to ensure continued public protection through continued operation. Significant financial risks are not compatible with this requirement.

## Strategic risk

Taking into account the HCPC's Corporate Strategy 2021-26, our Council agreed a set of six strategic risks. The Strategic Risk Register is considered at each meeting of our Audit and Risk Assurance Committee, as well as by our Council on a quarterly basis as part of the Chief Executive's organisational performance report. The Executive Leadership Team reviews the strategic risk register each month as part of its monthly strategy and planning meeting. The aim of these discussions is also to look forward to identify any risks emerging externally or internally that could be prevented through early mitigation or that the HCPC needs to monitor the development of.

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

Our strategic risks are set out below. The detail provided below is a summary, our strategic risk register provides full details of our strategic risks management in 2021-22.

Strategic Risk	How we mitigated this risk in 2021-22
<p><b>Our performance does not improve to a standard that enables us to achieve all the PSA standards of good regulation. In seeking to meet these standards we lose focus and lose standards in other areas</b></p> <p>Relevant strategic aim: Continuously improve and innovate</p> <p>Factors contributing to this risk in 2021-22 included not meeting a number of PSA standards, increased registration work volumes and the impact of this on service standards, the impact of the pandemic on the capacity of stakeholders involved in FTP cases</p>	<ul style="list-style-type: none"> <li>• Monitored regulatory performance through performance report and KPIs and ran an internal working group focused on ongoing PSA standard compliance best practice learning and improvement</li> <li>• Ran a comprehensive FTP improvement programme with an oversight board which included PSA and DHSC, launched a modern FTP case management IT system and ran an enhanced internal Quality Assurance plan</li> <li>• Put in place additional temporary internal and external registration processing resource, completed a project to enable online application functionality and commenced an end-to-end review of our registration process</li> </ul>
<p><b>Our regulatory expectations are not appropriate or not understood by registrants and other stakeholders</b></p> <p>Relevant strategic aim: Promote high quality professional practice</p> <p>Factors contributing to this risk in 2021-22 included the changing expectations of our professions practice and internal resourcing pressures and capacity</p>	<ul style="list-style-type: none"> <li>• Reviewed a number of our standards, produced guidance, learning materials and toolkits to help our registrants meet our standards</li> <li>• Grew our professional liaison 'outreach' service in line with our prevention aims</li> <li>• Ran a programme of awareness events and had a particular focus on increasing awareness of our standards amongst those who employ our registrants</li> </ul>

Strategic Risk	How we mitigated this risk in 2021-22
<p><b>We are unable to harness the benefits of the wealth of data we hold (benefits - better regulatory decisions, prevention, workforce planning, influencing the agenda)</b></p> <p>Relevant strategic aim: Develop insight and exert influence</p> <p>Factors contributing to this risk in 2021-22 included limited capacity and capability and the need to onboard these skills in a competitive market</p>	<ul style="list-style-type: none"> <li>• Created an insights and intelligence team with appropriate capabilities to drive forward our data aims</li> <li>• Agreed an insight and intelligence framework setting out our priority data analysis needs and produced our first in house data analysis reports</li> <li>• Enabled greater EDI data capture through IT system developments</li> </ul>
<p><b>We do not understand our stakeholder's needs and so are unable to be the regulator they (the wider system) need</b></p> <p>Relevant strategic aim: Be visible, engaged and informed</p> <p>Factors contributing to this risk in 2021-22 included registration responsiveness issues due to increased application volumes and not meeting the PSA EDI standard (but we were pleased to meet this standard as a result of the PSA's review of our work over 2021-22)</p>	<ul style="list-style-type: none"> <li>• Developed an interim stakeholder engagement CRM and launched a new relationship management approach</li> <li>• Undertook extensive positive public affairs engagement raising our profile and influence</li> <li>• Carried out a stakeholder perceptions survey and resulting actions</li> <li>• Agreed an ambitious EDI action plan and increased the proportion of registrant EDI data we hold to increase our understanding of our stakeholders</li> </ul>

Strategic Risk	How we mitigated this risk in 2021-22
<p><b>The resources we require to achieve our strategy are not in place or are not sustainable (This risk includes not securing the resources we need to be effective and / or not being efficient and effective in our use of our resources (resources include financial, knowledge, skills, culture, infrastructure))</b></p> <p>Relevant strategic aim: Build a resilient, healthy, capable and sustainable organisation</p> <p>Factors contributing to this risk in 2021-22 included a competitive recruitment market, the cultural impact of continued covid restrictions requiring home working and finance system interface issues</p>	<ul style="list-style-type: none"> <li>• Launched a five year People Strategy and behavioural framework, as well as modernising HR policies and streamlining our recruitment process</li> <li>• Recruited key resources to leadership posts to increase our resilience and capability and reviewed the structures of our enabling services teams</li> <li>• Reduced our office footprint and adapted our space to enable collaborative hybrid working</li> <li>• Undertook collaborative long term strategy delivery planning across the organisation to ensure common understanding and commitment to our priorities</li> </ul>
<p><b>We are unable to demonstrate the value of regulation due to negative experiences of our regulation in practice. This risk includes ensuring a human and compassionate approach in our regulatory processes and maximising the benefit to the HCPC of upcoming regulatory reform</b></p> <p>Relevant strategic aim: Promoting the value of regulation</p> <p>Factors contributing to this risk in 2021-22 included registration responsiveness delays impacted on registrant experience and uncertainty regarding the timing of regulatory reform and the impact of this on our planning</p>	<ul style="list-style-type: none"> <li>• Focused on embedding compassionate regulation through all employee workshop, our behavioural framework and engaging stakeholders on mental health support for registrants</li> <li>• Introduced online registration capabilities improving registrant experience</li> <li>• Undertook improvement work across all regulatory functions</li> <li>• Put in place a dedicated Policy Lead for regulatory reform and worked closely with DHSC on the development of a blueprint for regulators' reformed legislation.</li> </ul>

## Operational Risk

The ELT oversee an operational risk register alongside the strategic risk register, this records risk at a more granular level, managed by risk owners across the organisation. All operational risks are mapped to a strategic risk heading. Our approach to recording and monitoring operational risk was reviewed in 2020-21 and this resulted in a redesign and definition of all operational risk across the HCPC as well as a new policy and guidance to assist risk owners.

The operational risk register is reviewed by the ELT on a quarterly basis as a minimum, or sooner if a significant change occurs to a risk profile. Our Audit and Risk Assurance Committee considers the full operational risk register annually and considers underlying relevant operational and project risks as part of strategic risk deep dive discussions at each meeting.

## Information security and personal data-related incidents

The HCPC holds a range of information including sensitive personal data. We have in place an Information Security Management System and related procedures to safeguard the data rights of our registrants, stakeholders and the public and we first achieved certification under ISO27001:2013 in June 2015. We were audited by BSI in April 2022 as a surveillance audit and our certification to ISO27001:2013 was reconfirmed.

Internally we try to stay ahead of the increasingly complex data management environment. Our Information Security Management System Board seeks to address any information security risks identified as part of horizon scanning.

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

Despite our best efforts, given the volume of data processed by the HCPC, occasional errors are made. Human error is the leading cause of data incidents across all sectors. Annual information security training is mandatory for all HCPC employees, partners and Council members. We require 95% completion of the information security training, with a minimum pass mark of 80%.

In 2021–22 the HCPC recorded 48 personal information security incidents (2020–21: 43). There was a slight increase in incidents overall, but this is under conditions where most regulatory activities are occurring under remote working due to the pandemic lock down and increasing amounts of hybrid working which has forced change on some operational processes. Two incidents were reported to the Information Commissioner's Office (ICO) (2020-21: two) and in both cases the ICO determined no regulatory action was required.

We continue to address information security in our discussions with potential suppliers and develop new methods of working, via Data Privacy Impact Assessments. Where possible, we use suppliers certified to ISO27001:2013.

## Whistleblowing

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

The HCPC annually reports on its discharge of its prescribed person duties, this data is compiled in a joint whistleblowing disclosures report issued by all Health Professions Regulators to highlight our coordinated efforts in working together to address the serious issues raised to us. From 1 April 2021 to 31 March 2022 the HCPC received 4 disclosures of information.

We also operate an internal whistleblowing policy for our employees, contractors, Council members and Partners. In November 2020 we launched a revised internal policy aimed at demystifying the whistleblowing process and providing assurance to our people that they can come forward without fear. No internal whistleblowing reports were received in 2021-22.

## Key relationships

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

## Payment of suppliers

The HCPC paid 86% of purchase invoices within 30 days (2020–21, 89%) and no interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998 (2020–21, nil).

## Health and safety

We are committed to complying with the Health and Safety at Work Act 1974 and other related UK requirements. This ensures that everyone at the HCPC, whether employees or visitors, continue to enjoy the benefits of a safe working environment. The HCPC premises maintained an externally accredited COVID-19 Secure status throughout 2021-22. One health and safety incident was reported during the year 2021-22, no accidents were reported (two accidents in 2020–21). The continued decline is attributed partly to the reduction in onsite presence as a result of remote working during the pandemic. The HCPC encourages and supports staff to take responsibility for safe working practices away from the office environment, including by reporting any health and safety incidents. Health and safety accidents can be categorised as either reportable or non-reportable to the Health and Safety Executive, in accordance with Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR 2013). No incidents were reportable under RIDDOR, and as such are considered minor.

The total number of employee sick leave days in 2021–22 was 1,941 (2020–21, 1022). The average number of sick days per full time equivalent employee in 2021–22 was 6 working days or 3% of working days (2020–21, 7 days, 2% of working days).

## Environmental Sustainability

The pandemic provided HCPC with the opportunity to accelerate progress on some aspects of sustainability through the move to remote working. We moved several paper-based tasks online to maintain services remotely, thereby reducing the amount of paper we consume, and in turn waste that is produced.

By taking advantage of improvements to online meeting technology, we greatly reduced our impact on the environment from travel. This reduction in travel relates predominantly to FTP hearings, the majority of which are now being held virtually. Although in future we expect some hearings to be held in person, the number is unlikely to return to pre-pandemic levels (see table below).

We have also reduced our environmental impact by reducing the total footprint of our office-based operations, and by repurposing other spaces flexibly to accommodate new ways of hybrid working.

This has had a positive impact on sustainability by reducing the resources, including consumption of utilities, required to maintain our operations.

Looking ahead, our Corporate Strategy 2021-26 commits us to developing a sustainability plan which will address the environmental impacts of how we work including office space, travel, procurement, energy and waste. Building on the progress already made, the HCPC will review the impact of hybrid working within a broader sustainability programme, including the development of a baseline for measuring progress, priorities and metrics.

### *Travel Information*

<b>Kg CO2e*</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
<b>Flights</b>	125,541	742	1046
<b>Hotels</b>	95,396	142	1551
<b>Rail</b>	68,407	217	982
<b>TOTAL</b>	289,344	1101	3579

\*The calculations are produced based on DEFRA guidelines providing an approximation of carbon emissions using the data recorded by the organisation's travel provider.

## Corporate, social and environmental responsibility

As part of being a compassionate regulator, the HCPC aims to be a good citizen in the communities to which we and our people belong. As part of this we are rejuvenating our approach to corporate social and environmental responsibility (CSR) which was adversely impacted for most of the year by the pandemic. Although we are still at an early stage, a working group has been established and we are building a network of champions across the organisation to work on issues including volunteering in the local community, support for charities and improving our environmental sustainability (separately reported).

We are also looking at how our corporate policies can support and encourage CSR activity and are cooperating with other regulators to share good practice and identify the scope for joint action.

## Assurance on the effectiveness of the system of internal control

We use a range of assurance sources to assess the effectiveness of our system of internal control.

We obtain assurance that our risk management and internal control systems are operating effectively through our three lines of assurance and we maintain an assurance map to illustrate the varying sources of assurance across the HCPC. This map is presented to the Audit and Risk Assurance Committee on an annual basis and is reviewed to inform annual internal audit and quality assurance planning.

*HCPC's three lines of assurance*

## Unified assurance

During 2021-22 we undertook a project to develop a holistic assurance framework incorporating all elements of assurance across the HCPC. We refer to this as the 'Unified Assurance Framework'.

A key aspect of the framework is the integration of operational risk and assurance mapping facilitated by quarterly assurance business partner meetings with all functional leads. The aim of this approach is to encourage leaders to not view any source of assurance in isolation and to draw connections between various intelligence sources to provide the most accurate picture of the health of our assurance and control to the ELT, Audit and Risk Assurance Committee and our Council. Our 2022-23 quarterly meetings have taken place and we will report on the progress of this work in our 2022-23 annual report.

## Internal Auditors Annual Opinion 2021-22

Our Internal Auditors provide an independent appraisal service for management by measuring and evaluating the adequacy, reliability and effectiveness of management and internal control systems. We have chosen to outsource the provision of the internal audit service to ensure wholly independent and fully professional analysis and recommendations which complements our own internal Quality Assurance and Risk and Compliance assurance reviews.

Our internal audit provider during 2021-22 was BDO LLP. Our Internal Auditors review our assessment of risk as documented in the risk register, the previous results of internal and external audits, as well as their own professional judgment in proposing their programme of work to the Audit and Risk Assurance Committee. They make recommendations based on the appraisal of each system reviewed.

An annual assurance report is provided to the Accounting Officer and Audit and Risk Assurance Committee, giving the Internal Auditors' overall opinion on risk management, control and

governance and their effectiveness in achieving the HCPC's agreed objectives. The Internal Auditors' annual report, delivered in the June 2022 Audit and Risk Assurance Committee meeting, provided an annual rating of 'level 3' on a four-level scale. The Internal Auditors noted that the opinion for 2021-22 had changed from their opinion from 2020-21 where a 'level 2' rating was provided. This reduction in assurance rating was due to a number of high risk findings resulting from a review of the HCPC's core financial controls in one of the areas of review. The recommendations made in the report have been completed or are close to completion. A detailed update was provided to the Committee on the Executive's progress in resolving the issues found and a follow-up Internal Audit review will take place in 2022-23 to ensure the remedial actions taken have been effective.

## Auditors and audit information

The Health Professions Order 2001 requires that the annual accounts are audited by "persons the Council appoints", and then examined and certified by the Comptroller and Auditor General, who reports to Parliament.

As in 2020-21, for 2021-22, the Council has engaged Haysmacintyre LLP to audit the accounts. Work to support the Comptroller and Auditor General's certification to Parliament has been undertaken by the National Audit Office. The auditors have audited the financial statements and sections of the Accountability report marked as subject to audit.

The cost of providing audit services was £47,300 (£37,800 including VAT charged by Haysmacintyre LLP and £9,500 charged by the National Audit Office) (2020-21, £71,700 charged by Haysmacintyre LLP and £8,800 by the National Audit Office).

## Responsibility for the system of internal control

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

The reviews of the effectiveness of the system of internal control by the Council, the Audit and Risk Assurance Committee and the Accounting Officer are informed by the work of our operational and strategic performance reporting and monitoring, the work of our internal Quality Assurance and Risk and Compliance teams, the work of our Internal Auditors BDO LLP and through the external reviews undertaken by our ISO auditors, the PSA's annual review of our performance, our External Auditors and the National Audit Office.

Based on these reviews, we are satisfied that the system of internal control that has been in place for the year ending 31 March 2022 and up to the date of approval of the Annual report and accounts is appropriate and proportionate to manage the risks to achievement of our objectives, and complies with HM Treasury guidance.

# Statement of accounting officer's responsibilities

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

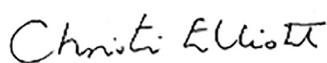
In preparing the accounts, the Accounting Officer is required to take into consideration the accounting principles and disclosure requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Privy Council including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on an ongoing concern basis.

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

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

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



**Christine Elliott**  
*Chair*

Date 21 October 2022



**John Barwick**  
*Chief Executive and Registrar  
Accounting Officer*

Date 21 October 2022

# Remuneration and staff report

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

During the year, the Chair of the HCPC was remunerated on an annual basis at a rate of £65,000. Council members and Committee Chairs were paid a salary of £12,000 and £14,000 respectively for attendance at Council meetings or Committee meetings, and meetings attended on behalf of the HCPC. Independent Committee member and Council Apprentice remuneration remained as a daily rate of £341 (2020-21: £341). Expenses are payable for travelling and subsistence costs to reimburse the out-of-pocket expenses incurred, within the parameters set out in the Council and Committee members' expenses policy.

Council and Committee member fees including salary totalling £198,628 (2020–21, £224,085) were paid and accrued to 22 members (2020–21, 25 members), including the independent members, and Council Apprentices, who are not also members of the Council.

Benefits-in-kind with a total taxable value of £0 (2020-21, £-430.55) were paid to Council and Committee members. The 2021-22 value was £0 as meetings were taking place online. The only benefits are travel and expenses claimed by Council and Committee members for travelling to meetings at the HCPC's offices in London, which are covered by a PAYE Settlement Agreement with HMRC. The gross taxable value of home-to-London travel and expenses is disclosed (to the nearest £100) in the following table in the column headed "Expenses". This column does not include Council members' expenses for travel to other locations, which are paid by the HCPC in accordance with the Council and Committee members' expenses policy, and are not a taxable benefit.

The fees for the period 1 April 2021 to 31 March 2022 for Council and Committee members paid and accrued were as follows. This table has been subject to audit.

Council/ Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2021–22	2021–22			2020–21		
		Allowance or fees* £'000	Expenses*	Total £'000	Allowance or fees <sup>1</sup> £'000	Expenses*	Total £'000
Graham Aitken <sup>2</sup>	Tribunal Advisory -	-	-	-	0-5	100	0-5
Catherine Boyd <sup>2</sup>	Tribunal Advisory -	-	-	-	0-5	-	0-5
Meera Burgess <sup>3</sup>	Council People and Resources 2/2 1/1	0-5	-	0-5	-	-	-
Stephen Cohen	Council People and Resources (Chair) Remuneration (Chair) 7/8 6/6 2/2	10-15	-	10-15	10-15	-100 <sup>9</sup>	10-15
Heeral Davda <sup>3</sup>	Council Audit and Risk Assurance 2/2 0/1	0-5	-	0-5	-	-	-
Maureen Drake	Council Education and Training (Chair) 7/8 5/5	10-15	200	10-15	10-15	-	10-15
Rebecca Eglinton <sup>4</sup>	Council People and Resources Remuneration 2/2 1/2 1/1	0-5	100	0-5	-	-	-
Christine Elliott	Council (Chair) 8/8	65-70	200	65-70	65-70	200	65-70
Kathryn Foreman	Council Audit and Risk Assurance 8/8 4/5	10-15	100	10-15	10-15	-200 <sup>9</sup>	10-15
Sue Gallone	Council Audit and Risk Assurance (Chair) 8/8 5/5	10-15	-	10-15	10-15	100	10-15

Council/ Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2021–22	2021–22			2020–21		
		Allowance or fees* £'000	Expenses*	Total £'000	Allowance or fees* £'000	Expenses*	Total £'000
Philip Geering <sup>2</sup>	Tribunal Advisory -	-	-	-	0-5	-	0-5
Heleen Gough	Council Education and Training 6/8 5/5	10-15	200	10-15	10-15	-	10-15
Sheila Hollingworth <sup>2</sup>	Tribunal Advisory -	-	-	-	0-5	-100 <sup>9</sup>	0-5
Neville Hounsome <sup>5</sup>	People and Resources Remuneration 2/2 2/2	0-5	-	0-5	-	-	-
Nicola Hunt <sup>3</sup>	Council People and Resources 4/5 4/4	0-5	-	0-5	0-5	-	0-5
Luke Jenkinson	Education and Training 5/5	0-5	-	0-5	0-5	-	0-5
Penny Joyce	Education and Training 5/5	0-5	-	0-5	0-5	100	0-5
Alan Kershaw <sup>2</sup>	Tribunal Advisory -	-	-	-	0-5	60	0-5
Sonya Lam <sup>6</sup>	Council Remuneration (Chair) <sup>3</sup> 6/6 1/1	10-15	-	10-15	10-15	-100 <sup>9</sup>	10-15
Eileen Mullan	Council People and Resources 7/8 4/5	10-15	-	10-15	10-15	-100 <sup>9</sup>	10-15

Council/ Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2021-22	2021-22			2020-21		
		Allowance or fees* £'000	Expenses*	Total £'000	Allowance or fees* £'000	Expenses*	Total £'000
Julie Parker	Audit and Risk Assurance 4/5	0-5	-	0-5	0-5	-	0-5
Pamela Ricketts <sup>3</sup>	Council Audit and Risk Assurance 5/6 3/4	0-5	-	0-5	0-5	-	0-5
Marcia Saunders <sup>2</sup>	Tribunal Advisory (Chair) -	-	-	-	0-5	-	0-5
Nicola Scrivings <sup>7</sup>	Remuneration -	-	-	-	0-5	-	0-5
Gavin Scott <sup>8</sup>	Council -	-	-	-	5-10	-100 <sup>9</sup>	5-10
David Stirling	Council 8/8 5/5	10-15	-	10-15	10-15	-100 <sup>9</sup>	10-15
Audit and Risk Assurance							
Kathryn Thirlaway	Council Education and Training 8/8 5/5	10-15	-	10-15	10-15	-	10-15
Steven Vaughan <sup>4</sup>	Council Education and Training 1/2 1/1	0-5	-	0-5	-	-	-
Valerie Webster <sup>4</sup>	Council People and Resources Remuneration 2/2 2/2 1/1	0-5	100	0-5	-	-	-
Stephen Wordsworth <sup>6</sup>	Council People and Resources 5/6 3/4	5-10	-	5-10	10-15	-	10-15

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

1 – The Council Chair's allowance is £65k per annum. Council members receive an allowance of £12,000 per annum. Council members who act as Committee Chairs receive an additional allowance of £2k per annum. Independent Committee members and Council Apprentices receive a day fee of £341 for each formal governance meeting attended.

2 – The Tribunal Advisory Committee was disbanded on 24 September 2020. The last meeting of the Committee took place on 15 September 2020.

3 – Pameleta Ricketts and Nicola Hunt were appointed as Council Apprentices on 1 January 2021 and their appointment ended on 31 December 2021. Heeral Davda and Meera Burgess were appointed as Council Apprentices on 1 January 2022 and their appointment runs until 31 December 2022. These are not public appointments, and the post holders are not voting members of the Council.

4 – Rebekah Eglinton, Steven Vaughan and Valerie Webster joined the Council on 1 January 2022.

5 – Neville Hounsome joined the HCPC as the Independent member of the Remuneration Committee on 4 October 2021. On 3 February 2022 the Council agreed that Neville would also join the People and Resources Committee as an Independent member.

6 – Sonya Lam and Stephen Wordsworth completed their 8-year terms of office and left the Council on 31 December 2021.

7 – Nicola Scrivings ended her 4-year term as the independent member of the Remuneration Committee on 20 September 2021.

8 – Gavin Scott left the Council at the end of his appointment term on 31 December 2020.

9 – This is a negative value as it relates to travel expenses incurred in advance at the end of the 2019-20 financial year, that were subsequently refunded due to national travel restrictions.

## Remuneration of the Chief Executive and Executive Leadership Team

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

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

The Chief Executive and Registrar's contract of employment requires a termination notice period of six months by both the employee and the employer. All Executive Directors require a termination notice period of six months.

In 2021-22 the Chief Executive and Executive Directors voluntarily declined to receive a pay award.

## Executive Leadership Team remuneration (subject to audit)

The salaries and remuneration paid to members of the Executive Leadership Team (ELT) including the Chief Executive and standing co-opted members of ELT were as follows.

Name	Position	2021-22				2020-21			
		Salary / Remuneration £'000	Pension benefits £'000	Taxable benefits (to nearest £100) £'000	Total £'000	Salary / Remuneration £'000	Pension benefits £'000	Taxable benefits (to nearest £100) £'000	Total £'000
<b>Senior Management Team</b>									
John Barwick	Chief Executive and Registrar	160-165	11	-	170-175	160-165	11	-	170-175
Claire Amor	Head of Governance	75-80	5	-	80-85	75-80	5	-	80-85
Andrew Smith <sup>1</sup>	Executive Director of Regulation	120-125	8	-	125-130	45-50	3	-	45-50
Naomi Nicholson <sup>2</sup>	Executive Director of Professional Practice and Insight	95-100	7	-	100-105	-	-	-	-
Alastair Bridges <sup>3</sup>	Executive Director of Resources and Business Performance	25-30	2	-	30-35	-	-	-	-
Jacqueline Ladds <sup>4</sup>	Executive Director of Policy and External Relations	145 - 150	7	-	155-160	105-110	8	-	115-120
Neil Cuthbertson <sup>5</sup>	Executive Director of Digital Transformation	120-125	9	-	130-135	145-150	9	-	155-160
Jo Moore <sup>6</sup>	Executive Director of Corporate Services	30-35	2	-	30-35	15-20	-	-	15-20

Co-opted members									
Gordon Dixon <sup>7</sup>	1) Director of Business Improvement (from January 2020 to 31 March 2022)	120-125	-	120-125	190-195	-	-	190-195	
	2) Interim Director of Finance (from August 2019 to January 2020)	120-125	-	120-125	190-195	-	-	190-195	
Claire Holt <sup>8</sup>	1) Director of HR and OD (from March 2020)	25-30	2	30-35	95-100	-	8	105-110	
	2) Interim Director of HR and OD (from July 2019 to Feb 2020)	25-30	2	30-35	95-100	-	8	105-110	
Tian Tian <sup>9</sup>	Director of Finance	50-55	2	55-60	85-90	-	6	90-95	

1. Andrew Smith joined ELT on 16 November 2020 as the Executive Director of Regulation. His full year equivalent (FYE) salary for 2020-21 was in the band of (£115,000 - £120,000)
2. Naomi Nicholson joined ELT on 11 May 2021 as the Executive Director of Professional Practice and Insight. Her FYE salary for 2021-22 was in the band of (£105,000 - £110,000)
3. Alastair Bridges joined ELT on 17 January 2022 as the Executive Director of Resources and Professional Practice. His FYE salary for 2021-22 was in the band of (£125,000 - £130,000)
4. Jacqueline Ladds left HCPC under redundancy exit terms on 4 September 2021 and received total compensation in the band of £100,000 - £105,000. This consisted of Payment in Lieu of Notice (PILON), £50,000 - £55,000, redundancy taxable £15,000 - £20,000 and redundancy non-taxable £30,000 - £35,000. Her FYE salary for 2021-22 was in the band of £105,000 - £110,000.
5. Neil Cuthbertson joined the HCPC on 20 April 2020 as the Executive Director Digital Transformation. His FYE salary for 2020-21 was in the band of (£150,000 - £155,000). He left the HCPC on 31 December 2021 his FYE salary for 2021-22 was in the band of (£150,000 - £155,000).
6. Jo Moore joined the ELT on 14 February 2021 and left the HCPC on 25 June 2021. Her FYE salary for both 2021-22 and 2020-21 was in the band of (£125,000 - £130,000)
7. Gordon Dixon joined the HCPC as Interim Director of Finance on 19 August 2019 and was remunerated through agency. On 27 January 2020, he became the Director of Business Improvement, being accountable for Business Improvement delivery and to provide Executive oversight of Financial and Fitness to Practise functions. For this service, he invoiced the HCPC through a personal service company. His FYE salary for the two roles in 21 October 2022 were in the bands of (£190,000 – £195,000) and (£200,000 - £205,000) respectively.
8. Claire Holt joined the HCPC as Interim Director of HR and OD on 15 July 2019 and was remunerated through agency. She became Director of HR and OD on 2 March 2020 on a one year fixed term contract. Her contract was then extended to the end of June 2021 and she left the HCPC on 30 June 2021. Her FYE salary was in the bands of (£180,000 - £185,000) while working through agency and in the bands of (£95,000 - £100,000) as fixed term contractor.
9. Tian Tian left the HCPC under redundancy exit terms on 16 April 2021 and received total compensation in the band of £50,000 - £55,000. This consisted of PILON, £20,000 - £25,000, redundancy taxable £0 - £5,000 and redundancy non-taxable £20,000 - £25,000. Her FYE salary for 2021-22 was in the band of £85,000 - £90,000.

## Executive Directors remuneration (continued)

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

## Fair pay disclosures (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. When calculating fair pay disclosures, the HCPC has not included agency and temporary staff remuneration within the HCPC's total employees' remuneration. This is due to the difficulties in calculating agency and temporary staff remuneration, given their services are provided through an intermediary who adds a variable mark up to the remuneration of the agency or temporary staff personnel. The only exception to this, is that given the highest-paid Director in 2020-21 was provided through an agency, their remuneration has been reflected as the highest-paid Director in 2020-21.

The banded remuneration of the highest-paid director of the HCPC in the financial year 2021-22 was £160,000-£165,000 (2020-21, £190-£195,000). This represents a 15.6% reduction in 2021-22 from the prior financial year. This reduction reflects Gordon Dixon no longer being the highest-paid Director in 2021-22, due to his reduced remuneration in 2021-22 resulting from his change in role.

The average total remuneration for all employees on an annualised basis, excluding the highest-paid director for the financial year 2021-22 was £39,306 (2020-21, £40,089). This represents a 1.954% decrease in 2021-22 from the prior financial year. This decrease in average remuneration is largely due to the growth in 2021-22 in employee numbers within the lower to mid-level pay bands.

The range of staff remuneration for 2021-22 from the lowest paid employees to the highest-paid director was £21,500 - £160,000 (2020-21, £20,500 - £190,000).

The median remuneration of employees was £33,000 (2020 - 2021, £33,627), which represents a 1.86% decrease in 2021-22. The mid-point of the banded remuneration of the highest-paid director of the HCPC was 4.92 times (2020-21, 5.72) the median remuneration of all employees.

The appointment of a number of roles at the starting salary during 2021-22 led to a decrease in the median and 75th percentile remuneration. This also impacted the 25th percentile remuneration, however overall, the remuneration for the 25th percentile increased. The overall increase in the 25th percentile remuneration is due to contractual salary increases and growth in employee numbers within the lower to mid-level pay bands.

The 25th percentile remuneration of employees was £28,023 (2020-21, £27,801), which represents a 0.80% increase in 2021-22. The mid-point of the banded remuneration of the highest-paid director of the HCPC was 5.80 times (2020-21, 6.92) the 25th percentile remuneration of all employees.

The 75th percentile remuneration of the workforce was £43,368 (2020-21, £43,740), which represents a 0.85% decrease in 2021-22. The mid-point of the banded remuneration of the highest-paid director of the HCPC was 3.75 times (2020-21, 4.40) the 75th percentile remuneration of all employees.

Total remuneration includes salary, allowances (at a minimum of 6 months), non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Total remuneration is the same as salary as there are no bonuses or benefits in kind.

## Consultancy and off-payroll engagements

Off payroll arrangements are in place for extraordinary work that are limited in time and not part of normal operations of the HCPC. Example of this work included IT system projects and the development and implementation of transformation and improvement plans. Overall the HCPC has incurred consultancy costs of £537k during 2021-22 financial year (2020-21 £655k).

## Exit packages (subject to audit)

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

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2021-22 Total number of exit packages by cost band	2020-21 Total number of exit packages by cost band
<£10,000	1	-	1	3
£10,000–£25,000	1	3	4	-
£25,001–£50,000	-	1	1	3
£50,001–£100,000	-	-	-	-
£100,001–£150,000	1	-	1	-
£150,001+	-	-	-	-
Total number of exit packages	3	4	7	6
<b>Total cost</b>	<b>£124,367</b>	<b>£116,394</b>	<b>£240,761</b>	<b>£145,088</b>

## Employee numbers and costs (subject to audit)

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

## Employee sickness absence and turnover

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

Overall employee turnover for 2021-22 was 30%, however the average voluntary turnover for the financial year was 26%. 3% of available workdays were lost to sickness absence with an employee average of 6 sick days taken.

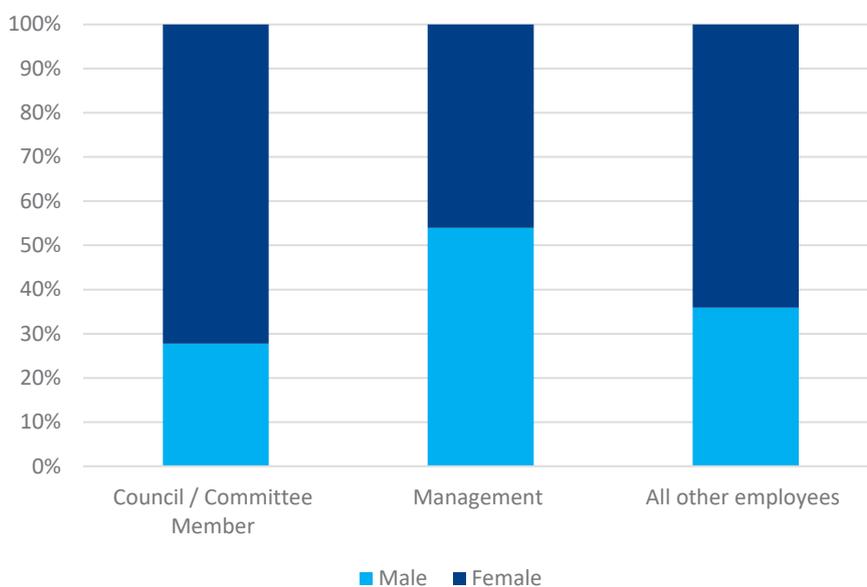
## Equality and diversity

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

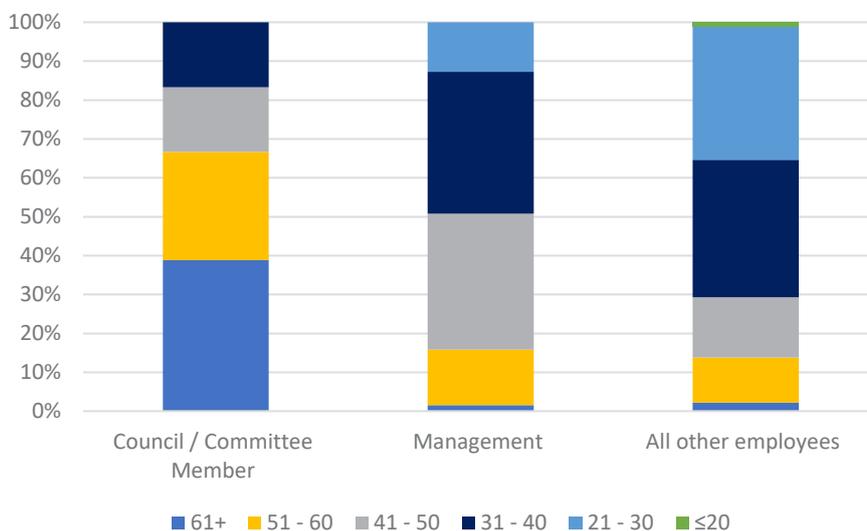
We are an equal opportunities employer and provide opportunities and advancement for all suitably qualified persons regardless of age, disability, gender (including gender reassignment), race, marriage or civil partnership status, pregnancy and maternity, religion, belief (or non-belief) or sexual orientation.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

Our diversity at 31 March 2022 was as follows.

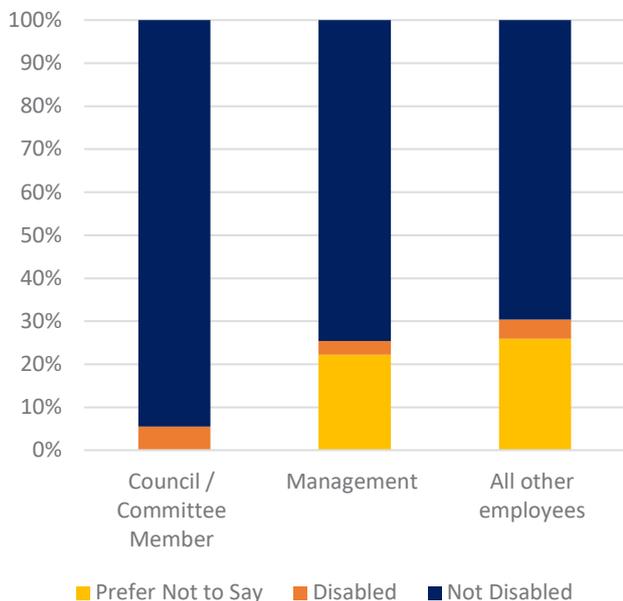
### Gender



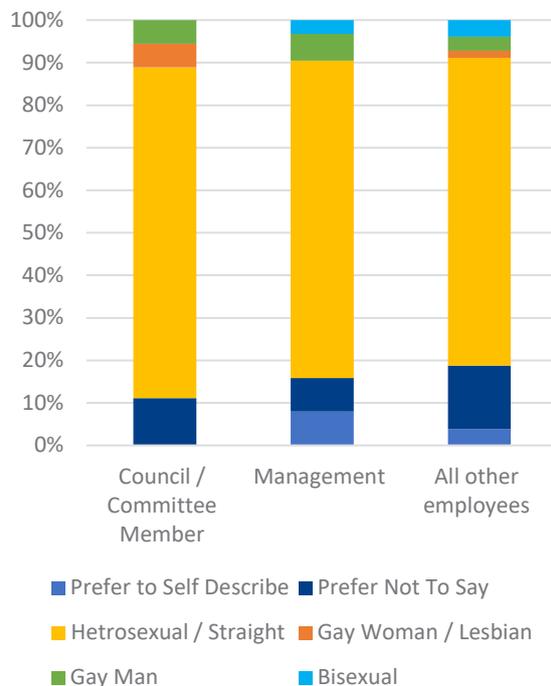
### Age Range



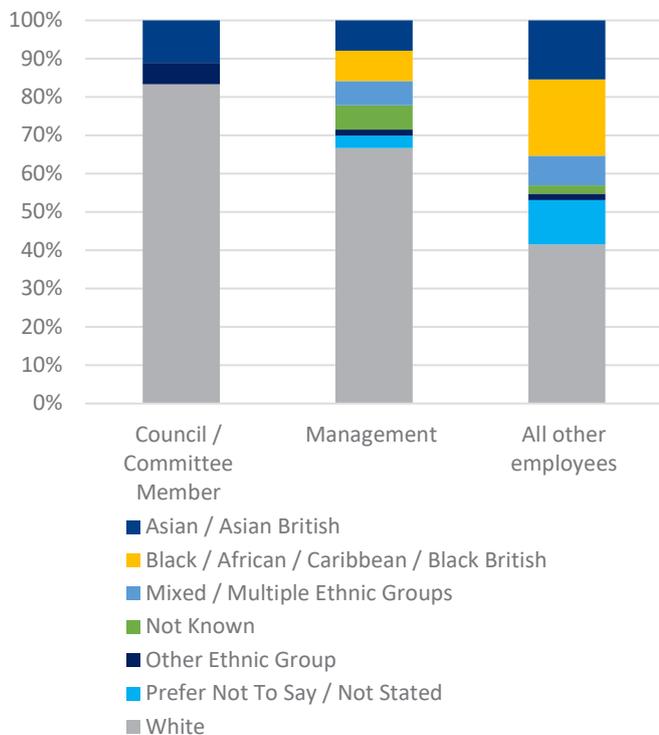
### Disability



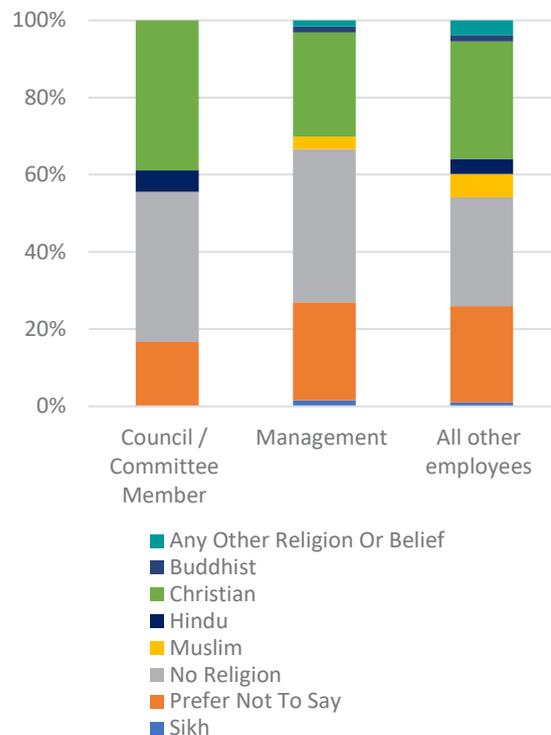
### Sexual Orientation



### Ethnic Origin



### Religion



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

## Gender pay gap

As at 5 April 2021, our mean gender pay gap for employees was 3.82% (2019–20, 2.98%) and our median gender pay gap was -0.09%<sup>2</sup>. The HCPC is committed to doing everything that it can to reduce the gender pay gap. The main reason for our gender pay gap is that there are comparatively more women in roles in lower pay bands than men. The addition of multiple appointments at senior/ Executive level, mainly occupied by males would have significantly contributed towards the pay gap compared to 2019/20. Therefore, our main aim over time is to attract more women into senior and managerial roles. There is evidence of some progress against this objective when comparing this to the previous years' quartile bands.

## Ethnicity pay gap

As of 5 April 2021, our mean ethnicity pay gap for employees was 22.43% (2019-20, 17.31%) and our median gender pay gap was 18.19%. The HCPC is committed to doing everything that it can to reduce the ethnicity pay gap. The main reason for our ethnicity pay gap is that there are comparatively more ethnic minority employees in roles in lower pay bands and comparatively fewer in higher pay bands. Therefore, our main aim over time is to attract more ethnic minority employees into senior and managerial roles.

<sup>2</sup> In line with statutory requirements, the calculation for these figures includes HCPC Partners. The calculations for employee only result in a mean gender pay gap of 6.14% and a median gender pay gap of 0%. Our full gender pay gap report is available at <https://www.hcpc-uk.org/resources/reports/2022/gender-and-ethnicity-pay-gap-reports/>

# Parliamentary accountability and audit report

## Accountability

### Fees charging (subject to audit)

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

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

### Losses and special payments (subject to audit)

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

### Remote contingent liabilities (subject to audit)

At 31 March 2021, HCPC had a remote contingent liability in relation to the backlog of Fitness to Practise (FTP) concerns. There were 1,178 open pre-ICP concerns and 459 open Cases to Answer. The number of FTP cases above a steady state was 599 cases at 31 March 2021. The anticipated cost of concluding the March 2021 backlog of FTP concerns is £4.6m.

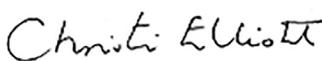
At 31 March 2022, the HCPC had no remote contingent liabilities, as there is no longer a backlog of FTP concerns.

### Losses and gifts (subject to audit)

The HCPC has received no gifts in year (2020-21: Nil).

### Regularity of expenditure (subject to audit)

The Accounting Officer is able to identify any material irregular or improper use of funds by the agency, or material non-compliance use of funds. To the date of this statement, there have been no instances of material irregularity, impropriety or funding non-compliance discovered during the financial year.



**Christine Elliott**  
Chair

Date 21 October 2022



**John Barwick**  
Chief Executive and Registrar  
Accounting Officer

Date 21 October 2022

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

## Opinion

We have audited the financial statements of the Health & Care Professions Council ("the Council") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Net Income, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Equity, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the UK.

In our opinion, the financial statements:

- give a true and fair view of the state of the Council's affairs as at 31 March 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs (UK adopted international accounting standards); and
- have been prepared in accordance with the requirements of the Health Professions Order 2001 and the directions issued thereunder by the Privy Council.

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Other information

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

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

## Matters on which we are required to report by exception

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

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

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

## Responsibilities of Members of the Council for the financial statements

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

In preparing the financial statements, the Council Members are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

## Use of our report

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

**Haysmacintyre LLP**      10 Queen Street Place  
Statutory Auditors      London, EC4R 1AG

Date 31 October 2022

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

# Certificate and report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Health and Care Professions Council for the year ended 31 March 2022 under the Health Professions Order 2001.

The financial statements comprise the Health and Care Professions Council's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Income, Cash Flow Statement and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Health and Care Profession Council's affairs as at 31 March 2022 and its retained deficit for the year then ended; and
- have been properly prepared in accordance with the Health Professions Order 2001 and Privy Council determinations issued thereunder.

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Health and Care Professions Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Health and Care Profession Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Health and Care Profession Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Health and Care Profession Council is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## Other Information

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor's certificate. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with Privy Council determinations made under the Health Professions Order 2001; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Health and Care Professions Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Health and Care Professions Council or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Health and Care Profession Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council and Accounting Officer anticipates that the services provided by the Health and Care Professions Council will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Health Professions Order 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Challenging assumptions and judgements made by management in their critical accounting estimates; and
- In addressing our assurance over regularity, considering any special payments made in year, any off-payroll arrangements, review of Council and Audit and Risk Assurance Committee papers and minutes and an overall comparative review of current year to prior year.

Because of the inherent limitations of an audit, there is a risk that I will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as I will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

## Report

I have no observations to make on these financial statements.

Gareth Davies

Date 1 November 2022

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Financial statements

## Statement of comprehensive net income for the year ended 31 March 2022

	Note	2021–22 £'000	2020–21 £'000
<b>Income</b>			
Fee income	2	30,286	27,162
<b>Total operating income</b>		<b>30,286</b>	<b>27,162</b>
Staff costs	4	(13,063)	(12,247)
Depreciation and amortisation	8, 9	(1,147)	(817)
Other expenditure	6	(18,035)	(15,443)
Business transformation costs		(535)	(500)
<b>Total operating expenditure</b>		<b>(32,780)</b>	<b>(29,007)</b>
<b>Deficit for the year after operational costs</b>		<b>(2,494)</b>	<b>(1,845)</b>
Grant income received from the Department of Health and Social Care	3	650	362
Rental income	3	175	175
Other income	3	78	1
<b>Deficit on ordinary activity before taxation</b>		<b>(1,591)</b>	<b>(1,298)</b>
Taxation	7	(34)	(35)
Impairment of intangible assets	9	(62)	-
<b>Retained deficit for the year</b>		<b>(1,687)</b>	<b>(1,333)</b>
<b>Other comprehensive net income</b>			
Revaluation (loss) / gain on freehold property	8	(186)	238
<b>Total comprehensive net deficit</b>		<b>(1,873)</b>	<b>(1,095)</b>

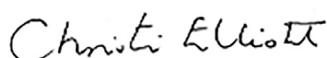
The notes on pages 102-117 form part of these financial statements. The operating surplus / (deficit) for the year arises from the HCPC's continuing operations.

## Statement of financial position at 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	6,616	6,487
Intangible assets	9	3,649	4,105
<b>Total non-current assets</b>		<b>10,265</b>	<b>10,592</b>
<b>Current assets</b>			
Trade and other receivables	10	21,160	7,276
Short-term deposits	12	3,605	3,602
Cash and cash equivalents	11	8,240	3,641
<b>Total current assets</b>		<b>33,005</b>	<b>14,519</b>
<b>Total assets</b>		<b>43,270</b>	<b>25,111</b>
<b>Current liabilities</b>			
Trade and other payables	13	(3,596)	(2,818)
Deferred income	14	(38,009)	(18,537)
<b>Total current liabilities</b>		<b>(41,605)</b>	<b>(21,355)</b>
Liabilities greater than one year	15	(142)	(360)
<b>Assets less liabilities</b>		<b>1,523</b>	<b>3,396</b>
<b>Reserves</b>			
General reserve	SoCiE	1,040	2,727
Revaluation reserve	SoCiE	483	669
		<b>1,523</b>	<b>3,396</b>

The notes on pages 102-117 form part of these financial statements.

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



**Christine Elliott**  
Chair

Date 21 October 2022



**John Barwick**  
Chief Executive and Registrar  
Accounting Officer

Date 21 October 2022

## Cash flow statement for year ended 31 March 2022

	Note	2021– 22 £'000	2020– 21 £'000
<b>Cash flows from operating activities</b>			
Deficit for the year		(2,494)	(1,845)
Depreciation and amortisation	8, 9	1,147	817
(Increase) in trade and other receivables	10	(13,884)	(2,906)
Increase / (Decrease) in payables	13	778	(548)
Reversal of 2020-21 capital accruals		171	-
Increase / (Decrease) in deferred income	14	19,472	1,470
Increase / (Decrease) in liabilities greater than one year	15	(218)	195
<b>Net cash inflow / (outflow) from operating activities</b>		<b>4,972</b>	<b>(2,817)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(656)	(299)
Purchase of intangible assets	9	(583)	(2,042)
Net disposal of short-term deposits	12	(3)	1,496
Rental income	3	175	175
Other income	3	78	10
<b>Net cash flows from / (used in) investing activities</b>		<b>(989)</b>	<b>(660)</b>
<b>Taxation</b>	7, 13	<b>(34)</b>	<b>(54)</b>
<b>Cash flows from financing activities</b>			
Grant income from the Department of Health and Social Care	3	650	362
<b>Net cash flows from financing activities</b>		<b>650</b>	<b>362</b>
<b>Net increase / (decrease) in cash and cash equivalents in the period</b>		<b>4,599</b>	<b>(3,169)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	<b>3,641</b>	<b>6,810</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>8,240</b>	<b>3,641</b>

The notes on pages 102-117 form part of these financial statements.

## Statement of changes in equity for year ended 31 March 2022

	Note	Revaluation reserve £'000	General reserve £'000	Total £'000
Deficit for the year				
<b>Balance at 1 April 2020</b>		431	4,060	4,491
Deficit for the year		–	(1,333)	(1,333)
Gain on revaluation of property		238	–	238
<b>Balance at 31 March 2021</b>		<b>669</b>	<b>2,727</b>	<b>3,396</b>
Balance at 1 April 2021		669	2,727	3,396
Deficit for the year		-	(1,687)	(1,687)
Loss on revaluation of property	8	(186)	-	(186)
<b>Total recognised income and expense for the year</b>		<b>(186)</b>	<b>(1,687)</b>	<b>(1,873)</b>
<b>Balance at 31 March 2022</b>		<b>483</b>	<b>1,040</b>	<b>1,523</b>

The notes on pages 102-117 form part of these financial statements.

# Notes to the financial statements for year ended 31 March 2021

## 1. Accounting policies

### 1.1 Basis of preparation

These financial statements have been prepared taking into consideration the accounting principles and disclosure requirements of the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Health and Care Professions Council (HCPC) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the HCPC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.2 Accounting Convention

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

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

- **IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** requires disclosure in respect of new IFRS, amendments and interpretations that are, or will be applicable after the accounting period. Standards, amendments and interpretations issued by the International Accounting Standards Board, but not yet effective that have not been early adopted, and which are relevant to the HCPC are:
- **IFRS 16 – Leases** was issued in January 2016. In accordance with the FReM, the HCPC will first apply it in the 2022–23 financial statements, although earlier adoption may be permitted. IFRS 16 will require the recognition of all leases on balance sheet, including leases for rented office space. A lease liability and the related right of use asset will be recognised at the present value of the lease payments payable over the lease term. It is estimated that the right-of-use asset value will be approximately £0.7m as at 1 April 2022 and the impact on the statement of comprehensive net income will be additional expenditure of approximately £9k in 2022–23.
- **IFRS 17 – Insurance Contracts** implementation has been deferred from its original implementation date of 1 January 2022 to 1 January 2023 by the IASB. No material impact to the HCPC's financial statements is anticipated following its implementation.

### 1.4 Going concern

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

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

The HCPC continues to seek ways to improve the service we provide. Investments in service improvements are being focused on improving our service and reducing cost, where appropriate. The Council will continue to regularly review options in order to take appropriate steps to balance investments in the future developments and required expenditure with the HCPC's income. Given the HCPC's is established in statute, there is no reason to believe HCPC will not continue to provide its current regulatory role for the foreseeable future. Accordingly, the Council considers there is no material uncertainties in relation to going concern.

## 1.5 Accounting judgement and estimation

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

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

### *Property, plant and equipment*

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses in respect of both land and buildings recognised after the date of the revaluation. Valuations are performed with a maximum interval of five years, and more frequently if open market values are considered to be volatile, to ensure that the fair value of a revalued building does not differ materially from its carrying amount. The fair value of freehold properties is determined with a full valuation carried out by professionally qualified Chartered Surveyors. This is done on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The latest valuation was at 31 March 2022. Property capital costs incurred between valuations are capitalised at cost.

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

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

Plant and equipment are stated at historic cost of acquisition less accumulated depreciation and impairment losses as a proxy for fair value. The HCPC's plant and equipment assets are relatively low value items with short useful lives. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected

useful economic life. Individual assets costing £5,000 or more are capitalised and subsequently depreciated.

Property, plant and equipment assets are depreciated using the straight-line method based on estimated useful lives. The annual rate of depreciation for each class of depreciable asset held at 31 March 2022 is as follows:

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

### *Intangible assets*

Intangible assets are stated at historic cost of acquisition less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. Individual assets costing £5,000 or more are capitalised and subsequently amortised. Amortisation is not provided for until the asset is fully developed and in use. The annual rate of depreciation for each class of intangible asset held at 31 March 2022 is as follows:

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

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

## 1.6 Financial instruments: Financial assets

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

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

Registrants are invoiced for renewal fees in advance of the full two-year registration period and have a choice of whether to pay two years upfront or on a six-monthly basis by direct debit. Accordingly, where registrants elect to pay on a six-monthly basis some of the receivable's balance may relate to periods more than twelve months from the Statement of financial position. It is not possible to determine in advance whether registrants will elect to pay on a six-monthly basis, and therefore how much of the receivables balance should be classified as non-current. Therefore, the HCPC does not split its receivables balance between current and non-current assets.

Details of Trade and other receivables is found in Note 10.

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

## 1.7 Financial instruments: Financial liabilities

The HCPC classifies its financial liabilities as follows.

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

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

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

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

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

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

**Government grants.** Grant income received in a financial year relating to costs incurred in that year is offset against the related cost. Grant income received after the financial year end relating to costs incurred in the previous year is taken to reserves. Grant income received in a financial year relating to costs to be incurred in future years is deferred in the Statement of financial position. Grant income received from DHSC relates to the provision of a Temporary Register by HCPC in response to the COVID-19 pandemic; and to support the registration/recruitment of overseas health professionals to meet additional DHSC requirements for health professionals.

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

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

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

## 2. Fee income by profession

	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
Arts therapists	421	424
Biomedical scientists	2,173	2,413
Chiropodists / podiatrists	1,090	1,140
Clinical scientists	537	590
Dietitians	908	980
Hearing aid dispensers	294	282
Occupational therapists	3,708	3,775
Operating department practitioners	1,270	1,283
Orthoptists	130	136
Paramedics	2,616	2,705
Physiotherapists	5,278	5,615
Prosthetists / orthotists	100	109
Practitioner psychologists	2,222	2,369
Radiographers	3,379	3,750
Social workers in England	-	(1)
Speech and language therapists	1,531	1,560
Miscellaneous	4,630	-
European professional card	-	31
	<b>30,286</b>	<b>27,162</b>

Miscellaneous income principally consists of International scrutiny fees and UK scrutiny fees. This income is not split by profession.

## 3. Other income

	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
Bank deposit interest	3	10
Grant income received from the Department of Health and Social Care	650	362
Rental income	175	175
Other income	75	-
	<b>903</b>	<b>547</b>

## 4. Staff costs

			<b>2021–22</b>	<b>2020–21</b>
	<b>Permanent staff</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	8,318	734	9,052	9,220
Social Security costs	945	80	1,025	969
Pension costs	631	46	677	627
Temporary staff costs	-	1,741	1,741	957
Other payroll expense including recruitment costs	-	327	327	295
Apprenticeship levy	-	-	-	34
Redundancy / settlement cost	241	-	241	145
	<b>10,135</b>	<b>2,928</b>	<b>13,063</b>	<b>12,247</b>

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

	<b>Permanently Employed Staff</b>	<b>Other</b>	<b>2021/22 Total</b>	<b>2020/21 Total</b>
Directly Employed	227	26	253	236

## 5. Pension funding arrangements

The Aviva Scheme is a designated stakeholder, defined contribution scheme and the HCPC's auto-enrolment staging date was 1 April 2014. At 31 March 2022, there were 237 active members in the pension scheme (2021, 237 active members). During the financial year ended 31 March 2022, the HCPC contributed £677k to the pension scheme (2020–21, £627k).

## 6. Other expenditure

	<b>2021–22 £'000</b>	<b>2020–21 £'000</b>
Professional services	7,814	6,654
Partners	4,070	2,498
Office services	308	230
Computer services	1,839	1,889
Communications	380	338
Other departmental costs	818	617
Property services	1,685	2,025
Projects	115	199
Council and Committee expenses	225	240
PSA levy	781	753
	<b>18,035</b>	<b>15,443</b>

Professional services costs include the legal expenditure associated with fitness to practise (FTP) hearings and ad-hoc professional services engaged with service providers for the organisation. The increase in these costs was due to increased numbers of hearings concluded in 2021-22, as activity recovered post pandemic. Also, the FTP department piloted a change in their operational model to improve the quality and length of hearings, which involved a front loading of costs into 2021-22. Also, the cost of supporting the Registration function increased as the international applications grew significantly during the financial year.

Partners are HCPC registrants, members of the public and legal professionals who contribute their expertise to the HCPC and play important roles in the regulatory process. There are a range of partner roles including CPD assessors, legal assessors, panel chairs, panel members, registration assessors and visitors. As a result of COVID-19 in 2020-21, there was a delay in many FTP hearings which resulted in the Partner costs associated with those hearings being delayed to 2021-22, resulting in increased costs in the current financial year. Partner costs (Registration assessors) also increased in 2021-22 due to the growth of international registration applications as mentioned above.

As a result, of vacating the 405 Kennington Road building where the tribunal rooms are situated; during the transitional period; alternate tribunal rooms were hired which resulted in the increase in 2021-22 office services costs.

During the current financial year, the 405 Kennington Road office building was vacated and that generated a reduction in property services costs.

Other department costs include organisational and departmental training which amounts to £195k (2020–21, £143k).

The decrease in project related costs was mainly due to less revenue projects being undertaken during 2021–22; resulting in less project related expenditure.

Because the HCPC is not registered for VAT, other operating expenditure includes irrecoverable VAT of approximately £2.1m in 2021–22 (2020–21, £1.9m).

Other expenditure includes:

Auditors' remuneration:

	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
• External audit – Haysmacintyre LLP	39	71
• External audit – National Audit Office	10	8
• Internal audit – BDO LLP	64	72

**Operating lease rentals**

• Land and buildings	650	893
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7. Taxation on investment income

	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax on taxable income for the year	34	35
Tax charge for the year	<u>34</u>	<u>35</u>

## 8. Property, plant and equipment 2021–22

	Freehold land	Freehold properties	Leasehold improvement	Office furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:						
At 1 April 2021	3,000	3,000	1,029	253	748	8,030
Additions	-	448	-	-	208	656
Disposals	-	-	-	-	(100)	(100)
Revaluation <sup>1</sup>	(124)	(124)	-	-	-	(248)
At 31 March 2022	2,876	3,324	1,029	253	856	8,338
Depreciation:						
At 1 April 2021	-	-	924	129	490	1,543
Charge for the year	-	62	105	41	133	341
Disposals	-	-	-	-	(100)	(100)
Reversal on revaluation <sup>1</sup>	-	(62)	-	-	-	(62)
At 31 March 2022	-	-	1,029	170	523	1,722
Net book value:						
At 31 March 2022	2,876	3,324	-	83	333	6,616
At 31 March 2021	3,000	3,000	105	123	259	6,487

1. Net revaluation loss for 2021–22 amounted to £186k (2020–21, net revaluation gain amounted to £238k). [The 184 and 186 Kennington Park Road buildings were previously valued separately, but since the refurbishment of 186 Kennington Park Road includes the joining of the two buildings, the valuation and any resulting gains or losses are now accounted for on a net basis.]

The HCPC's offices in London are: Park House, comprising the land and buildings of 184 and 186 Kennington Park Road and the adjoining land and buildings of 20–26 Stannary Street and 33 Stannary Street. Park House is freehold, and is included in note 8 at valuation, as described below. 33 Stannary Street is held on a short-term lease, so the value isn't included in note 8, except in relation to leasehold improvements made by the HCPC.

## Freehold properties

The valuations of the freehold land and buildings were made on 31 March 2022 by Stiles Harold Williams, Chartered Surveyors, on an open-market basis, in accordance with RICS Valuation Global Standards - effective from 31 January 2022. Stiles Harold Williams advised that there was no material difference between existing use value and the market value of the properties, and that for accounting purposes, it is reasonable to split the valuation equally between land and buildings. The HCPC accepts this advice.

### Park House including 20–26 Stannary Street and 184-186 Kennington Park Road

Park House was valued at £6.20m (2020-21, £6.00m). The combined historic cost of the Park House property, was £6.27m (2020-21, £5.82m).

### Historic documents and papers

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

Property, plant and equipment 2020–21	Freehold land	Freehold properties	Leasehold improvement	Office furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:						
At 1 April 2020	2,910	2,910	1,029	212	656	7,717
Additions	–	–	–	98	201	299
Disposals	–	–	–	(57)	(109)	(166)
Revaluation <sup>1</sup>	90	90	–	–	–	180
At 31 March 2021	3,000	3,000	1,029	253	748	8,030
Depreciation:						
At 1 April 2020	–	–	767	150	502	1,419
Charge for the year	–	58	157	36	96	347
Disposals	–	–	–	(57)	(108)	(166)
Reversal on revaluation <sup>1</sup>	–	(58)	–	–	–	(58)
At 31 March 2021	–	–	924	129	490	1,543
Net book value:						
At 31 March 2021	3,000	3,000	105	123	259	6,487
At 31 March 2020	2,910	2,910	261	63	154	6,298

## 9. Intangible assets 2021-22

	Software licences	Other systems	HR and Partner Build	Education system	Fitness to practise case management	Registration system	Total
Cost or valuation:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	315	857	419	1,065	1,719	6,982	11,357
Additions	-	3	-	35	235	310	583
Impairment	-	(62)	-	-	-	-	(62)
Disposals	(238)	(68)	-	-	(1,048)	(2,498)	(3,852)
At 31 March 2022	77	730	419	1,100	906	4,794	8,026
Amortisation:							
At 1 April 2021	306	565	298	952	1,048	4,087	7,256
Charge for the year	9	133	82	51	-	531	806
Impairment	-	-	-	-	-	-	-
Disposals	(238)	(68)	-	-	(1,048)	(2,331)	(3,685)
At 31 March 2022	77	630	380	1,003	-	2,287	4,377
Net book value:							
At 31 March 2022	-	100	39	97	906	2,507	3,649
At 31 March 2021	9	292	121	113	671	2,895	4,102

Intangible assets at 31 March 2022 include assets under construction of £1.235m (2020-21, £718k).

## 9. Intangible assets 2020-21

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

## 10. Trade and other receivables

	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments	1,624	1,959
Other receivables	19,536	5,317
	<u>21,160</u>	<u>7,276</u>

All debtors are current and other receivables expected credit losses of £188k have been provided for.

The significant increase in other receivables in 2021-22, largely reflects the full year impact of the introduction during 2020-21 of an invoicing system which resulted in all registrants being invoiced and the associated income being recorded for two years, from the registrant's renewal date. In 2020-21, most income was reflected when received and therefore no receivable was raised in relation to this income.

## 11. Cash and cash equivalents

	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	3,641	6,810
Net change in cash	4,599	(3,169)
Balance at 31 March	<u>8,240</u>	<u>3,641</u>

All cash held in commercial bank accounts only.

## 12. Short-term deposits

	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	3,602	5,098
Net change in deposits	3	(1,496)
Balance at 31 March	<u>3,605</u>	<u>3,602</u>

At 31 March 2022, nil (31 March 2021, nil) of the total short-term deposits are maturing after more than one year.

## 13. Trade and other payables

	<b>2021–22</b>	<b>2020–21</b>
	<b>£'000</b>	<b>£'000</b>
Corporation tax	70	35
Other taxation and social security	296	360
Trade and other payables	1,154	523
Accruals	2,076	1,900
	<u>3,596</u>	<u>2,818</u>

## 14. Deferred income

	<b>2021–22</b> <b>£'000</b>	<b>2020–21</b> <b>£'000</b>
Fees received in advance		
Balance at 1 April	18,537	17,067
Fees received/invoiced in the year	45,129	25,974
Released to the statement of comprehensive net income	(25,657)	(24,504)
Balance at 31 March	<u>38,009</u>	<u>18,537</u>

Registrants are invoiced in full and required to pay the renewal fee in advance and, as described in note 1 above, have the choice of whether to pay two years upfront or on a six-monthly basis by direct debit. When registrants have paid two years upfront, some of the deferred income balance may relate to periods more than 12 months from the reporting date. However as described in note 1, HCPC does not split its deferred income balance between current and non-current liabilities.

The significant increase in fees received/invoiced and resultant increase in deferred income in 2021-22, largely reflects the full year impact of the introduction during 2020-21 of an invoicing system which resulted in all registrants being invoiced and the associated income being recorded for two years, from the registrant's renewal date. This increased invoiced income in 2021-22 included a large component of income which related to the period post 31 March 2022, and therefore has been treated as deferred income at 31 March 2022, with the income to be reflected in subsequent accounting periods.

In 2020-21, most income was reflected when received, rather than from the renewal date, and income received was largely for less than the full two-year renewal period and accordingly significantly less income was deferred in 2020-21.

## 15. Provisions

	<b>2021–22</b> <b>£'000</b>	<b>2020–21</b> <b>£'000</b>
Dilapidation provision		
Balance at 1 April	360	163
Net change in provision	(218)	197
Balance at 31 March	<u>142</u>	<u>360</u>

The operating lease in relation to 405 Kennington Road was surrendered in December 2021. The associated Dilapidation costs were settled prior to 31 March 2022, and therefore no provision was required at 31 March 2022.

A Dilapidations provision in relation to the operating lease of 33 Stannary Street has been reflected at 31 March 2022, and was calculated based on the cost per square metre. The duration of the operating lease of 33 Stannary Street is disclosed in Note 16.

## 16. Operating leases

The HCPC holds an operating lease for the rental of office space at 33 Stannary Street. The leases on 33 Stannary Street were renewed for a twelve-year term from February 2016 to February 2028. The lease on the hearings room and office space at 405 Kennington Road was surrendered in December 2021.

The total future minimum lease payments under the leases are as follows.

	2021–22			2020–21		
	£'000	£'000	£'000	£'000	£'000	£'000
Payments due:	Kennington Road	Stannary Street	Total	Kennington Road	Stannary Street	Total
In less than one year	-	136	136	467	141	608
In the second to fifth years	-	543	543	-	564	564
After more than five years	-	119	119	-	265	265
		798	798	467	970	1,437

## 17 Capital commitments

Capital commitments authorised by the Council but not contracted as at the year-end were as follows.

	2021–22	2020–21
	£'000	£'000
Replacement of the FTP Case system	231	-
Online portal development of the registration system for applications	315	-
Deploy new Education system	40	-
Build new registrant portal	60	-
Finance system replacement	300	-
Improvement of data collection system	120	-
Enhancing the platform to promote hybrid working	270	-
CMS phase 2 replacement	-	177
Registration transformation and improvement project Phase 3	-	581
	1,336	758

## 18. Contingent liabilities

There were no contingent liabilities as at 31 March 2022 (20-21, £4,597,335).

## 19. Related party transactions

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

During the year, an advance payment of £784,832 was made to the PSA relating to the PSA levy for 2022–23. As at the reporting date, this is held within prepayments. In 2020-21, an advance payment of £780,655 were made towards the 2021-22 PSA levy.

For accounting purposes, the Department of Health and Social Care treats the HCPC as part of its group, although the HCPC is an independent body controlled by the Department of Health and Social Care. The HCPC was reimbursed £201,776 for the cost of the Temporary Register created during the pandemic. The HCPC invoiced the Department of Health and Social Care a total of £241,606 in the 2021-22 financial year (2020–21, £362,000).

Council members are being remunerated on an annual basis and non-Council Committee members receive fees at a daily rate for attendance at Council or Committee meetings. Fees totalling £198,628 (2020–21, £224,085) were accrued and paid to 22 members, which is made up of independent members and Council apprentices (who are not members of the Council) (2020-21, 25 members).

No related party transactions were noted with key management personnel other than the compensation paid to them which can be found in the remuneration report on pages 75-88.

## 20. Post statement of financial position events

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

## 21. Financial instruments

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

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

### Currency and liquidity risk

The HCPC currently has no borrowings and relies primarily on fees for its cash requirements.

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

In May 2020, a revised reserves policy was agreed by Council and as noted on page 45, the new policy is based on Realisable Net Assets. The HCPC approach to a Reserves Policy is based on

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

At 31 March 2022, the HCPC has negative Realisable Net Assets. Due to the need to invest and delays in implementing fee increases, the current financial forecasts for the next 3 years indicate that the HCPC will continue, in the short term, to have negative Realisable Net Assets. The ambition is to return to positive Realisable Net Assets within 5 years and, during this time, maintain as a minimum positive Net Assets and positive cash balances.

#### Interest rate risk

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

