



Health and Care Professions Council Annual Report and Accounts 2022–23

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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, assets, liabilities and reserves in detail.

Foreword by the Chair and Chief Executive



Christine Elliott
Chair

As the HCPC passes the half-way mark in its five-year strategy, we can point to significant improvement in our overall performance. Most recently, this has been endorsed by the Professional Standards Authority (PSA) which, in its Performance Review 2022–23, recognised the tangible progress that has been made around fitness to practise (FTP) and registration. The HCPC has now met 16 of the 18 Standards of Good Regulation, regaining two FTP standards and one standard linked to registration. We remain focused on retaining these standards and attaining the final two, making further improvements by continuing our FTP Improvement Programme to build on the progress we have made.



Bernie O'Reilly
Chief Executive
and Registrar

Investment in technology and improved processes have had a significant impact on our registrants. The HCPC's registration processes have been moved predominantly online, enabling faster processing and an improved experience for our registrants. This digitisation has enabled us to be more responsive and to capture more registrant Equality, Diversity and Inclusion (EDI) data than ever before.

We have also invested in improving our understanding of retention in our professions. In January, we analysed some of the data captured and published our insights as part of our work on retention and preceptorship. As a first for the HCPC, it has proven to be an important body of research and we hope it will help inform those responsible for workforce planning.

In order to champion high quality care that the public can access safely and with confidence, it is vital that we are focused on the standards our registrants work to and have effective programmes in place to improve these. In 2022, following an extensive period of consultation and engagement, we updated our standards of proficiency for the first time since 2015. After introducing the new standards, we hosted a number of workshops with registrants, employers and professional bodies to ensure registrants are prepared when the changes come into effect in September 2023.

It is crucial that the HCPC's hard earned improvements endure and can be built upon. Key to this is the financial sustainability required for the organisation to discharge its statutory duties effectively. We have needed to run operating deficits for the past five years, which has led to our reserves declining to a level that is not sustainable. For this reason, we consulted this year on a fee rise. We understand that this is a difficult time financially for registrants and if it was not necessary for us to increase our fees now, we would not do so.

Working with independent external advisers, the HCPC has run a project to understand and measure how its work impacts on the environment. With carbon emissions now benchmarked and programmes for improvement agreed, we have set a path to net zero and are committed to becoming a carbon neutral organisation. Priority work in this area includes identifying ways to decarbonise

and putting concrete plans in place to achieve it, as well as developing resilience in the face of the physical risks of climate change.

The 12 months this report covers have seen transition and renewal within the executive and non-executive teams. Following a 360 review and oversight from a senior civil servant, I (Christine Elliott) was honoured to be reappointed as the HCPC's Chair for a second term. Our former Chief Executive Officer (CEO), John Barwick, left in December 2022 after more than 10 years of dedication and service to the HCPC. Our new CEO, Bernie O'Reilly, who formally took up post in July 2023, joins us from the College of Policing. His career is one focused on public protection and ensuring high standards of professional practice, and we look forward to drawing on his energy and experience. The Council would like to convey its thanks to Andrew Smith for his excellent work serving as our Interim Deputy Chief Executive prior to Bernie's appointment.

Although improvements are being made across the HCPC, there are limits to what can be achieved within the current regulatory framework. Modernisation is required. As such, we welcomed the announcement from the Department of Health and Social Care (DHSC) that the HCPC will be next in the Government's programme of regulatory reform. For future regulation to increase its efficacy, the focus must move more towards prevention, moving upstream to recognise where behaviours could be of detriment

to patients and intervening to prevent this. Data is key and so is collaboration, and we must work with others who regulate health and care professions, sharing learning and data, where appropriate. The HCPC has played an important role as a convener, bringing together the GMC, NMC, GPhC, GOC and other regulators as well as the Patient Safety Commissioner and the Chief Executive of the Patients Association. We continue to advocate for a duty of collaboration.

With regulatory reform, we have a once in a generation opportunity to develop a framework that can put the patient voice front and centre in healthcare and lead to the better overall protection of patients. The pace of technology will shape the way we work, as AI, and its intelligent application with human oversight, will give rise to new opportunities. With a professional team and committed leadership to see through this period of change, the outlook for the HCPC, and those we regulate, is a positive one.

Performance report

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



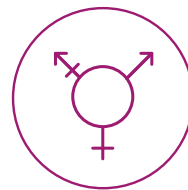
Fair

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



I have always found working with the HCPC both positive and enjoyable; the organisational culture, in my view, values inclusiveness, progressiveness, strong and supportive professional behaviours with a focus on the service users.

HCPC Partner



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

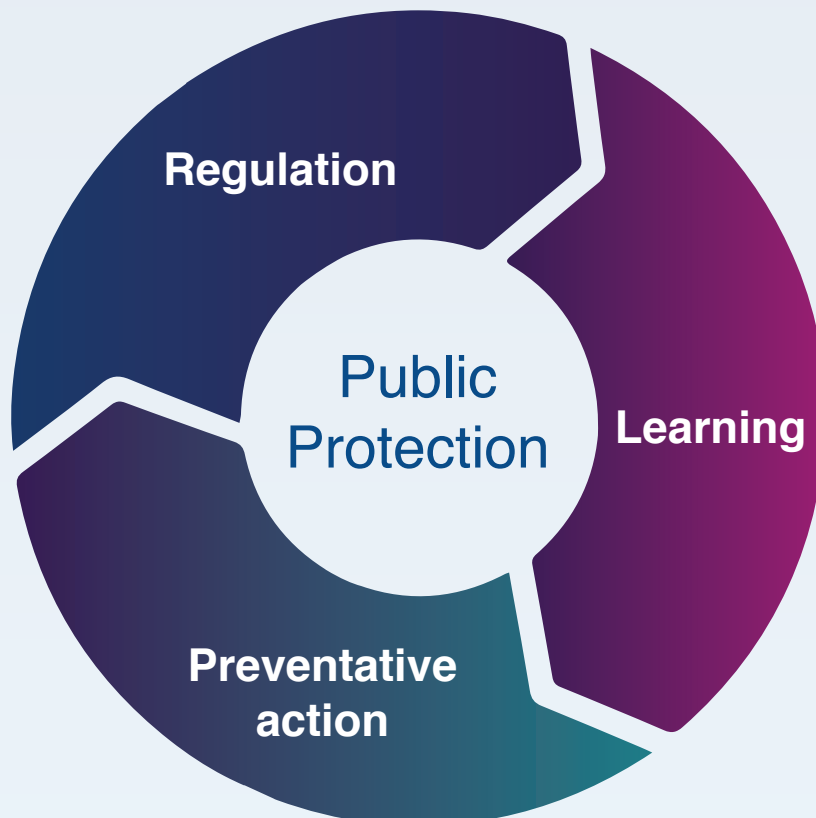
We will harness our data to have more informed insights about the impact of our processes and take that learning to improve our regulatory activity, future approach and decision making.

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

Preventative Action

We will develop 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 will support 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.



Core Activities 2022–23 highlights

This section provides highlights of our core activity in 2022–23.



Regulation

The HCPC Register

The HCPC maintains an accurate Register of the 15 health and care professions we regulate. In the year of this report, a significant number of new registrants joined our Register, adding vital resource to the UK’s health and care workforce.



320,438¹

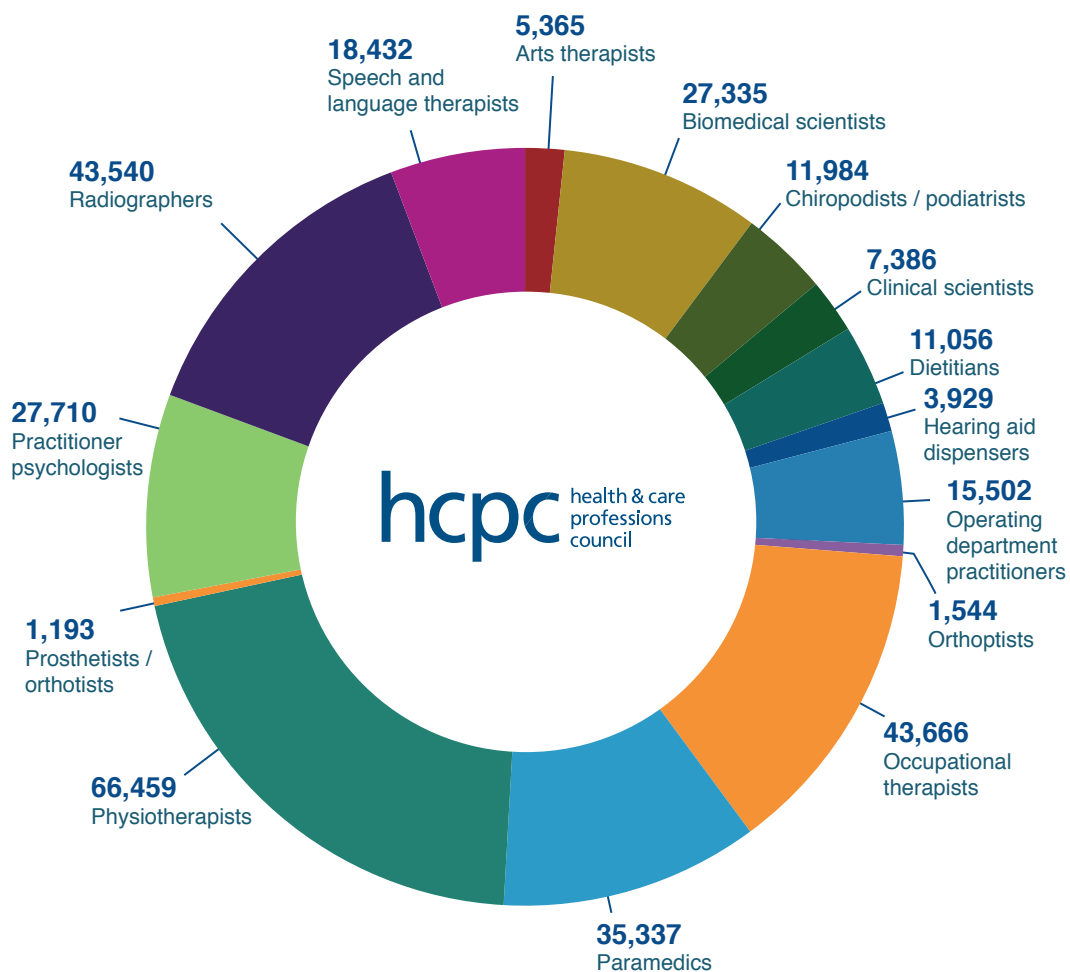
Total number of registrants



29,133

Number of new registrants in the last financial year

Breakdown by profession



¹ As of 31 March 2023

Quality assurance of education and training programmes

The HCPC quality assures education providers and programmes to ensure applicants meet our standards, before joining our Register.

Our quality assurance model enables us to be flexible, intelligent and data led in our risk-based assessment of education providers and programmes.

In September 2022, we began reviewing provider readiness for the revised standards of proficiency (SOPs) through our assessment processes. The revised SOPs will become effective from September 2023.



135

approved education providers



1049

total approved programmes



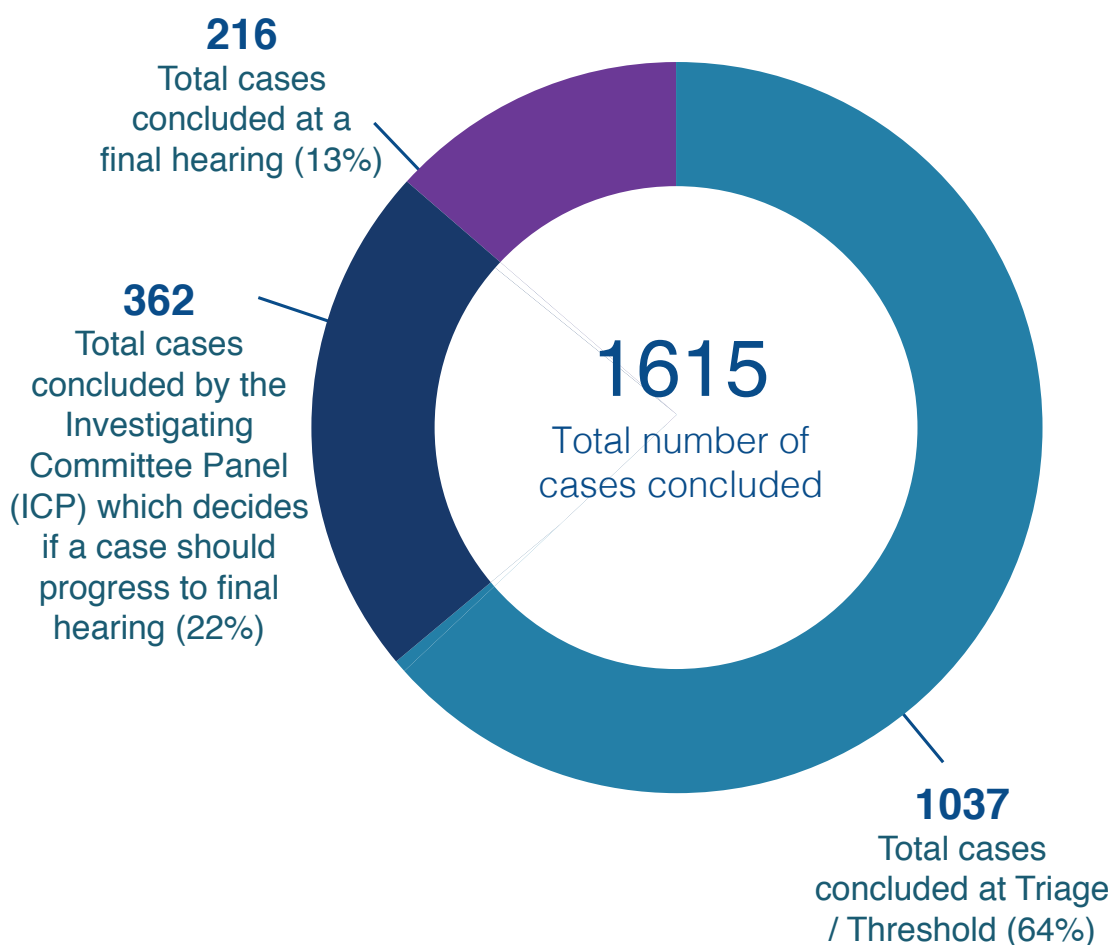
50

new programmes

Taking action to protect the public

This year, we worked hard on our FTP Improvement Programme and saw the benefits begin to emerge, as we regained two PSA standards relating to FTP, which are detailed later in this report.

We consulted on the continued use of remote and hybrid hearings in the HCPC tribunal service and took the decision to allow these to continue, to complement the use of in-person hearings and to support registrants with a flexible approach.



Improving how we regulate

In 2022–23, the HCPC has met 16 of the 18 Standards of Good Regulation, regaining two FTP standards and one standard linked to registration. The standards of good regulation are set by the Professional Standards Authority (PSA), the independent body which oversees the work of the UK health professional regulators.

The PSA's report recognises the progress the HCPC has made and the positive impact its improvement programme has had so far. The PSA's findings are in line with the HCPC's expectations of its current performance, but there is a recognition that there is still more work to be done to achieve the two remaining FTP standards.

To achieve these standards, the HCPC will continue its FTP Improvement Programme, focusing on improving the quality and timeliness of its investigations, and ensuring all those involved in an FTP case are supported to participate effectively.



Setting standards of practice

The HCPC works with health and care professional bodies, 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



Launched a public consultation on changes to our standards of conduct, performance and ethics and social media guidance



Published our first set of preceptorship principles in collaboration with Health Education England



Reponded to 672 Policy enquiries

Insight and engagement

In 2022–23 we saw a significant increase in engagement with our ‘news and updates’ content, achieving 128,436 views from 40 news items compared to 69,796 views for 37 news items in 2021–22. We also gained 21,000 followers on our social media accounts, an increase of 21% compared to 2021-22 which saw an increase of 12.7%.

At the start of this year, we published an analysis of the registration retention rates for our 15 professions. Our analysis is being used by employers, professional bodies and others responsible for workforce planning, to better understand retention rates amongst the health and care professions regulated by the HCPC.

We organised and hosted numerous webinars and events for our registrants, partners and providers, often in collaboration with other stakeholders. The feedback we received from participants and partners was very positive.



128,436
article views



21,000
new followers on social media channels

“ It was fantastic working with the HCPC on the return to practice webinars.
The Royal College of Occupational Therapists ”

“ We were delighted to work in partnership with the HCPC Professional liaison team to design and deliver a webinar on best practice in primary care.
NHS Resolution ”

Preventative action

The HCPC's 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 2022–23:



Performance analysis

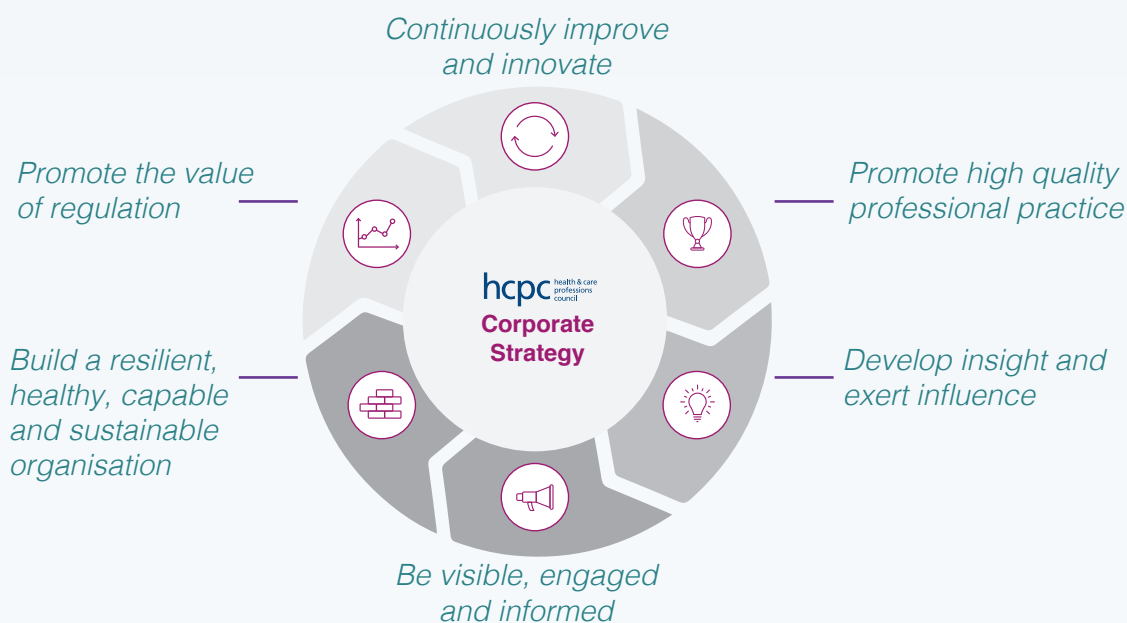
This section outlines our performance during 2022–23, focusing on our strategic, operational and KPI performance as well as our performance against the PSA Standards of Good Regulation. We also outline our learnings from the last year and look ahead to the priorities in our Corporate Plan 2023-2024 and our views on regulatory reform.

As with other organisations, we have had to navigate the economic pressures of the last year and, while we want to continuously innovate and improve, we must remain financially sustainable. Over 2022–23 we consulted with our stakeholders and the public on an increase to our fees to meet a shortfall in income that had arisen over time, as a result of our fees not keeping pace with inflationary cost pressures, and to ensure that we can continue to meet our regulatory responsibilities to protect public safety.

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 upholding 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 2022, we launched our Corporate Plan 2022–23, setting out how we would progress our strategy in 2022–23. The following pages report our Corporate Plan 2022–23 delivery performance.

Corporate plan delivery in numbers



49

workstreams included in the Corporate Plan 2022–23



80%

39 workstreams (80%) were completed or are on track to complete as planned



20%

10 workstreams or 20% were deprioritised or will not complete as planned (detail provided later in this section)

Over the last 12 months we have achieved 80% of the project milestones from our Corporate Plan 2022–23. We outline more detail on this in the following pages.

While we acknowledge there is still more to be done, we have made important progress in improving our fitness to practise (FTP) processes and performance, advancing our online services and enhancing user experience of our registration services, as well as sharing our data to benefit the wider health and care system.

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 2022–23

Transitioned to frontloading of case management with external legal providers

Expanded delivery of our online registration services to include UK applicants, offering an improved user experience and more efficient registration services

Consolidated the benefits from the new Education Quality Assurance model

Delivered Phase 2 of FTP Case Management System including streamlined workflows, improved reporting functionality

Developed and launched an education provider self-service portal to manage provider interactions

Delivery highlights 2022–23

Improving our fitness to practise performance

A key focus in 2022–23 continued to be improving our performance against the PSA FTP Standards. As discussed in more detail later in this report, we were pleased to regain two FTP standards in our PSA performance review for 2022–23, this means that we now meet three out of five of the FTP standards.

In its report for 2022–23, the PSA acknowledges the achievements of our FTP improvement programme, which have enabled us to meet standards 16 and 17. Through the audit and our ongoing reporting, the PSA were assured that the work undertaken by the HCPC to improve the quality of decisions made at all stages of the fitness to practise process has shown real and lasting improvement (Standard 16). The PSA were also assured that we have improved the way we identify and manage risk in cases – including prioritising high risk cases (e.g., seeking an interim order promptly). While we are pleased with this result, we remain focused on the work we still need to do to regain the remaining two FTP standards.

Looking at how we operate in the future, and following a successful pilot, we began to prepare for a full transition to 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 showed us 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 the DHSC 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 health and care regulators.

Registration responsiveness

As part of the second stage of moving all our registration processes online, in 2022–23 we extended online registration services to UK applicants, following the first stage roll out to international registrants in 2021-22. This functionality greatly improves our customer service and our efficiency in processing applications.

During this stage, we also introduced a portal to capture diversity data when registrants first apply or renew their registration. This has significantly improved the proportion of EDI registrant data we hold, which in turn enables us to better understand our registrant demographics.

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 were pleased to regain PSA standard 11 this year, having addressed the service issues we encountered in 2021-22 as a result of an increase in international applications. While the number of international applications we received in 2022–23 continued to grow, we understand this to be mainly as a result of ongoing international recruitment programmes being led by the NHS. The improvements and investments we made in our registration processing capacity led to a significant reduction in time to first decision.



The renewals process has been smooth and efficient this year, which is great news. We would like to thank (you) ... for providing regular updates with charts and graphs.

British Psychological Society



Education Quality Assurance Model

Over 2022–23, we developed and implemented a new regional education engagement model, which means our education provider stakeholders have a named contact at the HCPC, who they can be confident is an expert in their regional context. We also launched our Education Provider Self Service Portal to improve the way our stakeholders interact with us.



I must thank you for your support and guidance over the years – our relationships with our regulators are made so much easier by having engaged and responsive contacts.

Education Provider



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 2022–23

Reviewed, consulted on and published revised standards of proficiency (SOPs) and commenced implementation

Reviewed the standards of conduct, performance and ethics (SCPEs) and launched a consultation

In partnership with Health Education England, developed preceptorship principles to support registrants as they enter practice

Developed and launched a high quality programme of #myhpcstandards events to promote excellence in professional practice

Delivery highlights 2022–23

Reviewing our standards

We undertake a regular review of our standards to ensure they are relevant to current practice and are clearly understood by those who use them.

In March 2023, we launched a public consultation on proposed changes to our standards of conduct, performance and ethics. These standards set out the ethical framework within which our registrants must work.

The proposed changes follow a pre-consultation period where we gathered insight into how individuals use the standards, what they think of them, and any suggested changes. The proposed revisions fall under five key themes:

1

Equality
diversity and
inclusion

2

Communication
with colleagues,
service users
and carers

3

Duty of candour

4

Upskilling
and training
responsibilities

5

Managing
existing health
conditions and
disabilities in the
workplace

An additional theme – sustainability in health and care – is also discussed in the consultation to explore future revisions to the standards. We also launched a consultation on revisions to our guidance on social media that accompanies the standards.

We will review all responses to our consultation carefully and consider how we might reflect feedback in the final changes in 2023-24, to ensure the best outcomes for registrants, employers, the wider health and care sector and the public.

Preceptorship

High quality preceptorship programmes support health and care professionals to develop and maintain confident, safe and effective practice throughout their careers. While preceptorship is often associated with newly qualified professionals, we know the value it brings can extend to registrants at many different transitional stages of their careers, including new graduates, those returning to work after a career break, international professionals new to the UK workforce and those taking on new responsibilities or significantly changing their job role.

In 2022–23, we worked in collaboration with Health Education England (HEE) to develop guiding principles for preceptorship for the 15 professions we regulate. Following extensive stakeholder engagement across the four nations and all 15 professions, as well as a full public consultation, our preceptorship principles were published in early 2023.

These guiding principles aim to support registrants at key transitional points in their careers as well as promoting excellence and standardisation in the quality of preceptorship programmes available to our registrants.

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 2022–23

Published analysis of the registration retention rates of new registrants for our 15 professions

Improved visibility of renewal trajectories through renewal data dashboards

Commenced analysis of FTP outcomes by diversity characteristics, focusing on age and sex with more analysis planned for 2023-24

Commenced research into registrants' experiences when first entering the workforce

Established a new data scientist degree apprenticeship

Delivery highlights 2022–23

Programme for Data Excellence

Over 2022–23, we focused on using our data more effectively. To drive this work, we launched our Programme for Data Excellence which will be foundational for the further development of risk-based regulation and support our digital transformation in an efficient and targeted way. It will also enable us to share appropriate data with the wider health and care system in order to help find solutions to the key challenges for the sector, such as workforce planning.

Preceptorship analysis

Workforce planning is crucial for the health and care sector. Workforce pressures can exacerbate waiting times, create backlogs and can compromise patient safety. Recruitment is part of the answer, but retaining good staff is vital too, and has perhaps never been more important.

At the start of this year, we published an analysis of the registration retention rates for our 15 professions. Our analysis is being used by employers, professional bodies and others responsible for workforce planning to better understand retention rates amongst the health and care professions regulated by the HCPC.



Sir David Behan, Chair of Health Education England, would like to thank you for sharing the HCPC retention data with us. Your work on preceptorship has been incredibly useful and insightful.



Deputy Chief Allied Health Professions Officer (England), Health Education England

Preparedness for practice research

This year, we commissioned the University of Plymouth to undertake research, looking at registrants' preparedness for practice, following the 'New Graduate Survey Highlights Report' in 2021. This report highlighted areas where new registrants lacked confidence in their preparedness for practice and their preceptorship support.

The purpose of the work is to:

- ✓ achieve a better understanding of how well newly qualified HCPC registrants from each of the 15 professions are prepared for practice;
- ✓ develop resources for students and newly qualified registrants;
- ✓ create targeted engagement with education providers to address any areas of challenge through educational programmes; and
- ✓ continue to engage with employers and professional bodies to ensure additional support is provided where possible and review the standards for education and training.

The research will form part of our wider objective to support registrants throughout their careers, by understanding what leads to professional practice issues and what action we might take to support registrants to uphold good practice. It will also inform our upcoming review of our standards of education and training in 2024.

We anticipate that the final report will be published in early 2024.

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 2022–23

Delivered year one of our EDI action plan

Launched EDI action plan with steering group oversight

Expanded our devolved relationships management model to cover a wider range of stakeholders and four country relationship management

Delivery highlights 2022–23

Expanding our Professional Liaison Service

This year we expanded our Professional Liaison Service and now have an HCPC representative in each of the four UK nations. Our focus in 2022–23 has been to work closely with employers to influence and support the development of cultures that enable high professional standards. We expanded our 'Joining the UK Workforce' programme, supporting new international registrants to transition effectively into UK practice. We are working with NHS England to seek out registrants who are already living in the UK and who are looking for a job to connect them with international recruitment leads. We are also exploring international recruitment programmes in NHS Scotland to develop our connections.

Our Professional Liaison Service have led workshops at the NHS Education for Scotland conference: 'AHPs in Scotland: Be Appreciated, Be Connected, Be Inspired Hybrid Conference. The focus of this session was the HCPC's role in ensuring AHP graduates are fit for the future. We have continued to deliver 'Becoming a health and care professional' sessions for cohorts of students on our UK approved programmes. This is aimed at students in their final year of study to provide an opportunity to discuss what it means to be a regulated professional and how our standards apply throughout their careers.

Collaboration has been a central focus in developing our service. This year we have piloted a Joining the UK Workforce session with the NMC, covering the cultural differences that registrants may face when starting work in the UK. We also worked with NHS Resolution, the NMC and NHS England to deliver a webinar for primary care workers, focusing on real life case studies. Similarly, we collaborated with Health Education England and the Royal College of Occupational Therapists to deliver a session on supervision, accountability and delegation of activities.



The event shared interactive illustrative case stories, supported by data, insights and best practice advice from the collaborative panel. NHS Resolution look forward to doing more of these webinars with HCPC.



NHS Resolution, Safety and Learning Team

Strengthening our organisational approach to equality, diversity and inclusion

Equality, diversity and inclusion (EDI) are all important issues to the HCPC and we aim to champion EDI in everything we do as a regulator. This is something we aim to reflect throughout our policies and in our practice as a regulator and employer.

At the end of 2021–22, we launched our EDI action plan as a structure to deliver our commitment. The plan, the first of its kind for the HCPC, is part of our ongoing commitment to equality, diversity and inclusion. It lays out the actions we will take over the next four years to achieve our vision to be an actively anti-discriminatory organisation that upholds and promotes best practice in equality, diversity and inclusion and an active ally for change.

2022–23 was the first year of our plan delivery and we have achieved a great deal. We have made significant progress in developing the foundations of our long-term ambitions. The last 12 months have been vital for putting core pillars in place, including the building of our data and analysis capabilities, and updating and implementing our regulatory standards such as our standards of proficiency for registrants, and our review of our standards of conduct, performance and ethics, in line with our EDI values.

In 2022–23, we focused on analysing registrant EDI data and improving our data collection which enabled us to publish our 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.

A significant achievement has been our work to increase the proportion of EDI data we hold for our registrants and applicants. At the end of April 2023, we held EDI data for approximately 57% of our registrants, this compares to only 19% in December 2021. We are confident that by the end of 2023 we will have EDI data for more than 80% of our registrants.

By improving awareness of the equality and diversity of our registrants, we will gain a better understanding of what they need from us and support our aim to be a fair, compassionate and inclusive regulator. This growing data set will also enable us to explore and understand the fairness of our regulatory processes.

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 professional skills through support from trained mentors from across the organisation.

Fundamental to our EDI leadership role is ensuring that we are visible in promoting EDI as a key priority. 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.



A really honest and interesting presentation. For the first time I understand why sharing my EDI details is important.

Registered physiotherapist



EDI Forum 2022-2023

Consulted on proposed changes to our standards of conduct, performance and ethics

Engaged with our work on preceptorship principles, delivered in collaboration with HEE

Consulted on the changes made to the HCPC's fees structure, including providing detailed feedback on the supporting equality impact analysis

Discussed the EDI impacts and opportunities of forthcoming regulatory reform work

Reviewed the HCPC's ethnicity and gender pay gap reports

Discussed the EDI considerations of our remote hearing processes



Your talk was very well received by our members, and this has truly marked the start of a way in which we can inform members and work together to support equality, diversity and belong throughout the profession.

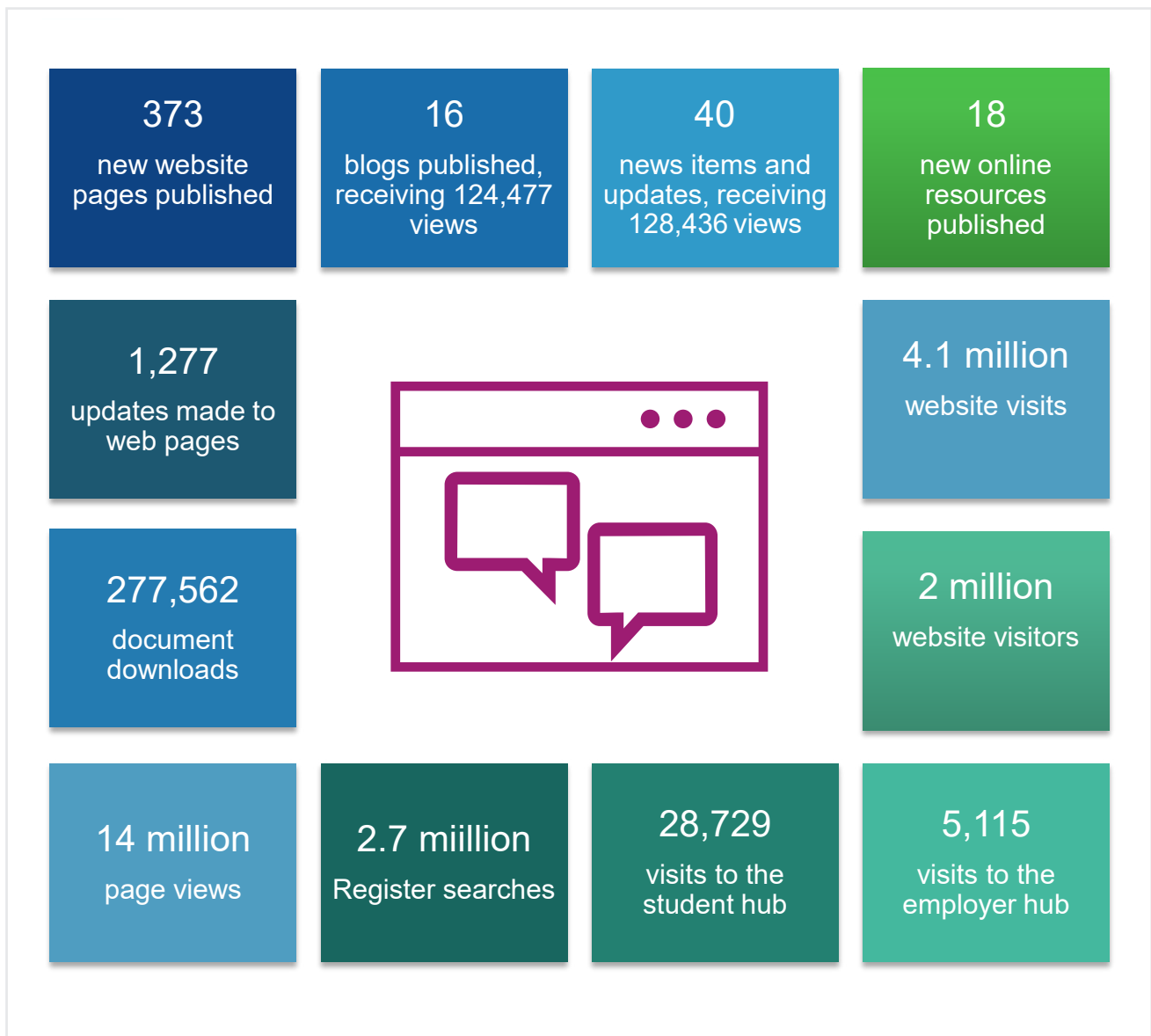
Chartered Society for Physiotherapists



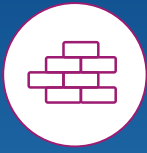
Online engagement

the HCPC regularly publish online resources such as learning materials, case studies, fact sheets and reports on our data and regulatory performance. In 2022–23, we published 18 new resources on our website and made 1,277 updates across the site. We also published 16 blogs from senior leaders and subject matter experts to promote the work of the HCPC, and support understanding of our standards and important developments. This year we have seen a significant increase in engagement with our ‘news and updates’ content, achieving 128,436 views from 40 news items compared to 69,796 views for 37 news items in 2021–22.

We also saw an increase in engagement with our employer hub, which is dedicated to sharing information with employers of our registrants about standards of practice and how registrants can be supported. This hub received 14,973 visits in 2022–23 compared to 11,350 visits in 2021–22. This increase is testament to the focus we have put on improving the hub content and our engagement with employers.



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 2022–23

Introduced our 'Aspiring Leaders' programme to develop our future leaders to ready them for management roles

Completed a hybrid working pilot with identified learning

Reviewed and updated the Digital Transformation Strategy

Developed a Financial Sustainability Strategy and consulted on and agreed a change to the HCPC's fees

Developed an Environmental Sustainability Strategy and implemented a baseline analysis

Delivery highlights 2022–23

Establishing the culture we need

In 2021–22, we launched our first five-year 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

2022–23 was the first year of delivery and our focus was on developing our people and culture.

Establishing our future hybrid working environment

This year we established a hybrid working environment for our employees that fosters a culture of collaboration through the intelligent use of physical spaces and technology. A key aim of our hybrid approach is to empower employees to achieve a positive work-life balance while promoting productivity and collaboration.

To support our hybrid approach, we increased our wellbeing and equality, diversity and inclusion initiatives and onsite engagement events. Quarterly Pulse surveys have also been introduced to provide management with regular updates on employee sentiment, alongside ongoing monitoring of key people metrics including turnover and recruitment.

We were pleased to see our annual employee turnover rate reduce over 2022–23, from 23% in quarter 1 to 15% in quarter 4.

Aspiring Leaders programme

This year we launched our first Aspiring Leaders programme for employees who have been identified as having leadership potential. This is being delivered as a Team Leader Level 3 apprenticeship, a 16-month development programme.

Ensuring our organisational sustainability

Environment

We are committed to minimising our environmental impact. We also recognise that we have a role to play in communicating sound social and environmental practices to all our stakeholders. In line with our strategic aim to be a sustainable organisation, in 2022–23 we progressed our environmental sustainability plans aimed at reducing our carbon emissions and the ongoing environmental impact of our operations towards net zero.

We consolidated our estates to reduce our office footprint. This resulted in an overall reduction of 50% and has enabled us to locate solely in our freehold site. Alongside this reduction, we focused on optimising the use of our office space, to improve efficiency, sustainability and productivity as part of our hybrid working approach. This is expected to create reductions in our office-based emissions and help us attain our goal to be operationally carbon neutral by 2030.

Financial sustainability

Over 2022–23 we consulted with our stakeholders and the public on an increase of £19.62 to our annual renewal fee to meet a shortfall in income that had arisen over time as a result of inflationary cost pressures, and to ensure that we can continue to meet our regulatory responsibilities to protect public safety.

Before seeking this increase, we have made operational improvements and efficiencies without compromising our ability to fulfil our statutory duties. We have significantly reduced our office space, saving £1 million per year, and introduced hybrid working. We have set deficit budgets, using our modest cash reserves to invest in improving our core systems and processes. These investments have delivered improvements in our FTP processes and online registration applications to provide registrants with a better experience and reduced waiting times for our core services. However, this is not sustainable as our reserves will be fully depleted by 2024 at the current rate.

Over the medium to longer term the HCPC will be seeking changes to its fee-setting powers that would enable more regular fee reviews and adjustments.

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 2022–23

Lay Advocacy support provision for members of the public and witnesses involved in FTP launched

Delivered our first student competition

Introduced programme of work focused on educating and influencing employers in relation to FTP to make the right referrals and provide better support to those involved in FTP cases

Launched an independent and confidential registrant support line

Proactively engaged with DHSC on regulatory reform, and received confirmation that HCPC will be one of the next regulators to go through reform

Delivery highlights 2022–23

Delivering the second year 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 \(2021–2023\)](#) set out the practical steps we will take to embed a human approach to regulation, led with kindness and compassion.

This year, working with our stakeholders, we have increased the support available for registrants involved in FTP cases. We have partnered with CiC, a leading wellbeing service provider, to give free, independent and confidential emotional support and practical advice to all HCPC registrants going through the FTP process. The service is available 24 hours a day, 365 days a year.

Lay support

As part of our Fitness to Practise Improvement Programme, we have partnered with the cross regulatory independent lay advocacy service [POhWER](#) to provide high-quality, responsive and person-centred lay advocacy for people with mental health needs, learning disabilities or who otherwise require support through our fitness to practise processes either as a complainant, or as a witness.

The advocacy service provides an additional means by which we ensure that the voices of patients, service users and complainants are listened to effectively during the FTP process.

Corporate plan commitments we did not deliver

When we set our 2022–23 Corporate Plan, we were aware that our commitments were ambitious. Delivery progress was tracked through 2022–23 at regular intervals and decisions were made on prioritisation in response to demand.

As detailed earlier in this report, 39 out of 49, or 80%, of our corporate plan commitments were delivered in 2022–23.

A number of the commitments we did not achieve related to our work on data. Our Programme of Data Excellence has commenced but some key milestones have not been completed as planned. This was in part due to additional work required to improve data quality as well as resource challenges and the prioritisation of more critical work.

We are confident that this learning has been taken on board to ensure our commitments in terms of data in 2023–24 are realistic and achievable with our current resources.

Operational performance

Our strategic delivery for 2022–23 should be seen in the context of our essential regulatory business as usual delivery and the external demands we are required to meet. While strategic development work builds the foundations for our future, our day-to-day operational work enables us to deliver our core purpose of public protection.

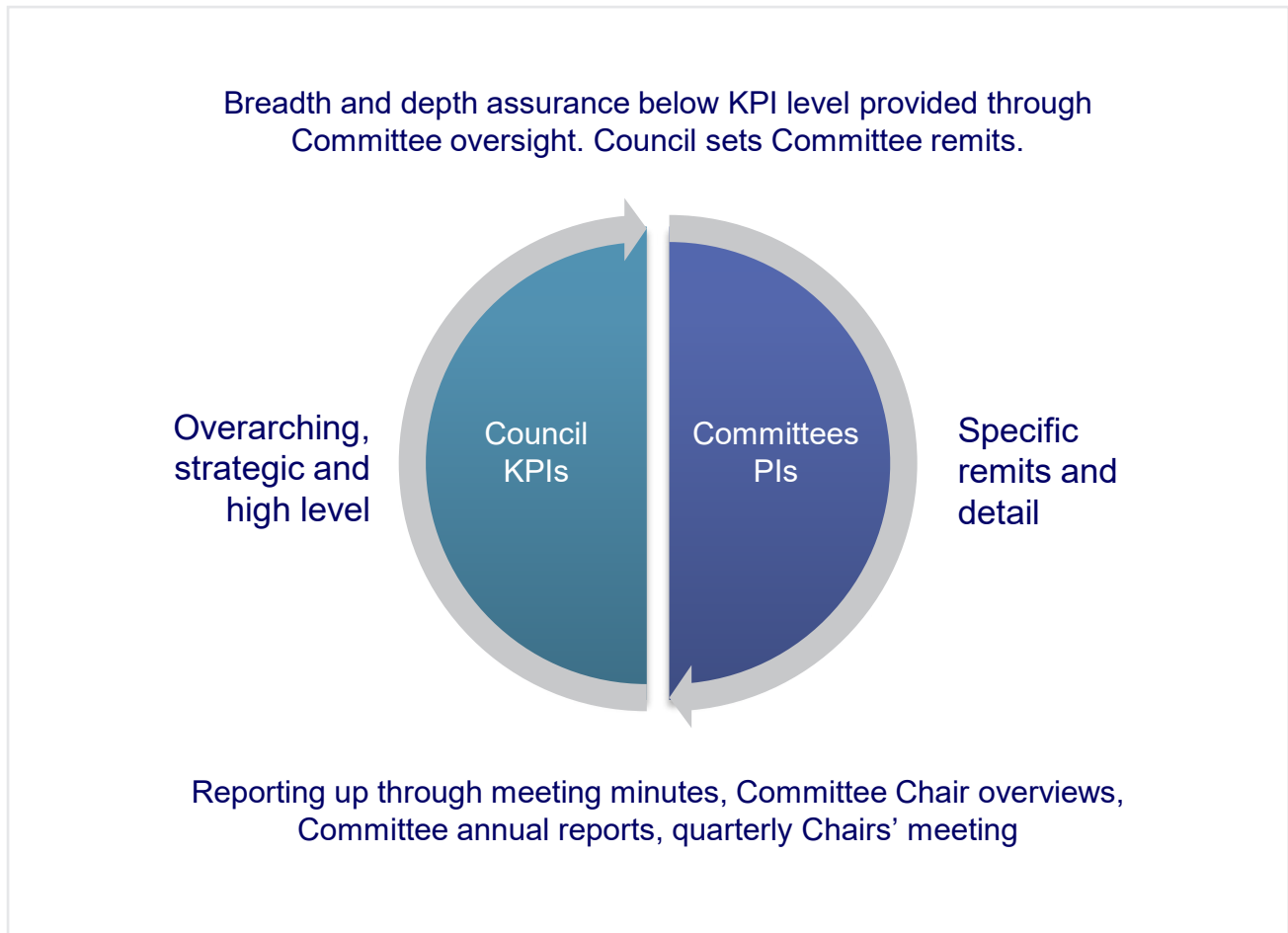
The figures below illustrate the volume of our day-to-day operations in 2022–23.



Key Performance Indicators

During 2022–23 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 2022–23 were aligned to our strategic aims and our core regulatory purpose as follows:

	KPI Definition	2022–23 Analysis
Strategic Priority 1 - Continuously improve and innovate		
FTP	<p>The proportion of cases concluded at each stage that are within KPI.</p> <p>This provides a view of the age profile of cases that have progressed through the fitness to practise process and the timeliness of how cases are progressed to a final decision point.</p>	<p>Closures at the pre-ICP stage of the process remained under 50% over 2022–23, but the proportion of cases being concluded within KPI saw improvement from October. In February we closed more cases within KPI at the pre-ICP stage for the first time since February 2022. This reflects our focus on balancing the progression of both the older and newer cases in the system. At final hearing stages, more older cases are being concluded at a final hearing and this therefore impacted the KPI result.</p>
Education Quality and Timeliness	<p>Measure 1 - Less than 20% of assessments resulting in conditions / formal requirements.</p> <p>Measure 2 - 30 days or less to provide process reports to the education provider from conclusion of quality activities.</p>	<p>We consistently met our targets for measure 1 through 2022–23.</p> <p>For measure 2, the target was met for 3 out of the 12 months as we continued to tackle a backlog of cases. However, performance improved over the year and our performance at the end of February 2023 was our best performance since October 2022, which reflects our focus on reducing the backlog of cases.</p>
Registration responsiveness	<p>Responsiveness provides Council with a view of the customer service (timeliness) received by registrants. Our KPIs are as follows:</p> <ul style="list-style-type: none"> • UK applications - Decision on 95% of all UK registration applications within 10 working days; • International applications - Decision on 95% of all international registration applications within 60 working days; • Calls - Answer 90% of telephone calls; and • Emails - Respond to emails within 5 working days 	<p>We met our KPI for the service we provide to UK graduates applying to join the HCPC Register throughout 2022–23. Moving to an online platform and establishing a dedicated UK application team has contributed to this performance.</p> <p>For applications to join the HCPC Register from people who qualified outside of the UK we did not meet our KPI (of making a first decision on 95% of all international registration applications within 60 working days). However, despite continuing to receive high numbers of international applications throughout 2022–23 our performance improved throughout the year and moved into an amber rating from November 2022 and the KPI was achieved in March 2023 with 98% compliance. This performance has been maintained into 2023–24.</p> <p>Our contact centre performance was much improved in 2022–23. We consistently met our KPI to answer over 90% of telephone</p>

		calls since October 2022 and since then we have answered 98-99% of calls into our contact centre. For those contacting us by email we have been consistently meeting our KPI since June 2022 and respond to emails into our contact centre within 1–2 working days. We were pleased to regain the PSA Standard of Good Regulation for registration responsiveness (Standard 11) for 2022–23.
Customer service	Number of complaints and % upheld. This provides insight into customer service performance.	Over 2022–23 the monthly average of complaints received was 54. On average 56% of complaints were determined to be due to, or partly due to, the fault of the HCPC. We aim for less than 50%. Monthly averages were impacted by a spike in complaints in May and June 2022 which related to a renewal period closure for physiotherapists.
Strategic Priority 2 - Promote high quality professional practice Strategic Priority 3 - Develop insight and exert influence		
Professional practice and insight	60% of registrants said their practice would change as a result of information gained through a professional liaison learning event. This measure focuses on outcomes which highlight the impact of our engagement.	This KPI was met or exceeded throughout 2022–23.
Strategic Priority 5 - Build a resilient, healthy, capable and sustainable organisation		
Performance against budgeted operating expenditure	This measure indicates the financial grip and control in place and accuracy of forecasting. It is based on the full-year forecast variance against the full-year budget moving from year to date. Our target is less than 2.5% variation.	We met this KPI for 10 out of 12 months.
Availability of core IT systems	This measure indicates the reliability of the IT infrastructure. Target: >99.5%.	This target was consistently met through 2022–23.
Security score target	Secure Score in Microsoft Defender for Cloud is a metric used to score the overall cyber security of the HCPC.	This target was consistently met through 2022–23.

Voluntary staff turnover	This provides an indicator that could point to cultural issues or low staff satisfaction if it is higher than the target. Our target is < 21%.	Over 2022–23 we achieved a reduction in this measure and met our KPI from quarter 2 of the year through to quarter 4. At the end of quarter 4 our turnover rate was 15%. The overall turnover for 2022–23 was 17%.
Recruitment and onboarding efficiency	This measures how effective the HCPC is in attracting and making an offer to the right talent, which has been an area of challenge in a competitive job market. Our target is 41 days or fewer from advert to offer date.	While we met this KPI in quarter 3, there was a rise in the average days to hire between quarter 3 and quarter 4. This was a result of campaigns being extended due to challenges in finding suitable candidates.

Professional Standards Authority performance review 2022–23

The PSA's Review of the HCPC's performance in the period April 2022 to March 2023 was published in June 2023. The HCPC met 16 of the 18 standards including meeting all General, Guidance and Standards, Education and Training, and Registration standards. We did not meet standard 15 and standard 18, relating to FTP.

The 2022–23 PSA Performance review included not only a review of published documents and stakeholder feedback, but also more direct communication with the PSA and an audit of closed FTP cases. From this information the PSA was assured that we have improved our performance to the required standard to regain standard 11 (Registration), and also to regain standards 16 and 17 (FTP) for the first time since 2016–17.

We are pleased to regain standard 11 quickly. We lost this standard in 2021–22 due to the time it took us to process the surge in international applications we received. While the number of international applications we received in 2022–23 continued to grow, the improvements and investments we made in our registration processing capacity led to a significant reduction in time to first decision.



We commend the HCPC's work in this area [international registrations], particularly as the number of international applications it received during this review period increased significantly.



PSA – Health and Care Professions Council Performance Periodic Review 2022/23

In its report for 2022–23, the PSA acknowledges the achievements of our FTP Improvement Programme which have enabled us to meet standards 16 and 17. Through the audit and our ongoing reporting, the PSA were assured that the work undertaken by the HCPC to improve the quality of decisions made at all stages of the fitness to practise process has shown real and lasting improvement.



We have seen improvements in decision making across all stages of the fitness to practise process, and in risk assessments. We recognise the work that has gone into making these improvements and are pleased to report that the HCPC has met Standards 16 and 17 this year.



PSA – Health and Care Professions Council Performance Review Periodic review 2022/23

While we are pleased with this outcome, and the acknowledgement of all the hard work delivered across the HCPC, we remain committed to our aim of meeting all of the Standards of Good Regulation. We are listening carefully to the feedback from stakeholders on the FTP Improvement Board including the DHSC and PSA. There is still work to be done, however we feel confident we are taking the right actions to enable us to meet this aim.

Financial performance review

Delivering efficiency and value

The HCPC does an important job. Our primary role is to protect the public. We do this by setting standards to support and enable our registrants to deliver safe and high-quality care and service. We need to ensure we have sufficient finances and resources to do this to a high standard and on a sustainable basis. The HCPC is funded by the fees paid by our registrants.

In 2022–23 we made further efficiencies and value for money improvements, including a reduction in the size of our estate by giving up all our leasehold properties, building significant reductions in previous years and moving our registration services online.

Additionally, we continued to make essential investments such as in our FTP Improvement Programme that began in January 2021. These investments, as well as improving our performance, will also deliver efficiency savings in the medium-term. These essential investments meant that we were obliged to set a deficit budget for 2022–23 (as we had to do in 2021–22). In June 2023 our regulator, the Professional Standards Authority published their annual report on our performance. This report shows the investments have resulted in a significant improvement in our performance and the HCPC now meets 16 of the 18 Standards of Good Regulation (compared to 13 of the 18 Standards the year before). The Council will continue to ensure that these investments and operational financial commitments are affordable within the HCPC's income over the medium-term. This duty of financial stewardship requires the Council to review and seek adjustments to HCPC's fees as appropriate.

However, despite the operational improvements and efficiencies we have made, our fees do not currently cover our operating costs. This is not sustainable. Therefore, over 2022-23 the HCPC consulted on an increase in our annual registration renewal fee (and our other registration fees) to meet this shortfall in income. Over the medium to longer term the HCPC will be seeking changes to its fee-setting powers that would enable more regular fee reviews and adjustments.

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 the Council at each meeting. Council meeting papers are available on the HCPC website at www.hcpc-uk.org/aboutus/council/councilmeetings.

Income and expenditure summary	2022–23	2021–22
	£000	£000
Registrants' fee income	36,248	30,286
Payroll costs	(15,122)	(13,063)
Non-payroll costs	(19,995)	(18,035)
Depreciation and Amortisation	(1,294)	(1,147)
Business transformation costs	(69)	(535)
Total operating expenditure	(36,480)	(32,780)
Operating (deficit)	(232)	(2,494)
Other income, including grant income, net of tax	764	869
Impairment (loss)	-	(62)
Surplus	532	(1,687)
Revaluation gains/(losses)	(234)	(186)
Total recognised gains / (deficit)	298	(1,873)

In 2022–23, our fee income increased by £5.96m or 19.7% on the previous year. This was mainly due to the higher international scrutiny fees generated from the increase in international applications received.

Operating expenditure increased by £3.7m in 2022–23, predominantly as a result of increased costs associated with the scrutiny of the increased levels of international applications received. This increase in activity generated higher international assessor's fees, additional temporary staff costs and professional fees.

The operating expenditure increase was also driven by an increase in payroll costs arising from a budgeted increase in headcount required to meet operational demand and other commitments.

The overall retained surplus was £0.53m. This surplus was driven mainly by the contribution noted above received from additional international scrutiny fees. This increased level of international fees may not be sustained in the longer term, which means that in the interest of prudent financial planning and sustainability, taking account of the need for continued investment in improvements and other risks and liabilities, there is a need for an increase in the level of fees.

Statement of Financial Position (summary)	2022–23	Restated 2021–22
	£000	£000
Property, plant and equipment	6,200	6,616
Intangible assets	3,398	3,649
Cash and deposits	14,460	11,845
Deferred income	(20,117)	(19,409)
Other working capital, net shortfall	(2,085)	(1,036)
Liabilities greater than one year	(35)	(142)
Total reserves	1,821	1,523
	£	£
Total reserves per registrant	5.68	5.12

Freehold valuation

The value of our total fixed assets is £9.6m (2021–22, £10.3m), of which £5.9m is our freehold offices in Kennington, London. We carry our land and buildings on our balance sheet at valuation, this being the fair value at the balance sheet date. This year the value of the building has decreased by £300k.

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 was £14.5m at 31 March 2023 (2022, £11.8m). These are not surpluses or profits; the element of fees received in advance is reflected in the deferred income balance of £20.1m (2022, £19.4m), and fee income is recognised evenly throughout the renewal cycle.

Reserves

Our total accumulated reserves are £1.82m at 31 March 2023 (2022, £1.5m), which represents approximately £5.68 per registrant. The small increase in total reserves is the consequence of our surplus for the year. Our reserves policy is set out below.

Reserves policy

The HCPC has to meet its costs out of our income from registrants' fees. Our 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. The policy is for the HCPC to have positive net assets after deducting intangible assets. 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 at 31 March 2023, the 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, 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, including through an increase in fees. The HCPC is mitigating this variance from the policy by operating with a significant cash balance, which ensures that we have sufficient working capital.

Investment policy

Our investment policy was approved in October 2022. 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.

We continue to hold significant cash balances owing to the nature of the renewal cycle whereby registrants renew their registration with the HCPC, through up-front payment or a direct debit arrangement, on a two-yearly cycle organised by profession.

Over the year we have seen a high level of demand from international applicants for registration with the HCPC. This trend is continuing. After allowing for the direct costs of scrutinising and processing these applications, the increased fee income we receive makes a contribution to covering the associated indirect costs arising from this increased demand.

We have continued to make efficiencies, including giving up a lease at the end of 2022–23 on our leased estate, in addition to estates reductions in the prior year, which is releasing budget savings and will pay back over a year.

The HCPC continues to make investments that will deliver service improvements and enable cost reductions over time. The Council will continue to ensure that these investments and operational financial commitments are affordable within the HCPC's income over the medium-term. This duty of financial stewardship exercised by the Council includes reviewing and seeking adjustments to HCPC's fees as appropriate.

Over 2022-23 the HCPC consulted on an increase of £19.62 in our annual renewal fee to meet a shortfall in income that had arisen over time which needs to be addressed to ensure that we can continue to meet our regulatory responsibilities to protect public safety. This revised fee amount came into effect from 9 November 2023. Council will continue to monitor the financial position closely and take any mitigating action that may be necessary. Over the medium to longer term the HCPC will be seeking changes to its fee-setting powers that would enable more regular fee reviews and adjustments.

Taking all of these factors into consideration – the HCPC's regulatory role being established in statute, a significant cash balance, effective management of financial operations, the ability to seek increases in fees, and medium-term planning to ensure financial sustainability – it is reasonable to assume that the HCPC will remain an ongoing concern for the foreseeable future.

Other matters

At 31 March 2023, the HCPC had a contingent liability arising from the NMC case in relation to holiday pay entitlements that is estimated to total £1.3m. The details are provided in note 18 of the financial statements (2022–none).

External factors

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.

In February 2023, the Department for Health and Social Care (DHSC) published its response to the 2021 consultation *Regulating healthcare professionals, protecting the public*. Within its response DHSC confirmed that the HCPC and the Nursing and Midwifery Council (NMC) would be the next regulators following the General Medical Council (GMC), to undergo regulatory reform.

It has long been the case that the legislative frameworks under which we and other professional regulators in health and care operate require modernising. They do not reflect the realities of regulating in the present day.

As the DHSC has recognised, the HCPC in particular has been operating under especially constrained fitness to practise legislation. Reforms to governance, education and training, registration and fitness to practise will enable us to have greater autonomy over our regulatory processes and be more responsive to the ever-changing health and care landscape.

We warmly welcome the DHSC's confirmation that it intends to consult next on modernising the regulatory regime for both the HCPC and the NMC. Between us and the NMC, we regulate over a million health and care professionals.

A modern legislative regime will make a huge difference to the HCPC's ability to regulate fairly, compassionately and efficiently and we are committed to using the opportunity regulatory reform represents to become fit for the future as a compassionate, effective and forward-thinking regulator.

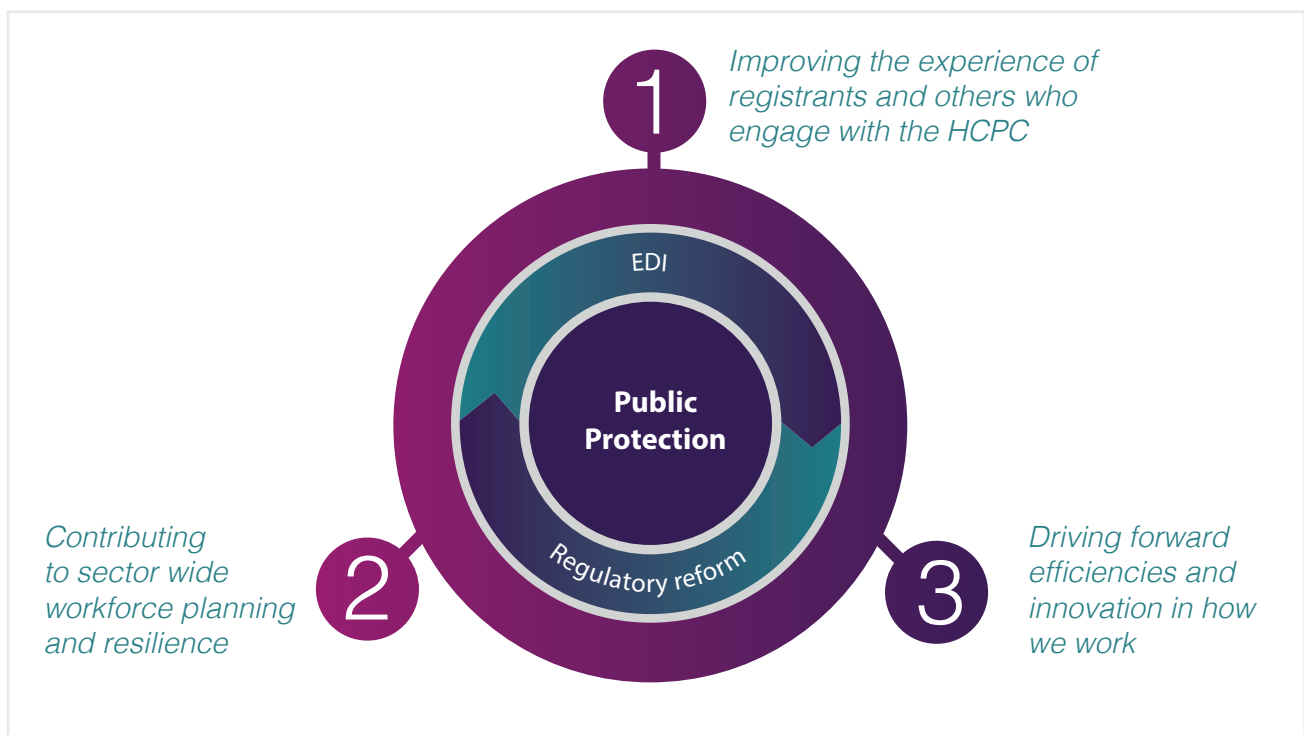
We look forward to working closely with the DHSC, the NMC and our other stakeholders, including professional bodies and unions, to ensure the much-needed changes to our legislative framework can be brought into effect as soon as possible, and that we can continue to fulfil our role of protecting the public in the increasingly complex and changing health and care sector.

Look ahead

We are now entering the third year of our five year Corporate Strategy. This is an important year of transition for the HCPC as well as the health and care sector. Whilst many of the challenges from the pandemic have been overcome, we are still learning to live with Covid-19 and its consequences, and many challenges lie ahead including around workforce and addressing the backlog for patients.

We have structured our Corporate Plan for 2023–24 around three key themes:

- 1** **Improving the experience of registrants and others who engage with the HCPC**
Including by shifting the focus of FTP investigations to earlier in the process to improve timeliness and seeking to reduce the impact of FTP processes on registrants and others through our new dedicated registrant support line.
- 2** **Contributing to sector wide workforce planning and resilience**
Including by reviewing our English language requirements for registration, working with education providers to review our Standards of Education and Training and undertaking research into the experiences of new registrants entering the workforce.
- 3** **Driving forward efficiencies and innovation in how we work**
Including by enhancing our online application and renewal functionality, delivering the third year of our People Strategy, focusing on improving our ability to attract and retain talent and modernising our financial systems.

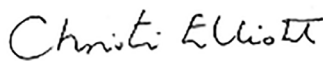


These three themes bring together elements of the six priority areas in our Corporate Strategy, and are underpinned by our commitment to Equality, Diversity and Inclusion (EDI), whilst public protection remains at the heart of everything we do.

As with other organisations, we have had to navigate the economic pressures of the last year and, while we want to continuously innovate and improve, we must remain financially diligent. We have had to take difficult decisions and prioritise projects in order to create a Corporate Plan which is affordable and continues to improve how we regulate.

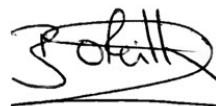
Workforce planning will be particularly important for the health and care sector over the next year and beyond, and the HCPC is keen to play its part. Workforce pressures can exacerbate waiting times, create backlogs and can compromise patient safety. To this end, last year we launched a consultation on preceptorship, to help us support and retain health professionals. We will continue collaborating with Health Education England (HEE) to engage stakeholders across the four UK nations and 15 professions to build on existing examples of good practice in preceptorship. As part of this work we have also published data on our retention rates, to aid employers, professional bodies and others responsible for workforce planning.

We are continuing to engage with NHS England on its long-term workforce plan, as well as with the Department of Health and Social Care (DHSC) on its programme of reform for the regulation of health and care professionals. The DHSC have published draft legislation for the General Medical Council, and the HCPC are next in line for much needed reform to our legislation, along with the NMC. We are clear that regulatory reform has the potential to bring real benefits to patients and service users and will continue to engage closely with the DHSC, professional bodies, unions and other key stakeholders as this work progresses.



Christine Elliott
Chair

Date 5 December 2023



Bernie O'Reilly
Chief Executive and Registrar
Accounting Officer

Date 5 December 2023

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 2022–23, including membership and organisation of our governance structures. The report includes the Council’s report, the Governance statement and the Statement of the 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 2023 was as follows. Attendance at meetings is shown in the table on pages 75-77.

Council	
Christine Elliott (Chair) Maureen Drake Rebekah Eglinton Kathryn Foreman Sue Gallone Helen Gough	John McEvoy Lianne Patterson David Stirling Kathryn Thirlaway Steven Vaughan Valerie Webster
Education and Training Committee	Audit and Risk Assurance Committee
Helen Gough (Chair) Maureen Drake Kathryn Thirlaway Steven Vaughan Penny Joyce (independent member)	Sue Gallone (Chair) David Stirling Lianne Patterson Graham Masters (independent member)
People and Resources Committee	Remuneration Committee
Valerie Webster (Chair) Rebekah Eglinton Kathryn Foreman John McEvoy Neville Hounsome (independent member)	Valerie Webster (Chair) Rebekah Eglinton Kathryn Foreman John McEvoy Neville Hounsome (independent member)

The membership of the ELT at 31 March 2023 was as follows.

Andrew Smith	Interim Deputy Chief Executive
Claire Amor	Executive Director of Governance, Assurance and Planning
Alastair Bridges	Executive Director of Resources and Business Performance
Laura Coffey	Interim Executive Director of Regulation

On 3 July 2023, Bernie O'Reilly joined the HCPC as Chief Executive and a member of the ELT.

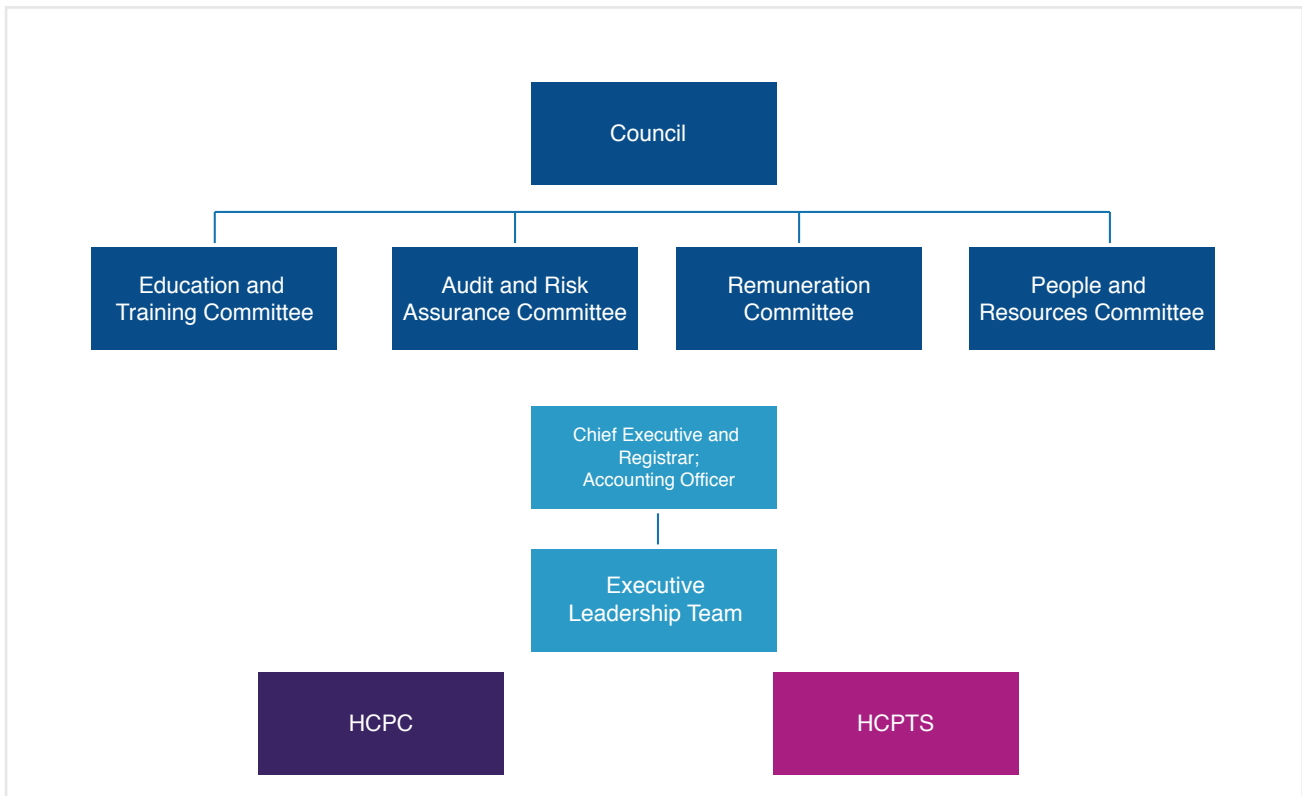
Governance statement

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 50.

Council meetings

Our Council met 7 times in 2022–23. Attendance at meetings during the year is shown on pages 75-77.

Council agendas are focused on significant strategic issues, as well as oversight and constructive challenge of regulatory and business performance.

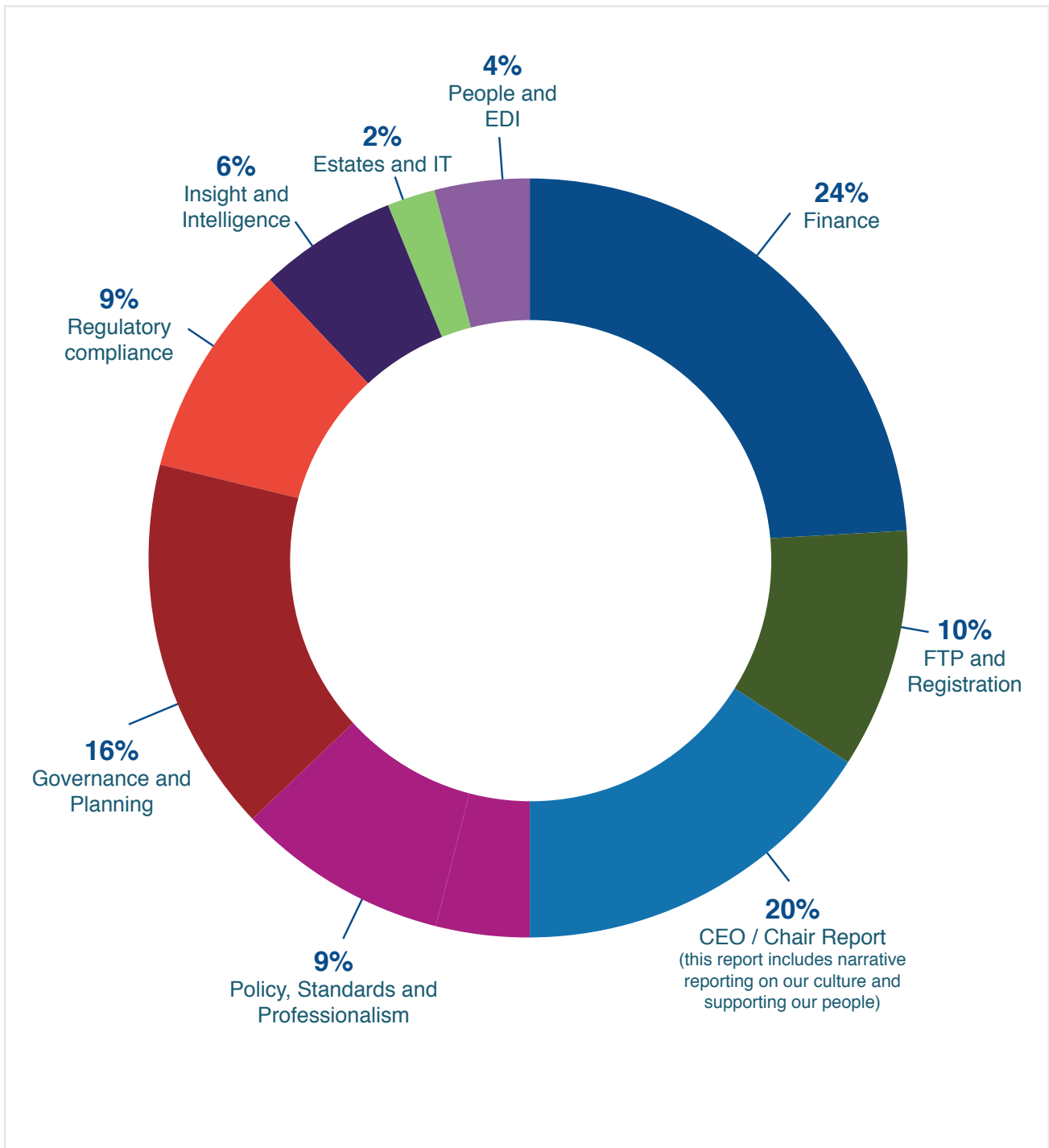
At each meeting, the Council considers a number of standing reports containing key oversight information as below:

Chair's report	Chief Executive's report	Finance report	FTP report
<ul style="list-style-type: none"> • <i>Chair's update</i> • <i>Key matters for Council attention</i> • <i>Chair's stakeholder engagement</i> 	<ul style="list-style-type: none"> • <i>Stakeholder engagement</i> • <i>Regulatory development</i> • <i>Operational development</i> • <i>Covid temporary registers</i> • <i>Corporate Plan milestone updates</i> • <i>KPI data</i> • <i>Strategic Risk Register updates</i> 	<ul style="list-style-type: none"> • <i>Income and Expenditure</i> • <i>Cashflow</i> • <i>Reserves</i> • <i>Capital</i> • <i>Reforecasts</i> • <i>Financial risks and opportunities</i> • <i>Financial policy reviews</i> 	<ul style="list-style-type: none"> • <i>Progress of the FTP Improvement Plan</i> • <i>Timeliness and Quality of case investigation</i> • <i>Key risks and mitigation</i> • <i>Performance data</i>

Other matters considered by the Council in 2022–23 included:

Key Performance Indicators Review	PSA Performance Review 2021–22 and 2022–23	Planning for the future of Regulation	Budget 2023–24
Corporate plan 2023–24	Financial Sustainability Strategy Development	Income Sustainability	Registration Fees Consultation
Standards of Conduct Performance and Ethics and Social Media Guidance Review	Preceptorship Principles Consultation	Maintaining the Temporary Register	Insights and Intelligence Framework one year review
Digital Transformation Strategy Refresh	Annual Report and Accounts 2021–22	External Auditor's report 2021–22	External Auditor appointment
Fitness to Practise Annual Report 2021–22	Council Appointments 2022	Council Apprentice 2023	Appointment of Chief Executive
Appointment of Registrar	Review of HCPC Pay Structure, Principles and Policy	Minutes of Committee meetings (considered at each meeting)	

The distribution of agenda time allocated to categories of business is shown in the below chart. 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 2022–23 the following seminars were held:

April
2022

- FTP data analysis in depth review
- Equality Diversity and Inclusion.

November
2022

- Financial Sustainability
- Environmental Sustainability including corporate best practice, professional and regulatory considerations and the wider greener allied health agenda.

March
2023

- A discussion led by Suzanne Rastrick Chief Allied Health Professions Officer for England, on the subject of Environmental Sustainability.

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 reappointments 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 2022–23 two members of the Council departed at the end of their term, and two new members were appointed.

Chair reappointment

Council members, including the Chair, are eligible for a total term of 8 years. This is normally formed of two terms of 4 years, depending on reappointment approval. In 2022–23 the reappointment of our chair Christine Elliott was approved following an 360 external and internal performance feedback process facilitated independently. Christine’s second four-year term started on 1 March 2023.

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 third cycle of the programme and we have two talented Council Apprentices with us to the end of December 2023.

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, as they 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 Council 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.

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 2022–23. Attendance at these meetings is detailed in the table on pages 75-77 of this report.

Members of the ELT, 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 2022–23 financial year for three financial years.

During 2022–23, the Committee considered the following Internal Audit reports:



Each year the Internal Auditor undertakes a review of the implementation of recommendations made. For 2022–23 there were 12 Internal Audit recommendations tested for implementation completion. The Internal Auditors found that of these 12, 7 were fully implemented, with only 4 requiring further work to be considered fully implemented. 1 recommendation was superseded. The review concluded that HCPC had good levels of implementation.

During 2022–23, matters considered by the Committee included the following:



The Committee held a workshop in February 2023 during which the Committee undertook the National Audit Office Self-Assessment checklist for Audit and Risk Assurance Committees. This exercise sought to surface areas of the Committee’s performance and ways of working that could be improved against best practice. This session was facilitated by the HCPC’s Internal Auditors, BDO LLP. The Chair of the Committee also consulted fellow Audit and Risk Assurance Committee Chairs from other organisations to discuss best practice.

Education and Training Committee

The Education and Training Committee is a statutory committee which is responsible for, and advises the Council on, matters relating to education, training and registration. The Committee consists of five members, four drawn from the Council and one independent member. The independent member brings a quality assurance perspective.

The Committee met 4 times in 2022–23. Attendance at these meetings is detailed in the table on pages 75-77 of this report. The matters considered by the Committee included the following:

Standards of conduct, performance and ethics review	Preceptorship principles	Education quality assurance model – year 1 end review	Renewal service improvements
	Consultation on changes to the HCPC's fees	Education and Training Committee 2023 business	

During 2022–23 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 four 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.

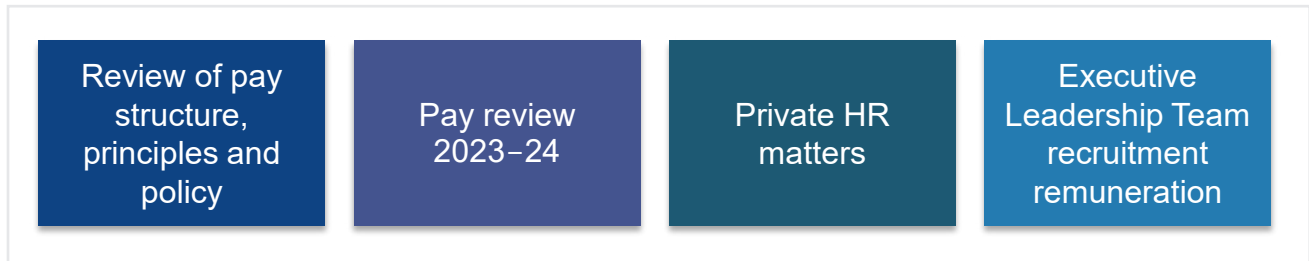
The Committee met 5 times in 2022–23. Attendance at these meetings is detailed in the table on pages 75-77 of this report. The matters considered by the Committee included the following:

Finance quarterly reports	2023–24 Budget	Investment Policy Review	High value procurements
HR quarterly reports	Gender Pay Gap and Ethnicity Pay Gap Reports 2021 and 2022	HCPC Culture	Beyond Barriers Mentoring Programme
Employee Pulse survey results	Employee forum updates	Partners quarterly reports	Partner Performance Management
Sustainability	Estates Strategy	Digital Transformation Strategy Review	Business Change portfolio performance reports

Remuneration Committee

The Remuneration Committee is made up of four 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 2022–23. Attendance at these meetings is detailed in the table on pages 75-77 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 members individually. This is one factor taken into consideration when determining if any pay award should be made.

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 2022–23 the Board met twice.

The Board provides a forum for a regular focused review of 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 (ELT)

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 the Executive Director of Governance, Assurance and Planning. 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 HCPC, which is in line with note 19 of the financial statements.

Chief Executive

After more than 10 years at the HCPC, the last three of which were as our Chief Executive and Registrar, John Barwick left the HCPC at the end of December 2022. In thanking John for his service, our Council noted his loyalty, diligence and hard work, including pushing forward the HCPC's improvement agenda, and guiding the organisation through the COVID-19 pandemic.

Following an external search, we were pleased to announce that Bernie O'Reilly would join us as Chief Executive and Registrar in July 2023.

Bernie joins the HCPC from the College of Policing, where he held the positions of Deputy Chief Executive Officer and Interim Chief Executive. His career has been focused on public protection and developing, promoting and ensuring high standards of professional practice. He is a proven leader, an excellent communicator and has extensive experience of successfully engaging with a wide range of stakeholders on complex and challenging issues.

Bernie will lead our organisation as we build on our work and achievements from the first half of our Corporate Strategy.

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 until his departure from the HCPC on 31 December 2022. Andrew Smith, Interim Deputy Chief Executive, was appointed as the HCPC's Accounting Officer from 1 January 2023. Bernie O'Reilly, the HCPC's new permanent Chief Executive, was appointed as the HCPC's Accounting Officer from 6 July 2023.

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 requires 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
Regulatory Quality 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 risks and challenge ourselves to achieve positive change. It is essential that mitigations to ensure ongoing public protection are in place as a foundation of taking risks to improve our regulatory quality.
Compliance 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 essential that the long-term achievement of PSA standards is assured.
Communication and Profile 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 essential that the HCPC's voice is not perceived to be party political. The HCPC is neutral as a public body.
People 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 essential that risk taking in this area is consistent with the HCPC's values and culture. As an employer we are committed to upholding and promoting EDI.
Financial and Value for Money 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 essential 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 has 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 2022–23.

Strategic Risk	How we mitigated this risk in 2022–23
<p>Our regulatory performance does not meet the expectations of our stakeholders and as a result stakeholders have negative experiences of our regulation</p> <p>This includes the appropriateness of the timeliness and quality performance targets we set ourselves, being in line with the expectations of our stakeholders. This requires awareness of new developments within the regulatory sector and strong stakeholder engagement to ensure expectations are understood. This risk also relates to the experiences of those participating in our regulatory processes, for example registrants, witnesses, professional bodies and education providers.</p> <p>Relevant strategic aim: Continuously improve and innovate</p>	<ul style="list-style-type: none"> • Monitored regulatory performance through the performance report and KPIs and ran an internal working group focused on ongoing PSA standard compliance, best practice learning and improvement. • Began transitioning our FTP investigation model to 'frontloading' which means a greater portion of the investigative work takes place at an earlier stage in the FTP process. • Expanded the delivery of online registration services to include UK and Readmission applicants. • Increased support available to registrants involved in FTP cases including the development of a registrant support line. • Introduced lay advocacy support for vulnerable members of the public and witnesses taking part in FTP processes. • Enhanced the experience of education providers through the provision of a self-service IT portal.

Strategic Risk	How we mitigated this risk in 2022–23
<p>The HCPC's regulatory expectations are not appropriate or not understood by registrants and other stakeholders</p> <p>This includes the quality and suitability of our standards and guidance in setting a threshold for safe practice which protects the public. It also includes how effectively we communicate our regulatory expectations, and the effectiveness of our professionalism and upstream regulation work.</p> <p>Relevant strategic aim: Promote high quality professional practice.</p>	<ul style="list-style-type: none"> • Reviewed our standards of conduct performance and ethics and social media guidance and launched a public consultation on the proposed changes. • Carried out preparedness for practice research and developed a set of preceptorship principles to support registrants entering the workforce. • Grew our professional liaison 'outreach' service to cover all four countries of the UK in line with our prevention aims. • Ran a programme of awareness events and had a particular focus on increasing awareness of our standards amongst those who employ our registrants.
<p>We are unable to harness the benefits of the wealth of data we hold</p> <p>This includes our effectiveness in collecting, maintaining and utilising the data we need to be an intelligence driven regulator. It includes the effectiveness of our insight and intelligence work. It relies heavily on the work of the digital transformation and IT team and includes operational reporting in the Corporate Services team. It also relies on regulatory teams inputting information.</p> <p>Relevant strategic aim: Develop insight and exert influence.</p>	<ul style="list-style-type: none"> • Developed our insights and intelligence team with appropriate capabilities to drive forward our data aims. • Agreed an insight and intelligence framework setting out our priority data analysis needs and produced our first in house data analysis reports. • Enabled greater EDI data capture through IT system developments. • Began analysis of FTP outcomes by EDI characteristics. • Published analysis on register retention rates for the first four years of registration.
<p>We do not understand our stakeholders needs and so are unable to be as effective a regulator as we can be</p> <p>This includes how effectively we engage with our stakeholders and our credibility with them and how well we play our part in the wider system. It includes our EDI practice externally, the ability to respond and influence external drivers for change, like the impact of Brexit, devolution or a change in government as well as issues like workforce development.</p> <p>Relevant strategic aim: Be visible, engaged and informed.</p>	<ul style="list-style-type: none"> • Undertook extensive positive public affairs engagement raising our profile and influence. • Held regular quarterly professional body forums and EDI forums to share mutual areas of interest and importance. • Expanded our devolved relationships management model to cover a wider range of stakeholders and four country relationship management. • Undertook an internal audit of our organisation wide approach to EDI and developed an action plan for the resulting recommendations. • Introduced formal consideration of impact on our EDI objectives for all relevant ELT and Council decisions.

Strategic Risk	How we mitigated this risk in 2022–23
<p>The resources we require to achieve our strategy are not in place or are not sustainable.</p> <p>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). It includes the development of our culture, people and physical assets, our continued financial viability and the significant failure of key business processes.</p> <p>Relevant strategic aim: Build a resilient, healthy, capable and sustainable organisation.</p>	<ul style="list-style-type: none"> • Held a public consultation on the HCPC's future fee levels and agreed a proposal for an increase, subject to parliamentary approval. • Introduced an Aspiring Leaders programme to develop our future leaders to ready them for management roles. • Reduced our office footprint and adapted our space to enable collaborative hybrid working. • Developed an Environmental Sustainability Strategy and implemented baseline analysis. • Undertook collaborative long-term strategy delivery planning across the organisation to ensure common understanding and commitment to our priorities. • Refreshed our Digital Transformation Strategy. • Established a framework for change and benefits management.
<p>HCPC is unable to realise the benefits of regulatory reform, or these benefits are significantly delayed.</p> <p>This risk includes the HCPC's capacity and capability to engage and influence regulatory reform effectively to ensure its benefits are realised, as well as the HCPC being viewed by government as a priority regulator for reform.</p> <p>Relevant strategic aim: Promoting the value of regulation.</p>	<ul style="list-style-type: none"> • Active engagement with the DHSC on regulatory reform as they develop the GMC's legislation as a blueprint for our own. • Responded to the consultation on the regulation of physician associates. • Prepared a business case for the resources needed for the HCPC's regulatory reform.

Operational risk

The ELT oversees an operational risk register alongside the strategic risk register, which 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 relevant underlying 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 May 2023 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 85% completion of the information security training, with a minimum pass mark of 80%.

In 2022–23 the HCPC recorded 37 personal information security incidents (2021–22, 48). There was a decrease in incidents overall, but this is under conditions where most regulatory activities are occurring under hybrid working which has forced change on some operational processes. Much less paper documentation is created or distributed, with increased amounts of electronic delivery. Risks around increased off site working will continue to be monitored. One incident was reported to the Information Commissioner's Office (ICO) (2021–22: two). 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 2022 to 31 March 2023 the HCPC received four 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 2022–23.

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 96.6% of purchase invoices within 30 days (2021–22, 86%) and no interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998 (2021–22, 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. One health and safety incident was reported during the year 2022–23, no accidents were reported (no accidents were reported in 2021–22, while one health and safety incident was reported in the same time period). 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 the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). No incidents were reportable under RIDDOR, and as such are considered minor.

The total number of employee sick leave days in 2022–23 was 1,621 (2021–22, 1,941). The average number of sick days per full time equivalent employee in 2022–23 was 7 working days or 1% of working days (2021–22, 6 working days, 3% of working days).

Environmental sustainability

Improving the HCPC's environmental sustainability is a key strategic objective. Over the year and beyond, Council and the Executive Leadership Team agreed a high-level plan to achieve net-zero on our organisational carbon emissions. The plan sets a target for achieving net zero emissions for our organisational operations by 2028-29 and interim milestones for emissions relating to purchased goods and services.

Environmental sustainability is being embedded in our corporate governance processes and systems, including through development of data, regular reporting against the targets and review of progress by the Executive Leadership Team and a Council subcommittee. Sustainability is also embedded in the HCPC's corporate change process, including as a strand in the annual corporate planning and budgeting process; the development of business cases for investment in individual projects that contribute to delivering sustainability targets; and the incorporation of sustainability criteria in our procurement policy for the assessment of tenders for new commercial contracts.

Building on the progress already made in 2021-22 when we achieved a reduction in our building footprint of 30%, we have moved to a hybrid working model which helps reduce the office requirement and resources. This was made permanent with a policy from January 2023. This has enabled us, in the most recent fiscal year, to further reduce the building footprint by another 20%. This brings the organisation to an overall reduction of 50% of its buildings footprint compared to our pre-pandemic position. This is expected to show reductions in office-based emissions and will help us in our goals of being carbon neutral in our operations by 2030.

Greenhouse gas emissions and carbon management

The HCPC has been examining our carbon emissions over the recent years, in line with the Greenhouse Gas Emissions Reporting Protocol. This will assist us in measuring our progress towards our goals which include being carbon neutral in our operations by 2030 and being carbon neutral in our relevant Scope 3 carbon emissions (including operations and supply chain) by 2050. This is in line with our expectations as a public body and is in line with the needs of society and our stakeholders.

Our initial examination of our carbon emissions outlines the following estimations as per the table below (note that these are subject to revisions and refinements). We anticipate that we will use the 2019–20 financial year as our baseline year, from which we will make plans for reductions and measure our progress. The GHG emissions data for 2022–23 is not yet complete; we expect this to be complete in Q3 2023–24. Our aim is to be able to produce this information more readily in the future and use this in our efforts to drive further reductions in our own operations and in our full supply chain and value chain.

Scope	FY19-20	FY20-21	FY21-22	FY22-23
Scope 1 (Gas)	41	27	33	32
Scope 2 (Elec)	146	105	101	82
Scope 3 (All other)	3090	3078	3989	TBD
TOTAL	3277	3210	4123	-

Table 1 Financial Year Green House Gas Emissions (tCO₂e).

Note: Data for 2022–23 is preliminary and has not been fully externally verified therefore some data may be subject to revisions.

The Greenhouse Gas Emissions Reporting Protocol counts the carbon in our gas usage as Scope 1 and the carbon in our purchased electricity in Scope 2. Most other activities are included in Scope 3, which includes several categories within it. The table shows the HCPC's progress in reducing the carbon in the activities where we have direct control. The carbon equivalent in our Scope 1 and Scope 2 combined has reduced in the first three years by about 28%. This is due in part to pandemic measures, but also relates to policies and activities to reduce our carbon such as reducing the buildings footprint and introducing hybrid working.

Going forward for Scope 1 and Scope 2 carbon emissions, the HCPC has some control and influence on these. The HCPC has reviewed its energy purchasing and trading strategy, working with Crown Commercial Services, and has developed an opportunity to switch its electricity supplies at the end of the 2022–23, from “brown supplies” with carbon embedded to being carbon neutral (net zero). We anticipate that the current year 2023–24 will show our Scope 2 emissions near zero.

For our Scope 1 emissions, which are related to the consumption of gas, the HCPC is looking at options, which may include switching from gas boilers to other sources, such as moving to electric or even enhancing our sourcing with on-site supplies.

The Greenhouse Gas Emissions Reporting Protocol puts most of the other sources of carbon into Scope 3. The HCPC is similar to many organisations in that most of our carbon-equivalent is found in Scope 3 – over 90%.

Scope 3 has fifteen categories depending on the activity which produces the carbon. The HCPC's largest category inside Scope 3 is Purchased Goods and Services. These purchases can be as much as 89% of our total carbon equivalent in the years for which we have data, making supply chain the single most critical area for achieving the HCPC's carbon targets. The HCPC recognises the importance of the supply chain as a key partner in our carbon reduction journey as well as our social impact goals. We have begun the process to strengthen our policies and our governance, and we are considering increasing our engagements with our suppliers as we partner toward our common goals.

Carbon related to travel is one category inside Scope 3; in previous years we have reported our travel information and we have again reviewed and reported this information. As the table shows, there was a drastic reduction in carbon during fiscal years 2020–21 and 2021–22; this was largely due to actions taken in the COVID pandemic. We see a notable increase in emissions in the last year as activities have been recovering from the pandemic. These do continue to be significantly lower than 2019–20, at about 6%. We are examining our policies and activities in order to see if we can reduce our travel missions from the 2019–20 while still meeting our statutory obligations and keeping our high standards for service.

Kh CO ₂ e*	FY19-20	FY20-21	FY21-22	FY22-23
Flights	125,541	742	1,046	10,336
Hotels	95,396	142	1,383	3,668
Rail	68,407	217	982	2,403
TOTAL	289,344	1,101	3,411	16,407

Table 2 Business Travel estimated Greenhouse Gas Emissions (CO₂e)

**The calculations are produced based on DEFRA guidelines providing an approximation of carbon emissions using the data recorded by the organisation's travel provider. A more precise calculation is planned which will bring the methodology and level of precision to match that of Table 1 for all scopes and years.*

As we look ahead, we anticipate a future that is more resource constrained, interconnected and transparent than ever before and we recognise that the key decisions we make need to be examined through the lens of a continuously changing climate.

As we look to opportunities in 2023 and beyond to address the challenges in areas of: resource efficiencies, achieving net zero, sustainable business travel, water stewardship, biodiversity and other areas, we recognise that our organisation will be reliant on many interrelated factors and pathfinder projects critical to address these.

Our priority programmes will include:

- finding pathways to decarbonisation (net zero emissions for our operations by 2030), and defining concrete plans to achieve it
- developing our adaptation and resiliency responses to the physical risks of Climate Change
- leveraging our developing sustainability strategies to support employees, registrants, communities and other stakeholders
- driving operational transformations, based on resource intensity, including changes to governance processes, supply chains and investment priorities
- managing regulatory changes and showing leadership in areas including risk management, finance and legal.

Monitoring and managing progress against the HCPC's sustainability objectives is becoming increasingly embedded within corporate governance structures. In July 2023, Council approved high-level plans, emissions targets and a statement on Environmental Sustainability setting out our commitments in this area. Our Corporate Plan 2021–26 incorporates a number of actions on sustainability, which are regularly reviewed by the Executive Leadership.

Going forward, sustainability considerations will be included in the remit of our Change and Benefits Forum, which supports decision making on new investments, to ensure that the sustainability aspects of new investment proposals are considered at an early stage as part of the decision-making process. The sustainability aspects of proposals will be set out as appropriate in papers to ELT and Council.

Risks in relation to sustainability are captured as part of HCPC's corporate assurance and risk management processes. High-level performance metrics on sustainability are incorporated in a performance report that is reviewed by the Executive Leadership Team on a monthly basis, and is shared with the People and Resources Committee quarterly. Our performance metrics will be further developed as a strand of a new Environmental Management System, over the next two to three years. We will also continue to draw on expert external advice where required to ensure we have the necessary support to inform and deliver our objectives, in areas including feasibility studies, modelling, auditing and verification.

The HCPC's Employee Forum is also closely involved in the development of sustainability plans, including through sponsoring an all employee survey on the actions to improve the HCPC's sustainability that they would most value.

Corporate, social and environmental responsibility (CSR)

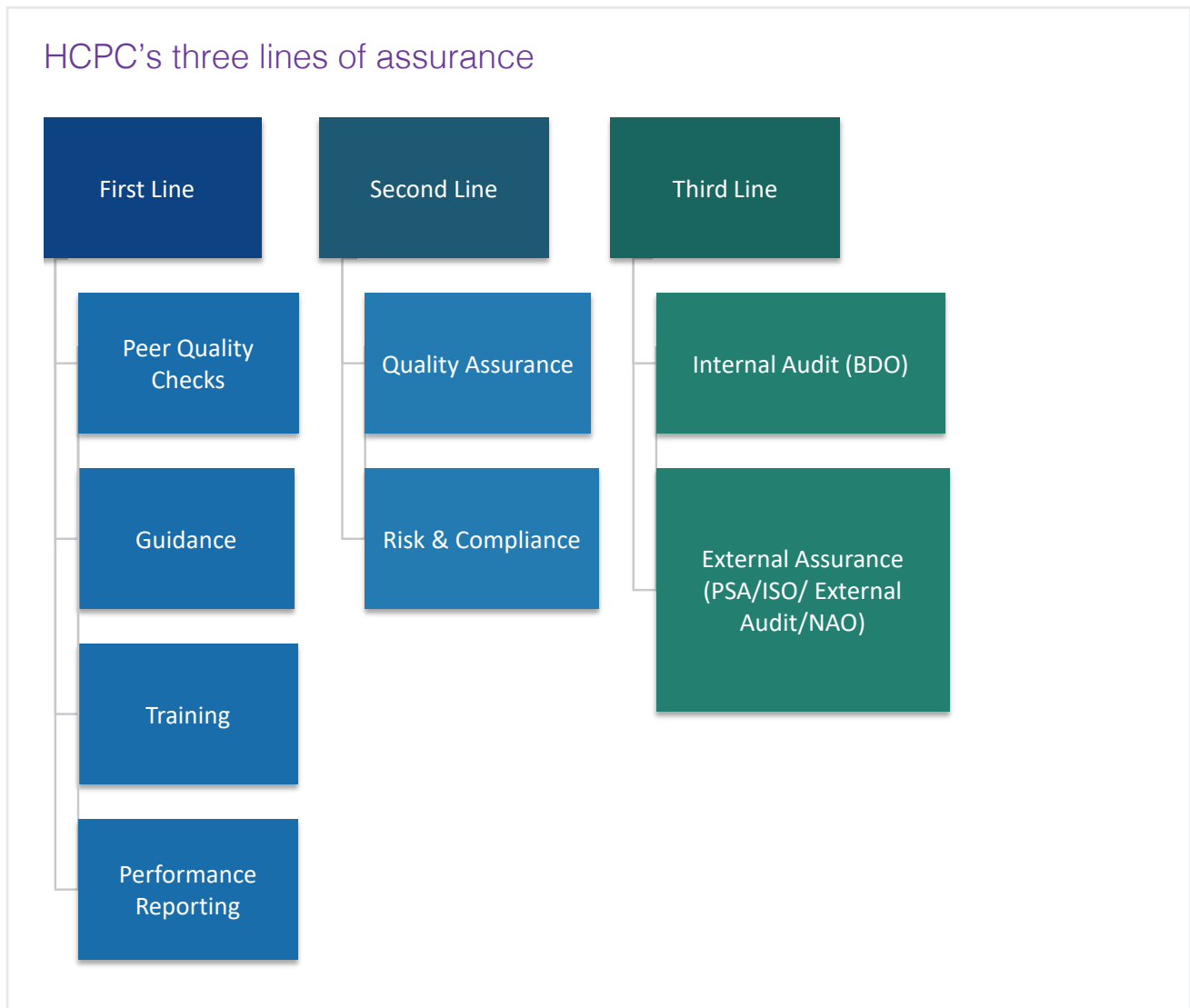
As part of being a compassionate regulator, the HCPC aims to be a good citizen in the communities to which we and our people belong. As part of this we are rejuvenating our approach to corporate social and environmental responsibility (CSR) which was adversely impacted for most of the year by the pandemic. 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.



Unified assurance

In March 2022 we established a Unified Assurance Framework which provides a holistic approach incorporating all elements of assurance across the HCPC, monitored through the operational risk register and assurance map.

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 our 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.

The overall assurance rating for 2022–23 was Medium which shows there are still concerns over the adequacy or compliance of the controls in place in proportion to the risks, and that improvements are required. This improvement work has started and will continue to progress over 2023–24 along with the delivery of already agreed workplans.

As the Unified Assurance Framework continues to evolve, we are reassured to see that there seems to be an increased awareness of risk, assurance, and continuous improvement.

The Unified Assurance Framework will continue to be reported to our Executive Leadership Team and the Audit and Risk Assurance Committee, highlighting areas of concern and improvement.

Internal Auditor's Annual Opinion 2022–23

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 2022–23 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 judgement 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 2023 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 two rating which indicates that there is 'some risk that management's objectives may not be fully achieved. Improvements are required in some areas to enhance the adequacy and effectiveness of governance, risk management and internal controls.

The 2022–23 opinion is improved compared to the 2021–22 opinion when a level three or limited rating was given. In giving its opinion, BDO LLP stated that the main reason for the improved rating is that strong improvements have been made to financial controls. BDO LLP also noted that 'HCPC has made a conscious effort to improve its control environment in terms of implementing recommendations. Although most notable in the finance area, other areas of the organisation have also seen a closure of important recommendations... To further support the implementation of recommendations and thus the robustness of HCPC's overall control framework, HCPC has had a focus on its second line assurance function which has matured.'

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 2021–22, for 2022–23, 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 £124,000 (£102,000 including VAT charged by Haysmacintyre LLP and £22,000 charged by the National Audit Office) (2021–22, £39,000 charged by Haysmacintyre LLP and £9,500 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 and the PSA’s annual review of our performance.

Based on these reviews, we are satisfied that the system of internal control that has been in place for the year ended 31 March 2023 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.

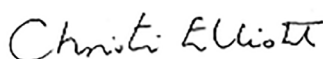
In preparing the accounts, the Accounting Officer is required to take into consideration the accounting principles and disclosure requirements of the Government Financial Reporting Manual and in particular to:

- 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.

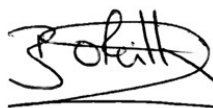
The Accounting Officer confirms that the Annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the Annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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 5 December 2023



Bernie O'Reilly
*Chief Executive and Registrar
Accounting Officer*

Date 5 December 2023

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 (2021–22, £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 £219,449 (2021–22, £198,628) were paid and accrued to 23 members (2021–22, 22 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 (2021–22, £0) were paid to Council and Committee members. The gross taxable value of benefits in kind 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 2022 to 31 March 2023 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 2022-23	2022-23			2021-22		
		Allowance or fees* £'000	Expenses* £	Total £'000	Allowance or fees* £'000	Expenses* £	Total £'000
Damien Baker ¹	Council Audit and Risk Assurance 2/2 1/1	0-5	-	0-5	-	-	-
Meera Burgess ¹	Council People and Resources 5/5 3/3	0-5	-	0-5	0-5	-	0-5
Stephen Cohen ²	Council People and Resources (Chair) Remuneration (Chair) 5/5 3/3 1/1	10-15	200	10-15	10-15	-	10-15
Heeral Davda ¹	Council Audit and Risk Assurance 4/5 3/4	0-5	-	0-5	0-5	-	0-5
Oliver Davies ¹	Council Education and Training 2/2 1/1	0-5	-	0-5	-	-	-
Maureen Drake ³	Council Education and Training (Chair) 7/7 4/4	10-15	-	10-15	10-15	200	10-15
Rebecca Eglinton	Council People and Resources Remuneration 6/7 4/5 2/3	10-15	100	10-15	0-5	100	0-5
Christine Elliott	Council (Chair) 7/7	65-70	300	65-70	65-70	200	65-70
Kathryn Foreman ⁴	Council Audit and Risk Assurance People and Resources Remuneration 6/7 3/5 2/2 2/2	10-15	-	10-15	10-15	100	10-15
Sue Gallone	Council Audit and Risk Assurance (Chair) 7/7 5/5	10-15	-	10-15	10-15	-	10-15

Council / Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2022-23	2022-23			2021-22		
		Allowance or fees* £'000	Expenses* £	Total £'000	Allowance or fees ¹ £'000	Expenses* £	Total £'000
Helen Gough ⁵	Council Education and Training (Chair)	7/7 4/4	10-15	-	10-15	200	10-15
Neville Hounsome	People and Resources Remuneration	5/5 3/3	0-5	-	0-5	-	0-5
Nicola Hunt ¹	Council People and Resources	N/A	-	-	0-5	-	0-5
Luke Jenkinson ⁶	Education and Training	3/3	0-5	-	0-5	-	0-5
Penny Joyce	Education and Training	3/4	0-5	-	0-5	-	0-5
Sonya Lam ⁷	Council Remuneration (Chair)	N/A	-	-	10-15	-	10-15
Graham Masters ⁸	Audit and Risk Assurance	1/1	0-5	-	0-5	-	-
John McEvoy ⁹	Council People and Resources Remuneration	2/2 2/2 2/2	0-5	-	0-5	-	-
Eileen Mullan ²	Council	5/5	5-10	-	10-15	-	10-15
Julie Parker ¹⁰	Audit and Risk Assurance	4/4	0-5	-	0-5	-	0-5

Council / Committee member	Council and Committee attendance: number of meetings attended out of total that took place in 2022-23	2022-23			2021-22		
		Allowance or fees* £'000	Expenses* £	Total £'000	Allowance or fees* £'000	Expenses* £	Total £'000
Lianne Patterson ⁹	Council Audit and Risk Assurance 2/2 1/1	0-5	-	0-5	-	-	-
Pamela Ricketts ¹	Council Audit and Risk Assurance N/A	-	-	-	0-5	-	0-5
David Stirling	Council Audit and Risk Assurance 6/7 5/5	10-15	200	10-15	10-15	-	10-15
Kathryn Thirlaway	Council Education and Training 7/7 3/4	10-15	-	10-15	10-15	-	10-15
Steven Vaughan	Council Education and Training 7/7 2/4	10-15	-	10-15	0-5	-	0-5
Valerie Webster ¹¹	Council People and Resources Remuneration 7/7 5/5 3/3	10-15	-	10-15	0-5	100	0-5
Stephen Wordsworth ⁷	Council People and Resources N/A	-	-	-	5-10	-	5-10

* These figures relate solely to expenses designated as a benefit in kind by HMRC (to the nearest £100). The Council Chair's allowance is £65,000 per annum. Council members receive an allowance of £12,000 per annum. Council members who act as Committee Chairs receive an additional allowance of £2,000 per annum. Independent Committee members and Council Apprentices receive a day fee of £341 for each formal governance meeting attended.

1. Oliver Davies and Damien Baker were appointed as Council Apprentices on 1 January 2023 and their appointment runs until 31 December 2023. Meera Burgess and Heeral Davda were appointed as Council Apprentices on 1 January 2022 and their appointment ended on 31 December 2022. Nicola Hunt and Pameleta Ricketts were appointed as Council Apprentices on 1 January 2021 and their appointments ended on 31 December 2021. These are not public appointments, and the post holders are not voting members of the Council.
2. Stephen Cohen and Eileen Mullan completed their 8-year terms of office and left the Council on 31 December 2022.
3. Maureen Drake stepped down as Chair of the Education and Training Committee on 31 December 2022. She remains a member of the Committee.
4. Kathryn Foreman stepped down from the Audit and Risk Assurance Committee on 31 December 2022 and joined the People and Resources Committee and Remuneration Committee on 1 January 2023.
5. Helen Gough became the Chair of Education and Training Committee on 1 January 2023.
6. Luke Jenkinson ended his term as an independent member of the Education and Training Committee on 31 December 2022.
7. Sonya Lam and Stephen Wordsworth completed their 8-year terms of office and left the Council on 31 December 2021.
8. Graham Masters was appointed as the Independent Member of the Audit and Risk Assurance Committee from 1 January 2023.
9. John McEvoy and Lianne Patterson joined the Council on 1 January 2023.
10. Julie Parker ended her term as the independent member of the Audit and Risk Assurance Committee on 31 December 2022.
11. Valerie Webster became the Chair of the People and Resources Committee and the Remuneration Committee on 1 January 2023.

Remuneration of the Chief Executive and Executive Leadership Team (ELT)

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 2022–23 the Chief Executive did not receive a pay award. The Executive Directors received pay awards of 1.5%.

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	2022–23				2021–22			
		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
Senior Management Team									
Claire Amor ¹	1) Executive Director of Governance, Assurance and Planning (from 1 November 2022) 2) Head of Governance (until 31 October 2022)	85 – 90	6	–	90 – 95	75–80	5	–	80–85
John Barwick ²	Chief Executive and Registrar	250 – 255	16	–	265 – 270	160–165	11	–	170–175
Alastair Bridges ³	Executive Director of Resources and Business Performance	125 – 130	9	–	135 – 140	25–30	2	–	30–35
Laura Coffey ⁴	Interim Executive Director of Regulation	30 – 35	3	–	30 – 35	–	–	–	–
Naomi Nicholson ⁵	Executive Director of Professional Practice and Insight	125 – 130	9	–	130 – 135	95–100	7	–	100–105
Andrew Smith ⁶	1) Interim Deputy Chief Executive (from 1 December 2022) 2) Executive Director of Regulation (until 31 November 2022)	120 – 125	9	–	130 – 135	120–125	8	–	125–130
Jacqueline Ladds ⁷	Executive Director of Policy and External Relations	–	–	–	–	145 – 150	7	–	155–160

Name	Position	2022-23				2021-22			
		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
Neil Cuthbertson ⁸	Executive Director of Digital Transformation	-	-	-	-	120-125	9	-	130-135
Jo Moore ⁹	Executive Director of Corporate Services	-	-	-	-	30-35	2	-	30-35
Co-opted members									
Gordon Dixon ¹⁰	1) Director of Business Improvement (from January 2020 to 31 March 2022) 2) Interim Director of Finance (from August 2019 to January 2020)	-	-	-	-	120-125	-	-	120-125
Claire Holt ¹¹	1) Director of HR and OD (from 2 March 2020 until 30 June 2021) 2) Interim Director of HR and OD	-	-	-	-	25-30	2	-	30-35
Tian Tian ¹²	Director of Finance	-	-	-	-	50-55	2	-	55-60

1. Claire Amor became the Executive Director of Governance, Assurance and Planning on 1 October 2022. Her FYE salary for this role in 2022–23 was in the band of £100,000-£105,000. Her FYE salary for 2022–23 for her former role of Head of Governance was in the band of (£75,000-£80,000).
2. John Barwick left HCPC under redundancy exit terms on 31 December 2022 and received total compensation in the band of £135,000 - £140,000. This consisted of Payment in Lieu of Notice (PILON), £80,000 - £85,000, redundancy taxable £15,000 - £20,000 and redundancy non-taxable £30,000 - £35,000. His FYE salary for 2022–23 was in the band of (£155,000 - £160,000).
3. Alastair Bridges joined ELT on 17 January 2022 as the Executive Director of Resources and Business Performance. His FYE salary for 2021-22 was in the band of (£125,000 - £130,000).
4. Laura Coffey joined ELT on 5 December 2022 as the Interim Director of Regulation. Her FYE salary for this role in 2022–23 was in the band of (£105,00-£110,000).
5. Naomi Nicholson left the HCPC on 29 November 2022. Her FYE salary for 2022–23 was in the band of (£110,000-£115,000). She received payment in Lieu of Notice (PILON) of £50,000 - £55,000.
6. Andrew Smith became the Interim Deputy Chief Executive on 14 November 2022. His FYE salary for this role in 2022–23 was in the band of (£135,00-£140,000). The FYE salary for 2022–23 for his substantive role of Executive Director of Regulation was in the band of (£120,000-£125,000).
7. 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.
8. Neil Cuthbertson left the HCPC on 31 December 2021. His FYE salary for 2021-22 was in the band of (£150,000 - £155,000).
9. Jo Moore joined the ELT on 14 February 2021 and left the HCPC on 25 June 2021. Her FYE salary for 2021-22 was in the band of (£125,000 - £130,000).
10. Gordon Dixon left the HCPC on 31 March 2022. His 2021-22 FYE salary was in the band of (£200,000 - £205,000).
11. Claire Holt became Director of HR and OD on 2 March 2020 on a one-year fixed term contract, which was then extended to the end of June 2021. She left the HCPC on 30 June 2021. Her FYE salary was in the band of (£95,000 - £100,000) as fixed term contractor.
12. Tian Tian left 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 banded remuneration of the highest-paid director of the HCPC in the financial year 2022–23 was £135,000-£140,000 (2021–22, £160,000-£165,000). This represents a 15.38% reduction in 2022–23 from the prior financial year. The fair pay disclosure accurately reports the highest-paid director at the year-end. However, it's important to note that this may differ from the highest-paid director mentioned in the remuneration table due to the departure of the individual during the year. This difference is a result of personnel changes within the organisation.

The average total remuneration for all employees on an annualised basis, excluding the highest-paid director for the financial year 2022–23 was £38,797 (2021–22, £39,306). This represents a 1.29% decrease in 2022–23 from the prior financial year. This decrease in average remuneration is largely due to the growth in 2022–23 in employee numbers within the lower to mid-level pay bands.

The range of staff remuneration for 2022–23 from the lowest paid employees to the highest-paid director was £20,000 - £135,000 (2021-22, £21,500 - £160,000).

The median remuneration of employees was £35,000 (2021–22, £33,000), which represents a 6.06% increase in 2022–23. The mid-point of the banded remuneration of the highest-paid director of the HCPC was 3.93 times (2021–22, 4.92) the median remuneration of all employees.

The increase in median remuneration can be linked to a shift in workforce composition with more employees in lower to mid-level pay bands. This led to a higher proportion of employees earning salaries closer to the median, causing the median remuneration to increase.

The 25th percentile remuneration of employees was £27,271 (2021–22, £28,023), which represents a 2.68% decrease in 2022–23. The mid-point of the banded remuneration of the highest-paid director of the HCPC was 5.04 times (2021–22, 5.80) the 25th percentile remuneration of all employees.

The decrease in the 25th percentile remuneration is due to growth in employee numbers within the lower level pay bands.

The 75th percentile remuneration of the workforce was £44,270 (2021–22, £43,368), which represents a 2.08% increase in 2022–23. The mid-point of the banded remuneration of the highest-paid director of the HCPC was 3.11 times (2021–22, 3.75) the 75th percentile remuneration of all employees.

The increase in the 75th percentile remuneration is due to several staff promotions during 2022–23 and the impact of pay review.

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.

Consultancy and off-payroll engagements

Off payroll arrangements are in place for extraordinary work that is limited in time and not part of normal operations of the HCPC. Examples 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 £68k during 2022–23 financial year (2021–22 £537k).

Exit packages (subject to audit)

Nine 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	2022-23 Total number of exit packages by cost band	2021-22 Total number of exit packages by cost band
£0–£25,000	5	2	7	5
£25,001–£50,000	-	-	-	1
£50,001–£100,000	1	-	1	-
£100,001–£150,000	-	1	1	1
£150,001+	-	-	-	-
Total number of exit packages	6	3	9	7
Total cost	£77,971	£153,205	£231,176	£240,761

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.

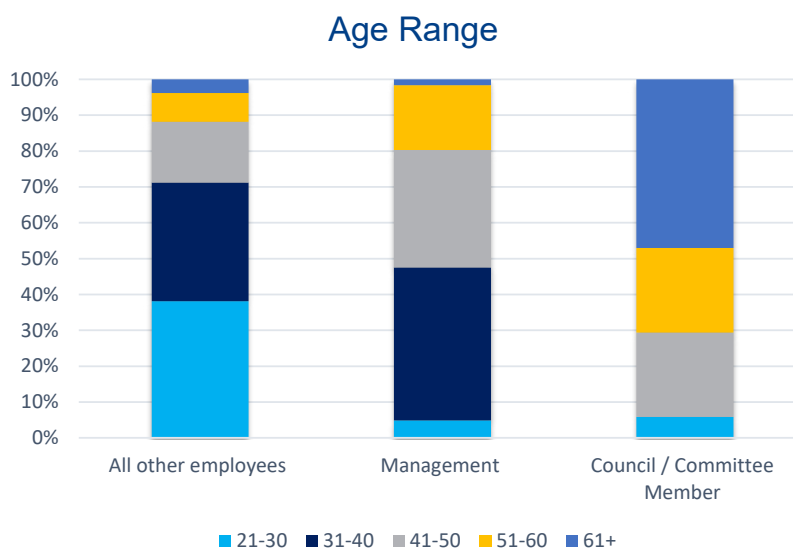
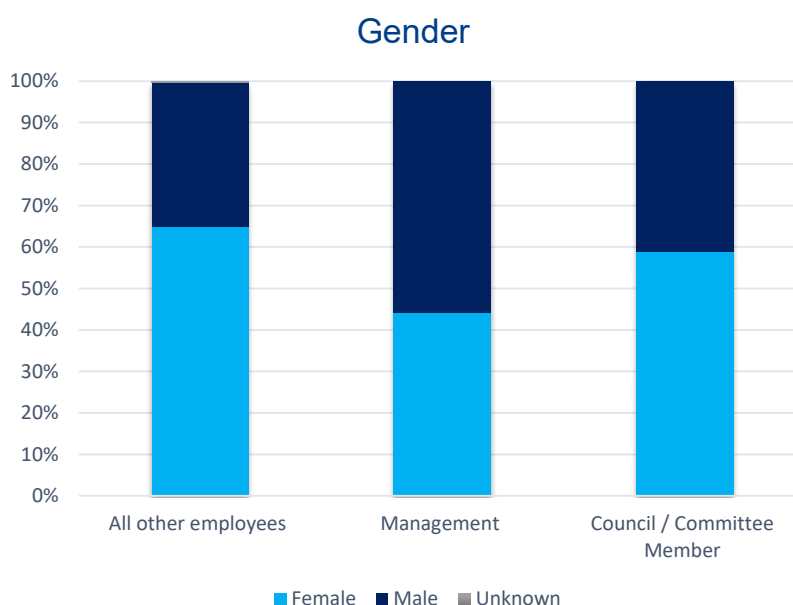
Overall employee turnover for 2022–23 was 18%, however the average voluntary turnover for the financial year was 15%. 1% of available workdays were lost to sickness absence with an employee average of seven sick days taken.

Equality and diversity

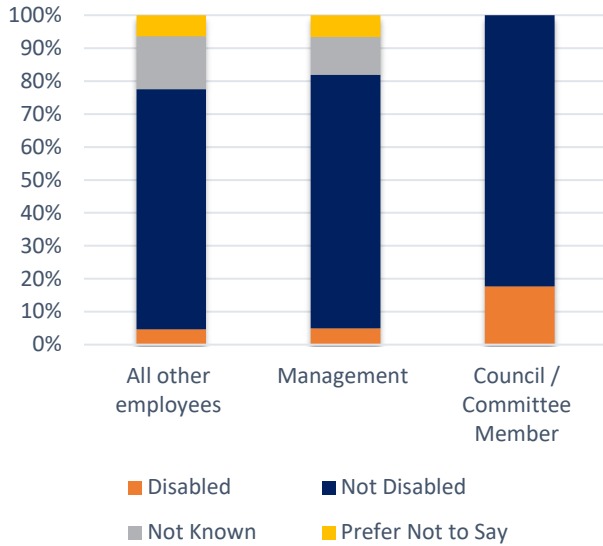
We are committed to meeting our obligations under the Equality Act 2010 and continuing to ensure that we are an organisation that values diversity and promotes equality. This includes ensuring Council and Committee members, Partners, and employees receive regular training in equality and diversity matters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

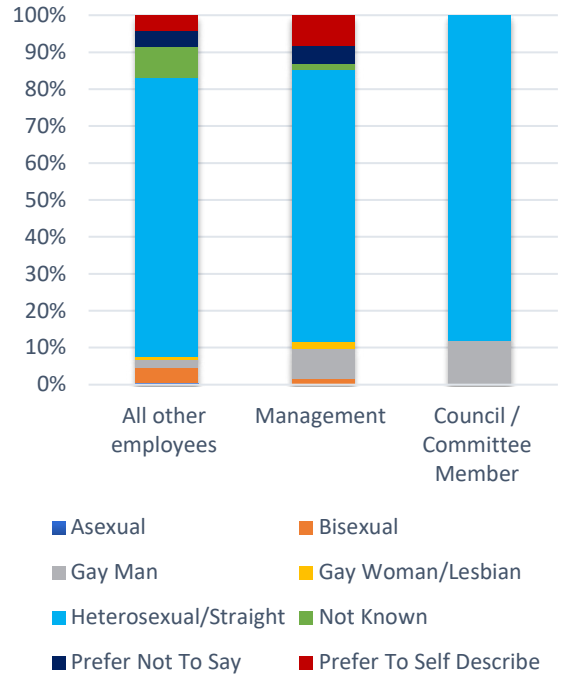
Our diversity at 31 March 2023 was as follows.



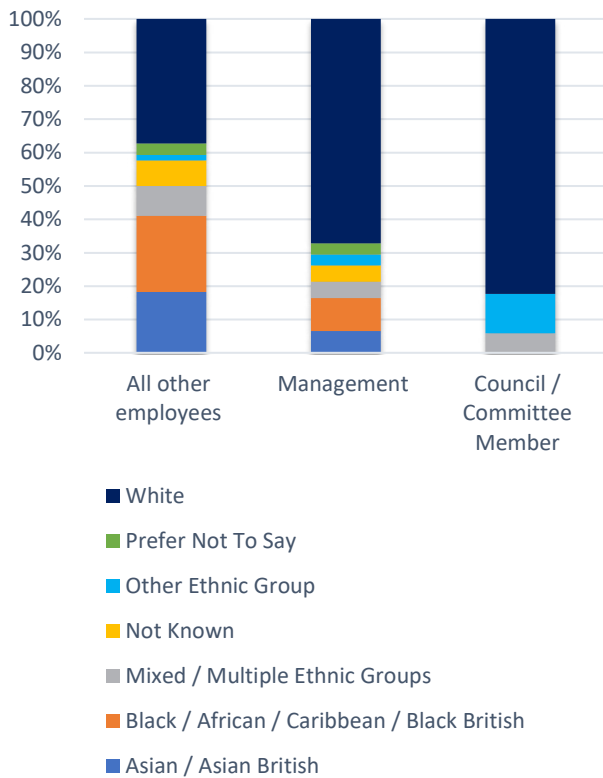
Disability



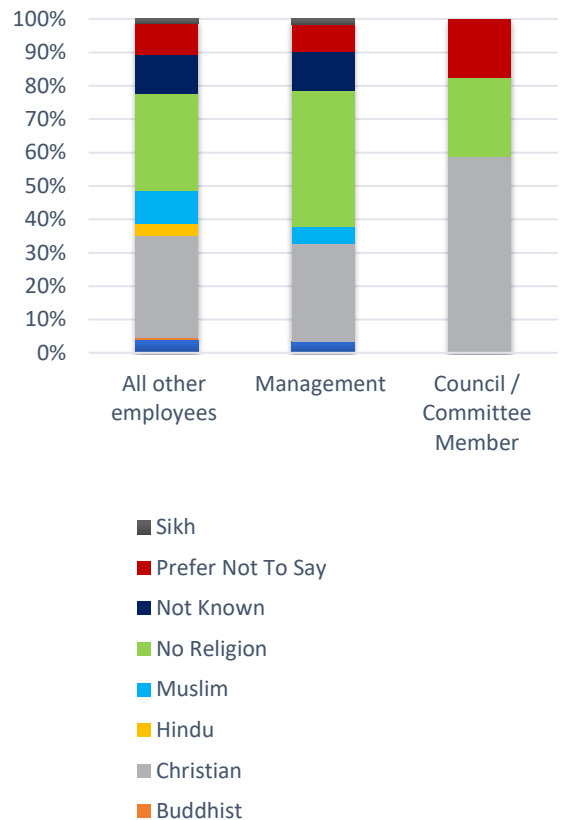
Sexual Orientation



Ethnic Origin



Religion



Gender pay gap

The HCPC is committed to doing everything that it can to reduce the gender pay gap. As at 5 April 2022, our mean gender pay gap for employees was -10.58% (2020–21, 3.82%) and our median gender pay gap was 0% . This can be explained by where female and male employees can be found within the pay quartiles. Though the HCPC’s workforce and partners is 63% female, the average hourly pay, including for these purposes, remuneration for partners, is slightly higher than that of males, which would suggest that females are generally more likely to have higher pay.

It is important to note that the data includes partners, which as part of guidelines for the purposes of this report, are required to be included. Female partners are higher in number (67%) compared to male partners (36%). This has reduced the pay gap when compared to employees only, as a higher proportion of female partners are receiving a higher hourly rate compared to male partners, which happened in the upper quartile. 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 at 5 April 2022, our mean ethnicity pay gap for employees was 23.62% (2020–21, 22.43%) and our median ethnicity pay gap was 17.85%. The HCPC is committed to doing everything that it can to reduce the ethnicity pay gap. The gap can be explained by where ethnic minority employees can be found in our pay band structure. More white employees can be found within the higher pay bands compared to ethnic minority employees. The HCPC is committed in supporting underrepresented employees in gaining experience and knowledge to progress to higher pay band roles.

² 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 18.89% and a median gender pay gap of 12.3%. Our full gender pay gap report is available at <https://www.hcpc-uk.org/resources/reports/2023/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 HCPC over the reporting requirements as set out in HM Treasury’s Managing Public Money Guidance (2021–22 nil).

Remote contingent liabilities (subject to audit)

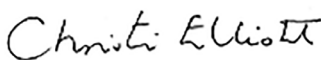
At 31 March 2023 HCPC had no remote contingent liabilities (31 March 2022: nil).

Losses and gifts (subject to audit)

HCPC has received no gifts in year (2021–22 and: nil).

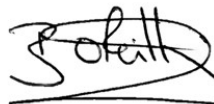
Regularity of expenditure (subject to audit)

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 5 December 2023



Bernie O'Reilly
Chief Executive and Registrar
Accounting Officer

Date 5 December 2023

Independent auditor's report to the members of the HCPC

Opinion

We have audited the financial statements of the Health and Care Professions Council ("the Council") for the year ended 31 March 2023 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 2023 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, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; 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. 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

Haysmacintyre LLP
Statutory Auditors
Date: 6 December 2023

10 Queen Street Place
London
EC4R 1AG

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 2023 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 2023;
- Statement of Comprehensive Net Income, Statement of Cash Flows 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 UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Health and Care Professions Council's affairs as at 31 March 2023 and its retained surplus 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 Bodies in the United Kingdom (2022). 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 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 Professions Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

Other Information

The other information comprises the 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.

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 the 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 performance report and accountability report.

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

- Adequate accounting records have not been kept 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
- I have not received all of the information and explanations I require for my audit; 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 have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with determinations by the Privy Council.

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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Health and Care Professions Council whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with the Health Professions Order 2001 and Privy Council directions;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Privy Council directions;
- assessing the Health and Care Professions Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council and Accounting Officer anticipates that the service 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 and 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 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, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- 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, 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 expenditure and income 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.

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

Report

I have no observations to make on these financial statements.

Gareth Davies

Date: 7 December 2023

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 2023

	Note	2022-23 £'000	2021-22 £'000
Income			
Fee income	2	36,248	30,286
Total operating income		36,248	30,286
Staff costs	4	(15,122)	(13,063)
Depreciation and amortisation	8, 9 & 10	(1,294)	(1,147)
Finance costs	10	(9)	-
Other expenditure	6	(19,986)	(18,035)
Business transformation costs		(69)	(535)
Total operating expenditure		(36,480)	(32,780)
(Deficit) for the year after operational costs		(232)	(2,494)
Grant income received from the Department of Health and Social Care	3	537	650
Rental income	3	175	175
Other income	3	84	78
Surplus / (deficit) on ordinary activity before taxation		564	(1,591)
Taxation	7	(32)	(34)
Impairment of intangible assets	9	-	(62)
Retained surplus / (deficit) for the year		532	(1,687)
Other comprehensive net income			
Revaluation (loss) on freehold property	8	(234)	(186)
Total comprehensive net surplus / (deficit)		298	(1,873)

The notes on pages 101-118 form part of these financial statements.

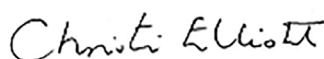
The operating surplus for the year arises from the HCPC's continuing operations.

Statement of financial position at 31 March 2023

	Note	31 March 2023 £'000	Restated 31 March 2022 £'000
Non-current assets			
Property, plant and equipment	8	6,200	6,616
Intangible assets	9	3,398	3,649
Total non-current assets		9,598	10,265
Current assets			
Trade and other receivables	11	2,289	2,560
Short-term deposits	13	3,666	3,605
Cash and cash equivalents	12	10,794	8,240
Total current assets		16,749	14,405
Total assets		26,347	24,670
Current liabilities			
Trade and other payables	14	(4,374)	(3,596)
Deferred income	15	(20,117)	(19,409)
Total current liabilities		(24,491)	(23,005)
Liabilities greater than one year	16	(35)	(142)
Assets less liabilities		1,824	1,523
Reserves			
General reserve	SoCiE	1,572	1,040
Revaluation reserve	SoCiE	249	483
		1,821	1,523

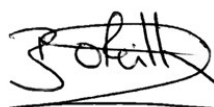
The prior period has been restated to better align the accounting policy with IFRS 15, as disclosed in Note 22 on page 117. The notes on pages 101-118 form part of these financial statements.

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



Christine Elliott
Chair

Date 5 December 2023



Bernie O'Reilly
Chief Executive and Registrar
Accounting Officer

Date 5 December 2023

Cash flow statement for year ended 31 March 2023

	Note	2022–23 £'000	Restated 2021–22 £'000
Cash flows from operating activities			
(Deficit) from operating activities*		(232)	(2,494)
Depreciation and amortisation	8,9 & 10	1,294	1,147
Loss on disposal of right of use assets	10	677	-
Increase in trade and other receivables	11	271	4,716
Increase in trade payables	14	778	778
Reversal of 2020-21 capital accruals		-	171
Increase in deferred income	15	708	872
(Decrease) in liabilities greater than one year	16	(107)	(218)
Net cash inflow from operating activities		3,389	4,972
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(105)	(656)
Purchase of intangible assets	9	(603)	(583)
Disposal of short-term deposits	13	(61)	(3)
Rental income	3	175	175
Other income	3	84	78
Net cash outflows from investing activities		(510)	(989)
Taxation	7	(32)	(34)
Cash flows from financing activities			
Grant income from the Department of Health and Social Care	3	537	650
Payment of lease liabilities*	10	(830)	-
Net cash (outflows)/inflows from financing activities		(293)	650
Net increase in cash and cash equivalents in the period		2,554	4,599
Cash and cash equivalents at the beginning of the period	12	8,240	3,641
Cash and cash equivalents at the end of the period	12	10,794	8,240

* Payment of lease liabilities relates to the principal element of lease liabilities recognised following adoption of IFRS 16 on 1 April 2022. Lease interest paid reflects the interest element of lease liabilities following adoption of IFRS 16 on 1 April 2022. Lease interest paid of £9k is included in the (Deficit) from operating activities.

The prior period has been restated to better align the accounting policy with IFRS 15, as disclosed in Note 22 on page 117.

The notes on pages 101-118 form part of these financial statements.

Statement of changes in equity for year ended 31 March 2023

	Note	Revaluation reserve £'000	General reserve £'000	Total £'000
Balance at 1 April 2021		669	2,727	3,396
Deficit for the year		-	(1,687)	(1,687)
Loss on revaluation of property		(186)	-	(186)
Balance at 31 March 2022		483	1,040	1,523
Balance at 1 April 2022		483	1,040	1,523
Surplus for the year		-	532	532
Gain on revaluation of property	8	(234)	-	(234)
Total recognised income and expense for the year		(234)	532	298
Balance at 31 March 2023		249	1,572	1,821

The Revaluation Reserve is a capital reserve used when an asset has been revalued. Revaluations are completed periodically to reflect the fair value of an asset owned by the organisation.

The General Reserve is a reserve used to record all resource inflows and outflows, other than those revaluations which are reflected in the Revaluation Reserve.

The notes on pages 101-118 form part of these financial statements.

Notes to the financial statements for year ended 31 March 2023

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 2022–23 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 17 – Insurance Contracts:** The Standard is expected to be effective in the public sector for accounting periods beginning on or after 1 April 2025. No material impact to the HCPC's financial statements is anticipated following its implementation.

1.4 IFRS amendments and interpretations adopted

IFRS 16 – Leases was issued in January 2016. In accordance with the FReM, the HCPC has first applied IFRS 16 in the 2022–23 financial statements, by retrospectively recognising the cumulative effects of initially applying IFRS 16 as an adjustment to the opening balances. IFRS 16 requires the lessee to recognise the lease liability and the related right-of-use asset at the present value of the lease payments payable over the lease term, including leases of rented office space. In accordance with the FReM, HCPC have not reassessed whether a contract is, or contains, a lease at the date of initial application. In accordance with the FReM, the HCPC applied an HM Treasury discount rate of 0.95% as the incremental borrowing rate, as promulgated in Public Expenditure System papers to determine the present value of the lease payments payable over the lease term.

1.5 Going concern

The HCPC is established in statute, and it would require an Act of Parliament to dissolve or abolish the organisation. We continue to hold significant cash balances owing to the nature of the renewal cycle whereby registrants renew their registration with the HCPC, through up-front payment or a direct debit arrangement, on a two-yearly cycle organised by profession.

There is a mechanism in place to continue to allow for fee increases in order to continue to increase the HCPC's income. In September 2022, the Council agreed that the HCPC should consult on an increase in its fees. Following the Council's approval, and the completion of the parliamentary approval process, the revised fee amount came into effect from 9 November 2023.

Over the year we have seen a high level of demand from international applicants for registration with the HCPC. This trend is continuing. After allowing for the direct costs of scrutinising and processing these applications, the increased fee income we receive makes a contribution to covering the associated indirect costs arising from this increased demand.

Investments in service improvements are being focused on improving our service and reducing cost, where appropriate. The Council will continue to review options regularly in order to take appropriate steps to balance investments in future developments and required expenditure with the HCPC's income.

Given HCPC's regulatory role, a significant cash balance, effective management of financial operations, the ability to seek increases in fees and that the HCPC is established in statute, it is expected that the HCPC will continue with the provision of a service in the future. Accordingly, in accordance with the FReM, the Council considers there are no material uncertainties in relation to going concern.

1.6 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:** recognition and measurement of Intangible Assets is in accordance with IAS38. Judgement is made annually on the carrying value and estimated useful lives of intangible assets.

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 2023. 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 2023 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 2023 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.

Right-of-use assets

For property related right of use assets the cost model in IFRS 16 is an appropriate proxy for fair value due to the short term nature of the lease relative to the useful life of the underlying property. Property related right-of-use assets are stated subsequently at historic cost of acquisition less accumulated depreciation and impairment losses as a proxy for fair value.

Right-of-use assets are depreciated on a straight-line basis, over the length of the lease.

1.7 Financial instruments: Financial assets

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

Trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services but also incorporate other types of contractual monetary assets. Under IFRS 9 these are held at and are subsequently carried at invoiced value or amortised cost using the effective interest rate method, less provision for impairment. Details of Trade and other receivables is found in Note 11.

Cash and cash equivalents. These include current accounts and 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 are found in Note 12.

1.8 Financial instruments: Financial liabilities

The HCPC classifies its financial liabilities as follows.

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

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

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

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

Income. Fee income comprises registration fees, readmission fees, renewal fees and scrutiny fees. Scrutiny, registration and readmission fees are collected upon application for registration and recognised once the related goods or services are provided. Renewal fees are accounted for over the period in which we are obliged to maintain an individual's registration. There are no significant judgements or estimates required in assessing the HCPC's obligations, which are evenly spread throughout the period of registration. Accordingly, all fees are initially deferred and released on a straight-line basis throughout the registration periods. In the case of cancellable contracts, IFRS 15 requires income to only be deferred where the cash has been received as at the SoFP date, accordingly deferred income is then reduced by netting off against accounts receivable any deferred income balance not received on or prior to the SoFP date.

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 the contractual obligation is fulfilled; the income is received quarterly 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 the 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.

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

2. Fee income by profession

	2022-23	2021-22
	£'000	£'000
Arts therapists	456	421
Biomedical scientists	2,275	2,173
Chiropodists / podiatrists	1,272	1,090
Clinical scientists	693	537
Dietitians	941	908
Hearing aid dispensers	437	294
Occupational therapists	3,948	3,708
Operating department practitioners	1,272	1,270
Orthoptists	143	130
Paramedics	2,672	2,616
Physiotherapists	4,134	5,278
Prosthetists / orthotists	338	100
Practitioner psychologists	2,531	2,222
Radiographers	4,139	3,378
Speech and language therapists	1,737	1,531
Miscellaneous	9,260	4,630
	36,248	30,286

Miscellaneous income principally consists of International scrutiny fees and UK scrutiny fees. This income is not split by profession. The increase in fee income is largely driven by a significant increase in international scrutiny fees applications, with international scrutiny fee income totalling £7.56m (2021-22: £3.93m).

3. Other income

	2022-23	2021-22
	£'000	£'000
Bank deposit interest	64	3
Grants from DHSC	537	650
Rental Income	175	175
Other Income	20	75
	796	903

4. Staff costs			2022-23	2021-22
	Permanent staff £'000	Others £'000	Total £'000	Total £'000
Wages and salaries	10,428	785	11,213	9,052
Social Security costs	1,148	64	1,212	1,025
Apprenticeship levy	-	41	41	-
Pension costs	754	34	788	677
Temporary staff costs	-	1,572	1,572	1,741
Other payroll expense including recruitment	13	220	233	327
Redundancy costs	63	-	63	241
	12,406	2,716	15,122	13,063

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

	Permanently Employed Staff	Other	2022-23 Total	2021-22 Total
Directly Employed	261	21	282	253

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 2023, there were 273 active members in the pension scheme (31 March 2022, 237 active members). During the financial year ended 31 March 2023, the HCPC contributed £788k to the pension scheme (2021-22, £677k).

6. Other expenditure

	2022-23 £'000	2021-22 £'000
Professional services	8,500	7,814
Partners (agents)	5,555	4,070
Office services	275	308
Computer services	1,938	1,839
Communications	431	380
Other departmental costs	740	818
Property services	1,409	1,685
Projects	93	115
Council and Committee expenses	260	225
PSA levy	785	781
	19,986	18,035

Professional services costs include the legal expenditure associated with Fitness to Practice (FTP) hearings and ad-hoc professional services engaged with service providers for the organisation. The increase in these costs was due to the transfer of 172 cases between legal providers, resulting in increased work for the providers. In Q4 we curtailed our relationship with one provider and cases were reallocated across our other two providers. Also, the new provider's fee structure is higher than the former provider driven by a requirement for an increase in the level of service.

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. The increase in partner costs resulted from the increase in international registrant applications resulting in additional Partner Registration assessments having to be undertaken.

The reduction in property services costs was due to fewer rooms being hired as a result of virtual technology usage increasing.

Other department costs include organisational and departmental training which amounts to £194k (2021–22, £195k).

The decrease in project-related costs was mainly due to fewer revenue projects being undertaken during 2022–23; resulting in less project related expenditure.

Because the HCPC is not registered for VAT, other operating expenditure includes irrecoverable VAT of approximately £2.2m in 2022–23 (2021–22, £2.1m).

Other expenditure includes

Auditors' remuneration:

- External audit – Hays Macintyre LLP
- External audit – National Audit Office
- Internal audit – BDO LLP

Operating lease rentals:

Land and buildings

	2022–23	2021–22
	£'000	£'000
	102	39
	22	10
	72	64
	-	650

The increase in external audit fees in 2022–23 largely reflects the additional 2021–22 audit costs of Hays Macintyre LLP £55k and the National Audit Office £9k that were agreed post the completion of the HCPC 2021-22 Annual Accounts.

7. Taxation on investment income

UK corporation tax on taxable income for the year

Tax charge for the year

	2022–23	2021–22
	£'000	£'000
	32	34
	32	34

8. Property, plant and equipment 2022–23

	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 2022	2,876	3,324	1,029	253	856	8,338
Additions	-	-	-	5	100	105
Disposals	-	-	(88)	-	-	(88)
Revaluation ¹	(150)	(150)	-	-	-	(300)
At 31 March 2023	2,726	3,174	941	258	956	8,055
Depreciation:						
At 1 April 2022	-	-	1,029	170	523	1,722
Charge for the year	-	66	-	39	182	287
Disposals	-	-	(88)	-	-	(88)
Reversal on revaluation ¹	-	(66)	-	-	-	(66)
At 31 March 2023	-	-	941	209	705	1,855
Net book value:						
At 31 March 2023	2,726	3,174	-	49	251	6,200
At 31 March 2022	2,876	3,324	-	83	333	6,616

1. Net revaluation loss for 2022–23 amounted to £234k (2021–22, net revaluation loss amounted to £186k). The HCPC 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. Park House is freehold, and is included in Note 8 at valuation, as described below.

Freehold properties

The valuations of the freehold land and buildings were made on 31 March 2023 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 £5.90m (2021-22, £6.20m). The combined historic cost of the Park House property was £6.27m (2021-22, £6.27m).

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 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 ¹	(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 ¹	-	(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

9. Intangible assets 2022–23

	Software licences	Other systems	HR and Partner Build	Education system	Fitness to practise case management	Registration system	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:							
At 1 April 2022	77	730	419	1,100	906	4,794	8,026
Additions	-	212	-	1	213	177	603
Impairment	-	-	-	-	-	-	-
Disposals	(77)	-	-	-	-	(248)	(325)
At 31 March 2023	-	942	419	1,101	1,119	4,723	8,304
Amortisation:							
At 1 April 2022	77	630	380	1,003	-	2,287	4,377
Charge for the year	-	83	16	47	150	558	854
Impairment	-	-	-	-	-	-	-
Disposals	(77)	-	-	-	-	(248)	(325)
At 31 March 2023	-	713	396	1,050	150	2,597	4,906
Net book value:							
At 31 March 2023	-	229	23	51	969	2,126	3,398
At 31 March 2022	-	100	39	97	906	2,507	3,649

Intangible assets at 31 March 2023 include assets under construction of £630k (2021-22, £1.235m).

Intangible assets	Software licences	Other systems	HR and Partner Build	Education system	Fitness to practise case management	Registration system	Total
2021–22	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:							
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

10. Right-of-use assets

The HCPC held a property-related right-of-use asset for the rental of office space at 33 Stannary Street, this asset was reflected as an opening balance as at 1 April 2022 in accordance with IFRS 16.

	Land and buildings
	£'000
At 1 April 2022	918
Depreciation charge for the year	(153)
Termination of lease	(765)
At 31 March 2023	-

In accordance with the FReM, the HCPC has first applied IFRS 16 in the 2022–23 financial statements, by retrospectively recognising the cumulative effects of initially applying IFRS 16 as an adjustment to the opening balances, accordingly there are no comparative figures for the right-of-use assets and the associated lease liability.

Lease Liability

	Land and buildings £'000
At 1 April 2022	918
Payment of lease liabilities	(153)
Termination of leases	(765)
At 31 March 2023	-

The HCPC held a property related lease liability in relation to the rental of office space at 33 Stannary Street, this liability was reflected as an opening balance as at 1 April 2022 in accordance with IFRS 16. Lease interest paid was £9k. This lease was terminated on 31 March 2023, through a settlement payment of £677k.

Operating lease commitments disclosed by applying IAS 17 at the end of the annual reporting period immediately preceding the date of initial application (31 March 2023) differ from the lease liabilities disclosed under IFRS 16 and recognised in the SoFP at the date of initial application (1 April 2023) by £120k. This is principally due to a rent increase in relation to 33 Stannary Street.

11. Trade and other receivables

	2022-23 £'000	Restated 2021-22 £'000
Prepayments	1,690	1,624
Other receivables	599	936
	2,289	2,560

All debtors are current and other receivables expected credit losses of £413k (2021-22, £188k) have been provided for.

The small reduction in other receivables in 2022-23, reflects the reduction in 2022-23 of registrants who started new registration cycles for their particular profession and were therefore invoiced in 2022-23. Please see Note 22 for further information on the restatement.

12. Cash and cash equivalents

	2022-23 £'000	2021-22 £'000
Balance at 1 April	8,240	3,641
Net change in cash	2,554	4,599
Balance at 31 March	10,794	8,240

All cash held in commercial bank accounts only.

13. Short-term deposits

	2022–23	2021–22
	£'000	£'000
Balance at 1 April	3,605	3,602
Net change in deposits	61	3
Balance at 31 March	<u>3,666</u>	<u>3,605</u>

At 31 March 2023, nil (31 March 2022, nil) of the total short-term deposits are maturing after more than one year.

14. Trade payables and other current liabilities

	2022–23	2021–22
	£'000	£'000
Corporation tax	107	70
Other taxation and social security	295	296
Purchase ledger control account and other payables	965	1,154
Accruals	3,007	2,076
Balance at 31 March	<u>4,374</u>	<u>3,596</u>

15. Deferred income

	2022–23	Restated
	£'000	2021–22
		£'000
Fees received in advance		
Balance at 1 April	19,409	18,537
Fees received/invoiced in the year	26,987	45,129
Released to the statement of comprehensive net income	(26,280)	(44,257)
Renewal fees in advance	<u>20,116</u>	<u>19,409</u>

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

The increase in deferred income, principally reflects the impact of the reduction in registrant debtors balances as at 31 March 2023, due to deferred income only being recognised in relation to post 31 March 2023 income that is uncollected as at 31 March 2023. Please see Note 22 for further information on the restatement.

16. Provisions

	Dilapidations £'000	Legal £'000	Total £'000
Balance at 1 April 2021	360	-	360
Net change in provision	(218)	-	(218)
Balance at 31 March 2022	142	-	142
Balance at 1 April 2022	142	-	142
Net change in provision	(142)	35	(107)
Balance at 31 March 2023	-	35	35

The lease in relation to 33 Stannary Street was surrendered as at 31 March 2023. The associated dilapidation costs of £75k were settled as at 31 March 2023, and therefore no dilapidations provision was required at 31 March 2023.

17. Capital commitments

	2022–23 £'000	2021–22 £'000
Replacement of the FTP Case system	50	231
Online portal development of the registration system for applications	150	315
Finance system replacement	230	300
Laptops and PC's replacement	75	-
HR recruitment model	25	-
Welsh Language standards	20	-
Enhancing the platform to promote hybrid working	-	270
Improvement of data collection system	-	120
Build new registrant portal	-	60
Deploy new Education system	-	40
Other commitments	65	-
	615	1336

18. Contingent liabilities

Although the Nursing and Midwifery (NMC) has lost both the initial case and the appeal right against Mr Somerville who was a self-employed contractor but claimed he was an employee entitled to holiday pay, however, the fundamental judgment deciding the specific method of calculating holiday pay payable is yet to be passed, there is thus a degree of judgement when calculating potential costs. Furthermore, there have been no claims made against the HCPC to date, this is consistent with many other health regulators. This therefore means that the liability is possible but not probable. It is estimated that £1.3m will possibly be paid out to claimants. The contingent liability has not been recognised as a creditor as at 31 March 2023 because at that date the amount of £1.3m was not reliably quantifiable and there was insufficient evidence to suggest that there will be any claims made against the HCPC. (21-22, £nil).

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 £813,313 was made to the PSA relating to the PSA levy for 2023–24. As at the reporting date, this is held within prepayments. In 2021-22, an advance payment of £784,832 were made towards the 2022–23 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 £986,022 for the cost of the Temporary Register created during the pandemic in the 2022-23 financial year (2021-22 £201,776). The HCPC invoiced the Department of Health and Social Care a total of £537,484 in the 2022-23 financial year (2021–22, £241,606).

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 £219,368 (2021–22, £198,628) were accrued and paid to 23 members, which is made up of independent members and Council apprentices (who are not members of the Council) (2021-22, 22 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 80-82.

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 11 (Trade receivables). The details of the various categories of financial liability are outlined in note 14 (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, accordingly the HCPC is not exposed to currency risk.

Our reserves policy is based on the objective of having positive net assets less intangibles balancing the need to invest to ensure sustainability, while maintaining working capital through pre-paid registrant 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 2023, 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 year 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 as soon as possible as part of our medium-term financial sustainability planning, including through an increase in fees.

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.

22 Prior Period Restatement

To better align its accounting policy with IFRS 15, the HCPC has amended its accounting policy in relation to the recognition of registrant deferred income. In accordance with IFRS 15 income should only be deferred where the cash has been received as at the Statement of Financial Position (SoFP) date, accordingly the HCPC has amended its accounting policy so that registrant deferred income is not recognised, where the registrant has not paid the deferred income balance as at the SoFP date. This adjustment to deferred income is netted off against accounts receivable.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, this change in accounting policy has been applied retrospectively to the SoFP as at 31 March 2022, and the Cash flow statement (SoCF) for the year ended 31 March 2022.

The lines impacted within the SoFP, are deferred income and accounts receivable, with both lines being restated as at 31 March 2022, with a net impact of nil on the SoFP.

The lines impacted within the SoCF are the movements in deferred income and movements in accounts receivable, with a net impact of nil on the SoCF.

However, the SoFP as at 31 March 2021 has not been restated, on the basis that the restatement is impractical, in accordance with IAS 8 (50). This is because the HCPC does not hold a detailed breakdown of deferred income by registrant as at 31 March 2021, as a result of this information not being available from the finance system used by the HCPC as at 31 March 2021. This finance system is no longer used by the HCPC.

The impact to the 2021-22 financial statements are as follows:

Lines impacted in the Statement of Financial Position

	Note	Per signed accounts 2021-22 £'000	Adjustment £'000	Restated 2021-22 £'000
Current assets				
Trade and other receivables	11	21,160	(18,600)	2,560
Total current assets		33,005	(18,600)	14,405
Total assets		43,270	(18,600)	24,670
Current liabilities				
Deferred income	15	(38,009)	18,600	(19,409)
Total current liabilities		(41,605)	18,600	(23,005)
Assets less liabilities		1,523	-	1,523
Reserves		1,523	-	1,523

Lines impacted in the Cash flow statement

	Note	Per signed accounts 2021-22 £'000	Adjustment £'000	Restated 2021-22 £'000
Decrease/ (Increase) in trade and other receivables	11	(13,884)	18,600	4,716
Increase in deferred income	15	19,472	(18,600)	872
Net (decrease) in cash and cash equivalents in the period		4,599	-	4,599
Cash and cash equivalents at the beginning of the period	12	3,641	-	3,641
Cash and cash equivalents at the end of the period		8,240	-	8,240

