Health and Care Professions Council

Environmental Sustainability

Audit report – Final

November 2024

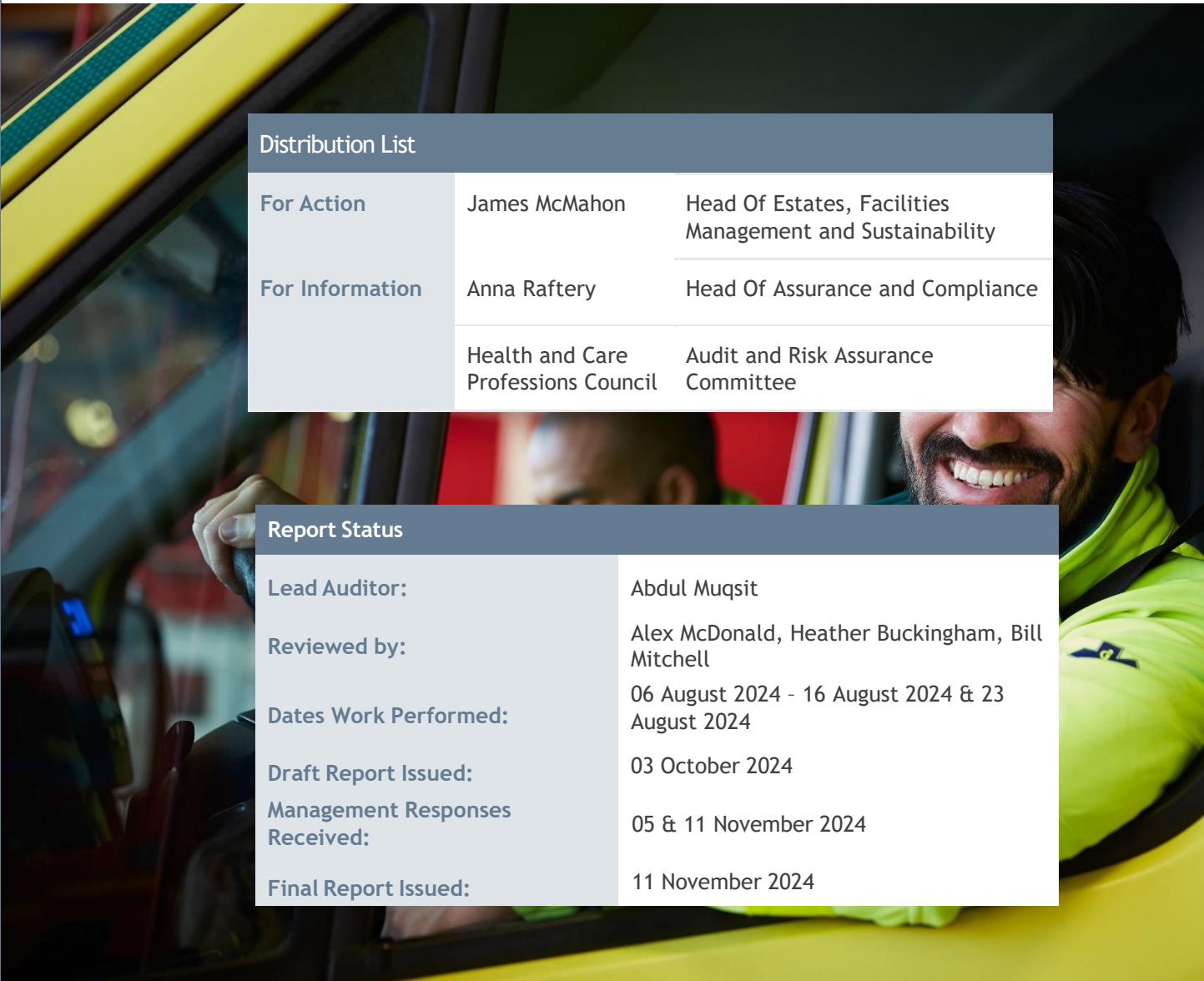| LEVEL OF ASSURANCE:	
DESIGN	**Moderate**
EFFECTIVENESS	**Moderate**

Contents

Distribution List

For Action	James McMahon	Head Of Estates, Facilities Management and Sustainability
For Information	Anna Raftery	Head Of Assurance and Compliance
	Health and Care Professions Council	Audit and Risk Assurance Committee

Report Status

Lead Auditor:	Abdul Muqsit
Reviewed by:	Alex McDonald, Heather Buckingham, Bill Mitchell
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Final Report Issued:	11 November 2024

Executive Summary

Level of assurance: (See Appendix II For Definitions)		
Design	Moderate	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls, which may put some of the system objectives at risk.

Summary of Findings (see Appendix III)			# Of agreed actions
H	0		0
M	2	▬▬▬▬	3
L	0		0
Total Number of Findings: 2			

Our testing did not identify any concerns surrounding the controls in place to mitigate the following risks:

✓ The environmental strategy does not link to the wider business strategy and priorities

✓ A lack of defined roles and responsibilities for the implementation of the strategy, leading to a lack of oversight and targets not being met.

Background

As part of the internal audit plan for 2024/25, approved by the Audit and Risk Assurance Committee we undertook a review of HCPC's environmental strategy.

Improving the HCPC's environmental sustainability is a key strategic objective within HCPC's Corporate Strategy 2021-2026, to 'build a resilient, healthy, capable and sustainable organisation'. In July 2023, Council approved high-level plans, emissions targets and a statement on Environmental Sustainability setting out HCPC's commitments in this area. This statement acts as the environmental strategy and is published on HCPC's website.

The strategy was created with the assistance of external consultants (who had identified less direct ambitious targets than those subsequently set by HCPC). Historic emissions data was reviewed and baselined, and workshops held with the Senior Leadership Group (SLG) and Executive Leadership Team (ELT) to establish a high-level plan to move towards net zero. The consultancy exercise identified high-level priority areas for HCPC, including:

▶ confirming pathways to decarbonisation (net zero emissions for operations by 2028), and defining specific plans to achieve it, including operational transformations, changes to governance processes, supply chains, and setting investment priorities.

▶ Incorporating environmental considerations into our regulatory, operational and corporate processes and systems.

Registrants were not consulted specifically in the development of the strategy, but a separate workstream assessed whether a specific sustainability standard should be created.

Scope

We considered:

▶ Stakeholder input
▶ Links to wider business strategy
▶ Identification and prioritisation of key environmental factors
▶ Roles and responsibilities.

Purpose

The purpose of this review was to provide assurance over the design and operational effectiveness of the key controls over the creation of the environmental strategy. This included an assessment of whether the strategy is realistic, considers stakeholder expectations, and supports overall business objectives.

Conclusion

We identified good practice throughout our review. HCPC, in coordination with the external consultants, has taken a structured and inclusive approach to identifying priorities and translating these into a strategy which supports HCPC's overall corporate objectives. The work completed to date provides a foundation to build upon, and supports environmental sustainability being embedded within the organisation, rather than being an add-on or 'token' gesture.

However, we identified two findings of medium significance that relate to:

▶ Consideration of the importance, risk, opportunity, and impact of differing environmental sustainability factors, and the use of external frameworks to underpin the strategy.

▶ Lack of defined cohesive action plans to support the environmental roadmap.

As a result of our review, we can provide MODERATE assurance over the design, and MODERATE assurance the operational effectiveness of controls.

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Summary of good practice

▶ **Development of environmental strategy** – The strategy was developed through ongoing discussions between the outsourced advisory team, Acclaro Advisory, and coordination with SLG (senior leadership group) and ELT members, which included various key internal stakeholders such as Facilities, Procurement, EDI, and Professional Upstream Regulation, to ensure perspectives from different work streams were considered. External stakeholders were also consulted, including the comparable regulators (the General Medical Council, Nursing and Midwifery Council, General Osteopathic Council), the Greener NHS Team, NHS Clinical Fellows, Cross-Regulator CSR team, and Greener AHP. The ESG strategy has also been aligned to the Corporate Strategy 2021-2026.

▶ **Registrants' views** – Registrants were consulted on whether the standard code of conduct (SCPEs) should include a provision for a sustainability standpoint. Although 56% of registrants supported including the sustainability standard in the SCPEs, extensive consultation was undertaken, which concluded that this should be addressed on the HCPC website, with links to resources for registrants for those wanting to embed sustainability into their practices. Different resources and procedures are available to registrants, and some (e.g. ambulance staff) do not have sufficient agency and control over operations to enable them to meet specific standards. HCPC has also agreed to consider sustainability within the scope of review of the Standards of education and training (SETs) in relation to education providers, with a review now commenced.

▶ **Gap analysis and performance scorecard** - As part of desktop assessments and the gap analysis conducted by Acclaro Advisory, internal stakeholders shared their views on the HCPC's strengths and weaknesses in relation to ESG across 24 responsible business criteria. These insights were gathered through interviews, workshops, and surveys with ELT and SLG. Stakeholder responses were scored from 0-3 and plotted against average peer benchmarks and high scores. This process informed the prioritisation of each issue, which then fed directly into the Sustainability Strategy.

▶ **Oversight and communication** – HCPC Environmental Sustainability Strategy Updates are provided to the People and Resources Committee (PRC) and the Council by the Head of Estates, Facilities Management and Sustainability, after review from the ELT. This outlines ongoing progress towards sustainability targets. A monthly report is also shared with the directorates detailing emission levels from Scope 1 (Natural Gas) and Scope 2 (Electricity). Additionally, periodic employee forums with senior team members are conducted. These forums provide a platform to discuss new initiatives and updates on sustainability at HCPC. They also allow team members to escalate or communicate any ideas or queries related to sustainability.

▶ **Roles and Responsibilities –** The job descriptions of the Head of Estates, Facilities Management and Sustainability, the Health and Safety, Environment and Quality Manager and the Facilities Manager have been updated, to reflect their involvement in the day-to-day sustainability activities. The terms of reference for the PRC have been revised to highlight the executive team's support for the sustainability plans.

Summary of improvement areas

However, we noted the following two Medium priority findings, where HCPC could enhance the sustainability management processes:

▶ Consideration of the importance, risk, opportunity, and impact of differing environmental sustainability-related topics (e.g. climate change, energy consumption, water use) in relation to HCPC's business model and corporate strategy, and the use and underpinning of wider recognised frameworks for better practice benchmarking.

▶ Although an environmental roadmap has been created (see Appendix I), this is not supported by defined roles and responsibilities for implementation, specific timelines, prioritisation, or action plans.

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DETAILED FINDINGS

Detailed findings

Risk 1: The strategy created without sufficient input from key stakeholders, internal and external to the organisation, and therefore does not address the areas deemed material. **Risk 3:** Environmental priorities, targets and roadmaps have been created without consideration of frameworks, or without assessing the risk, opportunity and impact of differing factors.

Finding 1 – Prioritisation of material risks and opportunities	TYPE
The engagement of a variety of stakeholders is critical to the development of an environmental strategy as it enables an organisation to fully consider and assess the importance, risk, opportunity, and impact of differing factors to different stakeholder groups whose views are likely to differ. **Wider Stakeholder consultation** The environmental strategy was developed based on collaboration between the external consultants (Acclaro Advisory) as the subject experts, and the ELT and SLG. Wider employees' views were not considered, though we note that these are now being sought via employee forum meetings. Although HCPC consulted with some comparable regulators, there was limited discussion outside of these groups, such as with registrants, service users, suppliers, and communities. **Gap analysis** Although a gap analysis was performed over HCPC's strengths and weaknesses in relation to 24 ESG topics, the development of the environmental strategy was not supported by a formal materiality assessment. It is good practice to undertake this exercise as a starting point to producing a strategy, to align strategy decisions to stakeholders' opinions. A materiality assessment differs from the gap analysis; areas HCPC is strong in per the gap analysis may not correlate to areas that stakeholders deem to be the most important. Similarly, HCPC may direct attention to areas it is weak in, but this may result in misplaced use of resources if the weak areas are not of overall importance to the organisation. It is also important to specifically consider the impact actions have across each area as an action may have a positive impact in one area but a negative impact in another. **Sustainability framework** The consultant's report also notes that organisations that have achieved best practice use a sustainability framework based on higher international frameworks. However, HCPC's environmental strategy does not indicate that any frameworks were used to underpin referred practices, or to identify the topics most relevant and important to HCPC, such as internationally recognised ESG frameworks such as the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI), or the United Nations Sustainable Development Goals (SDGs).	Design
Implication	**SIGNIFICANCE**
Without considering wider stakeholder views, recognised frameworks or conducting a materiality assessment, HCPC may be unaware of what its key stakeholder priorities are and those that have the greatest potential (positive or negative) to its business. Thus, there may be a misalignment between these priorities and the themes included within the environmental strategy. By not using recognised frameworks, the company risks missing opportunities to improve its environmental impact. This could affect the credibility, efficiency, and effectiveness of the environmental strategy.	Medium

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Recommendations	Action owner	Management response	Completion date
1. a. Whilst HCPC has not undertaken a materiality assessment, HCPC has completed key elements via the gap analysis. This was completed via conversations with key stakeholders. HCPC should continue to review their priorities on a regular basis via Council and interaction with the third party consultants. HCPC should continue to identify any areas pertinent to HCPCs business model and the overall strategy.	*James McMahon, Head of Estates, Facilities Management and Sustainability*	*HCPC will continue to update as part of our regular reporting cycle.*	*June 2025*
b. HCPC should consider using a recognised framework to underpin and direct all HCPC's environmental sustainability work.	*James McMahon, Head of Estates, Facilities Management and Sustainability*	*HCPC will consider using a recognised framework with along with further advice.* *The 24 criteria assessment outlined in the executive summary of good practise (point three) aims to capture best practise. Elements of the assessment are derived from frameworks, e.g., SBTi (Science Based Target Initiative) and Social Value TOMs (Themes Outcomes Measures). Expert consultants conducted the assessment and led HCPC in the development of the strategy with knowledge of these and other such frameworks.* *We plan to recruit an Environment and Quality Manager who will bring further insight and assist with the proposed implementation of an Environmental Management System (EMS) which should provide opportunity to align with relevant frameworks that fits the needs of the organisation. The EMS will be enhanced over an extended period as our plans develop.*	*31 March 2025 Recruitment* *31 March 2026* *EMS Implemented*

Detailed findings

RISK 4: A lack of defined roles and responsibilities for the implementation of the strategy, leading to a lack of oversight and targets not being met.

Finding 2 – Environmental Roadmap	TYPE
A road map should be supported by clear plans, timelines and task owners to help ensure the timely and accurately delivery of the map and to help prevent any areas of non-achievement. As environmental strategies cut across many organisational activities and processes, it is harder to keep an organisation on track with a sustainability plan without clear task ownership and strategic oversight. Although an environmental roadmap has been created (see Appendix I), this is not supported by defined roles and responsibilities for implementation, specific timelines, prioritisation, or action plans. Updates against the environmental strategy is reported to the PRC and Council, which shows that HCPC is making good progress, however the roadmap is not specifically referenced, nor progress listed against each area.	Design
Implication	**SIGNIFICANCE**
Without defined roles and responsibilities, it is unclear who is accountable for implementing the roadmap. This can lead to delays and inefficiencies. The absence of specific timelines and prioritisation means that the organisation may miss critical deadlines, affecting overall progress. By not specifically referencing the roadmap in progress reports makes it difficult to track specific achievements and areas needing improvement.	Medium

Recommendations	Action owner	Management response	Completion date
2. The roadmap should be supported by action plans outlining who is responsible, timelines, and to allow progress tracking.	*James McMahon, Head of Estates, Facilities Management and Sustainability*	*Action since the strategy's initiation in 2023, including progress and targets, has been shared with ELT, PRC, and the Council, who approved the initial emission reduction targets we are working toward. A progress update covering action to date and those planned was provided to the Council in September 2024. We will continue to provide similar updates as relevant.* *The recruitment of the Environment and Quality Manager will provide additional resources to assist across a range of areas including the documentation of more detailed actions plans in time.*	*31 March 2025* *Recruitment* *31 September 2026* *Action plan development*

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Observations

Observation 1 – Scope 3 emissions

The monthly directorate report currently omits Scope 3 emissions. For the 2022-23 period, Scope 3 emissions make up 95% of HCPC's total emissions, mainly from purchased goods and services. In contrast, Scope 1 (gas) and Scope 2 (electricity) emissions, which HCPC directly controls, account for 1% and 4% respectively.

HCPC currently lacks the environmental systems needed for more frequent reporting of this data, relying instead on audited financial accounts to calculate emissions retrospectively. This results in official reporting being a year or more behind the current position.

However, HCPC plans to implement an environmental management system next year, following Acclaro Advisory's recommendations. This system aims to provide detailed in-year reporting and metrics, alongside the existing annualised reporting for external verification. Timely in-year reporting, especially for Scope 3, is crucial for informed decision-making and improved accuracy.

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APPENDICES

Appendix I: Environmental Roadmap

Environment Roadmap

Short term : 2023-2025	Medium term : 2025-2028	Long term : 2028-2050
▪ Audit premises and practices. Implement improvements, including management systems ▪ Consider impact assessments for all new projects ▪ Electricity from carbon-zero source, Consider ways to avoid natural gas ▪ Support WfH and commuting improvements ▪ Stakeholder engagement and materiality: Employee engagement programme Consider Registrants' programmes ▪ Supply chain: surveys, policy developments, Supplier engagements, scorecards, onboarding	▪ Continued focus on energy efficiency and renewables (including on-site solutions) ▪ Refresh and continue implementing audit improvements ▪ Embed supplier engagement programme and incorporate GHG emissions into purchasing decisions. Increase standards for suppliers and their suppliers ▪ Sector collaboration ▪ Net Zero achieved across HCPC operational emissions by 2030	▪ Continued investment in efficiency and engagement programmes ▪ Review and refresh on-site energy solutions ▪ Responsible offsetting of remaining emissions ▪ Carbon accounting embedded
Develop ESG foundations and capabilities	**Net Zero being achieved across HCPC operations**	**Net Zero achieved across HCPC's whole value chain**

Appendix II: Definitions

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
SUBSTANTIAL	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
MODERATE	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, which may put some of the system objectives at risk.
LIMITED	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
NO	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
HIGH	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
MEDIUM	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
LOW	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
ADVISORY	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.

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Appendix III: Terms Of Reference

Extract from terms of reference
Purpose
The purpose of this review is to provide assurance over the design and operational effectiveness of the key controls over the creation of the environmental strategy. This will include an assessment of whether the strategy is realistic, considers stakeholder expectations, and supports overall business objectives.
Key risks
The key risks with this area of activity are whether: - The strategy created without sufficient input from key stakeholders, internal and external to the organisation, and therefore does not address the areas deemed material.   - The environmental strategy does not link to the wider business strategy and priorities   - Environmental priorities, targets and roadmaps have been created without consideration of frameworks, or without assessing the risk, opportunity and impact of differing factors.   - A lack of defined roles and responsibilities for the implementation of the strategy, leading to a lack of oversight and targets not being met.
Scope
- Stakeholder Input   - Links to wider business strategy   - Identification and prioritisation of key environmental factors   - Roles and responsibilities

Appendix IV: Staff Interviewed

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.		
James McMahon	Head of Estates and Facilities Management	
Roger Perez	Health, Safety, Environment and Quality Manager	
Rosemary Flowers-Wanjie	Policy Lead	
Tarek Hussien	Procurement Manager, Finance	

Appendix V: Limitations and responsibilities

Management responsibilities

The Board is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Board is responsible for ensuring the internal audit function has:

- The support of the Company's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit Committee.
- The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Company.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the Company in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

Limitations

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.