
Finance Report - September 2024

Paper Summary

1. Financial Performance (Year to Date)

- **Surplus:** actual position for the year to date stands at £2.1 million, exceeding the forecasted surplus of £1.7 million by £399k.
- **Income:** actual income of £21.3 million slightly surpasses the forecast by £314k (1.5%). This increase can be attributed to a higher number of international applications than anticipated.
- **Expenditure:** Total expenditure is slightly lower than expected with an £85k variance. This is largely due to savings in payroll, which is offset by adverse variances in legal and partners costs.

2. Q1 Forecast vs. Budget

- **Full year surplus:** forecast surplus for the full year is £1.3 million, which significantly exceeds the budgeted surplus of £186k.
- **Income:** favourable variance of £1.6 million is anticipated, largely due to increased international scrutiny fees.
- **Expenditure:** full year expenditure forecast is £40.7 million, slightly above the budget by £398k. Key drivers include higher costs associated with partners and temporary staff.

3. Major Projects and Investments

- The report highlights the ongoing review of capital expenditure for 2024-25, including alignment with the IT Regulatory Systems Review. Total forecasted investments are £870k.

4. Risks and Opportunities

- **Risks:** The report identifies several key risks, including the need to build up reserves and manage increased costs associated with international applications.
- **Opportunities:** Potential upside from additional international applications and investment income has been noted.

5. Balance Sheet and Reserves

- **Reserves:** General reserves stand at £6 million, with Realisable Net Assets at £2.8 million, reflecting less than one month of our total operating expenditure. This highlights the importance of further building reserves to meet operational needs.

6. Employee FTEs

- The report highlights a shortfall in FTEs when compared to the forecast, particularly within the Fitness to Practise and Registration departments, with an ongoing reliance on agency staff.

7. Contingency

- The report provides a breakdown of contingency reallocation as at 30 September 2024 and highlights potential allocations in the upcoming months.

Conclusion

The September 2024 position demonstrates a relatively strong financial position with positive variances in both income and expenditure, reflecting earlier progress on rebuilding the HCPC's financial sustainability. However, it should be noted that the current forecasted full year surplus is likely to decrease as a result of additional cost pressures as well as some spend related to 2025–26 being brought forward into this financial year. The revised forecast will be included in the October 2024 finance report.

Decision	The PRC is asked to note the report.
Next steps	Update the Council on 5 December 2024.
Strategic priority	Build a resilient, healthy, capable and sustainable organisation.
Financial and resource implications	As set out in the paper.
EDI impact	No direct implications.
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September 2024 Finance Report

PEOPLE AND RESOURCES COMMITTEE

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Executive Summary

Key Headlines

	September 2024 Year to Date (YTD)			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Income	21,300	20,986	314	40,439	41,993	1,554
Total Expenditure	19,217	19,302	85	40,253	40,651	(398)
Surplus/(Deficit)	2,083	1,684	399	186	1,342	1,156

- Year to date actual surplus of £2.1m is £399k favourable compared to forecasted surplus of £1.7m.
- Q1 full year forecast is a surplus of £1.3m compared to the budget surplus of £186k. However, this surplus is likely to fall by around £600k due to additional cost pressures as well as bringing forward some spend related to 2025–26 into this financial year. The revised forecast will be included in the October 2024 finance report.
- International application volumes for September year to date totalled 4,631, which is roughly in line with the forecast of 4,293 (budget assumed 3,158). International income was increased in the Q1 forecast to reflect the ongoing rise in international applications (8,000 forecast vs budget of 6,000 applications for 2024–25).
- Increase in forecast expenditure of £398k compared to budget is due to associated direct costs of the increase in international applications as well as a legal costs from the prior year (relating to cases expected to have been completed by March 2024).
- There are several short and long-term risks that we are managing throughout the year, including the Partners holiday pay and pension contributions, additional fitness to practise (FTP) legal costs and reducing our reliance on agency staff.

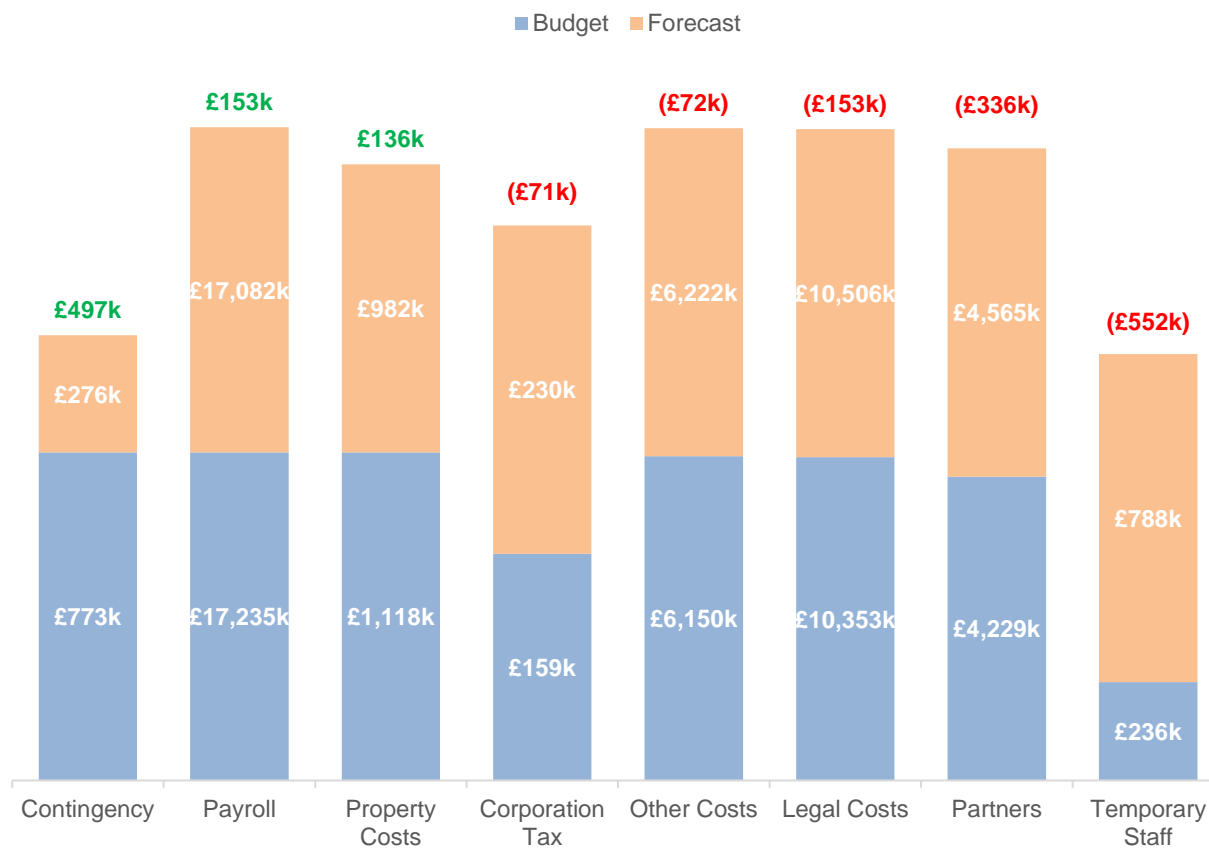
Summary Figures – September 2024 YTD

	September 2024 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Income	20,731	20,448	283	39,804	41,036	1,232
Other Income	569	538	31	635	957	322
Total Income	21,300	20,986	314	40,439	41,993	1,554
Payroll Costs	7,914	8,049	135	17,235	17,082	153
Other Staff Costs	838	834	(4)	863	1,412	(549)
Non-Payroll Costs	10,291	10,254	(37)	21,044	21,472	(428)
Total Operating Expenditure	19,043	19,137	94	39,142	39,966	(824)
Exceptional Costs	174	165	(9)	1,111	685	426
Total Expenditure	19,217	19,302	85	40,253	40,651	(398)
Total Surplus/(Deficit)	2,083	1,684	399	186	1,342	1,156

Note. 'Other Staff Costs' includes Temporary Staff, Training, Recruitment Fees and Other Employee Costs e.g. Pension Administration Costs.

Note. To view figures for the prior period, please refer to 'Appendix 1.2 – Income & Expenditure (Prior Period)'.
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Budget vs Forecast Expenditure Variances (by Category)



Note. 'Other Costs' includes categories with variances c£50k or less

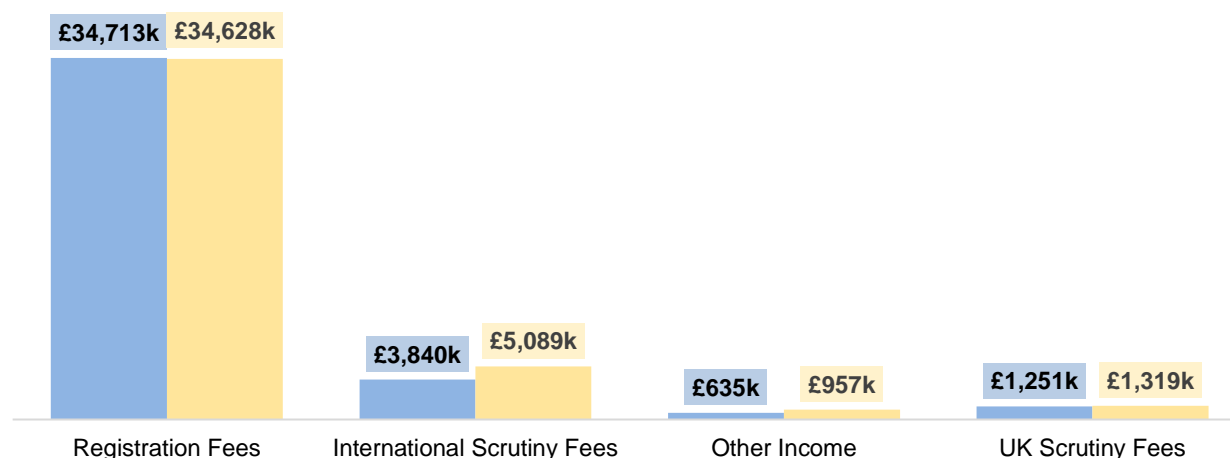
Total forecast expenditure for the year of £40.7m is **£398k** adverse compared to budget expenditure of £40.3m.

- **Contingency: £497k** favourable variance mainly due to reallocation of contingency funds to FTP and Finance.
- **Payroll: £153k** favourable due to unfilled vacant posts in Q1, with the majority sitting within FTP.
- **Property Costs: £136k** favourable variance is mainly driven by a reduction in building refurbishment costs that are unlikely to materialise this financial year.
- **Corporation Tax: £71k** adverse as this is directly related to our projected increase in investment income.
- **Legal Costs: £153k** adverse, primarily related to timing of cases for a historic legal provider from the prior year. We had anticipated these cases would have been completed by March 2024; due to the complex nature of these cases, completion is now anticipated for 2024-25.
- **Partners: £336k** adverse variance mainly due to increase in international assessors' fees, which is in line with the increase in international applications (this is offset by income from international scrutiny fees).
- **Temporary Staff: £552k** adverse due to increase in FTP temporary staff to help cover existing operational pressures within the team (contracts extended to December 2024).

Total Income – Budget vs Forecast (Full Year)

Total Income

■ Budget ■ Forecast



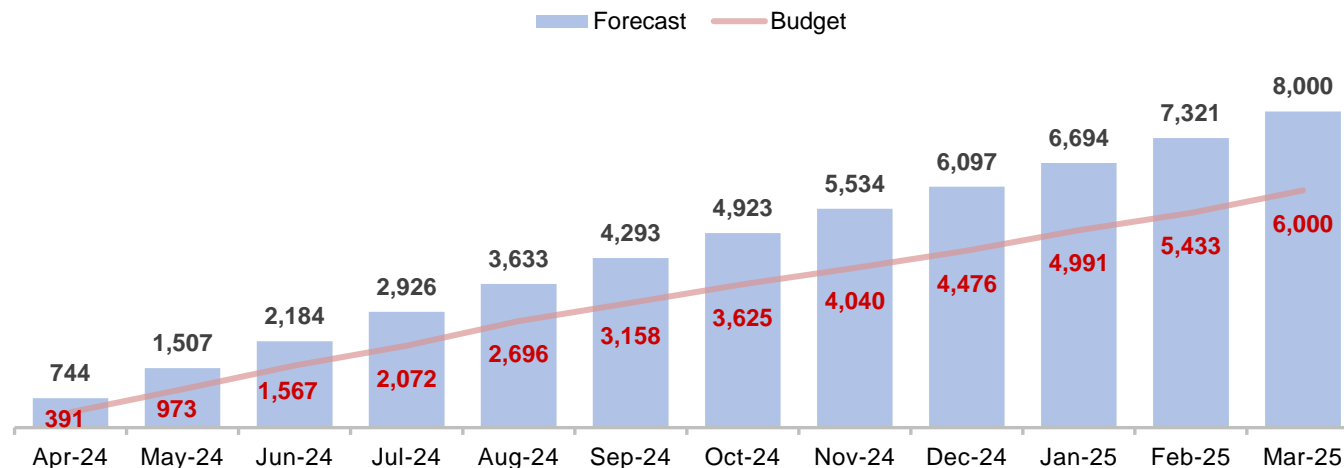
	Full Year		
	Budget	Forecast	Variance
	£'000	£'000	£'000
Registration Fees	34,713	34,628	(85)
International Scrutiny Fees	3,840	5,089	1,249
Other Income	635	957	322
UK Scrutiny Fees	1,251	1,319	68
Total Income	40,439	41,993	1,554

Total forecast income for the full year was £42.0m compared to budgeted income of £40.4m, which is £1.6m favourable.

- **Registration Fees: £85k** adverse due to adjustment of our income to reflect updated registration numbers and renewal cycles throughout the financial year (previously based on a straight-line basis).
- **International Scrutiny Fees: £1.2m** favourable due international applications expected to increase from our budgeted volume of 6,000 to 8,000 applications. Prudent assumptions were made on budgeted income and costs, to minimise the risk of further running down our reserves.
- **Other Income: £322k** favourable with recalculated investment income to reflect increase in principal amount held in our deposit accounts (budget assumed around £25m vs Q1 forecast of around £32m). This is driven by an increase in deferred income from renewals of physiotherapist and radiographer professions.
- **UK Scrutiny Fees: £68k** favourable variance due to an expected increase in UK applications (budget assumed 15,358 vs Q1 forecast of 16,192).

International Income – September 2024 YTD

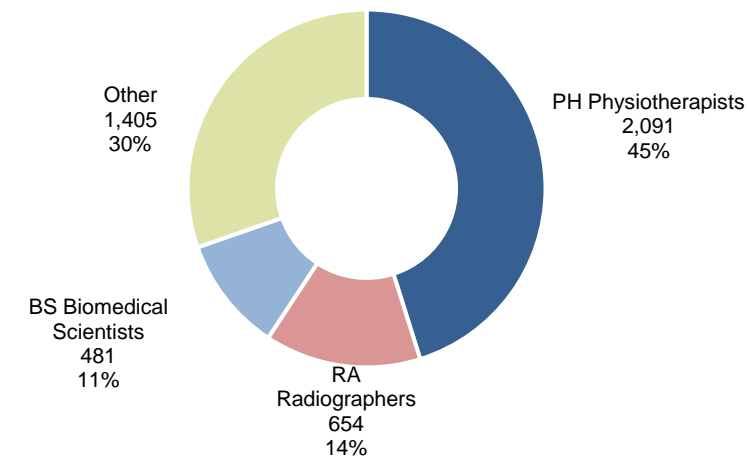
International Applications 2024-25 (Running Total)



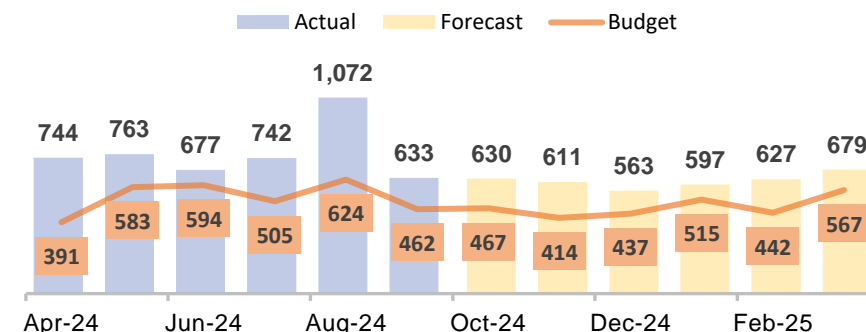
Note. April 2024 – July 2024 are actual volumes. The remaining months are actuals plus forecasted volumes

- **September 2024 Period Only:** Actual number of international applications was 633, which is roughly in line with the forecast of 660 (budget assumed 462).
- **September 2024 YTD:** Actual number of international applications was 4,631, which is 338 higher than forecast of 4,293 (budget assumed 3,158).
- **Full Year Forecast:** We revised our assumptions for the full year to 8,000 to account for the upward trend in applications compared to the original budget of 6,000 applications (around 39% increase). There is a potential opportunity of 500 additional applications, generating further income of around £320k.

International Application volumes (By Profession)



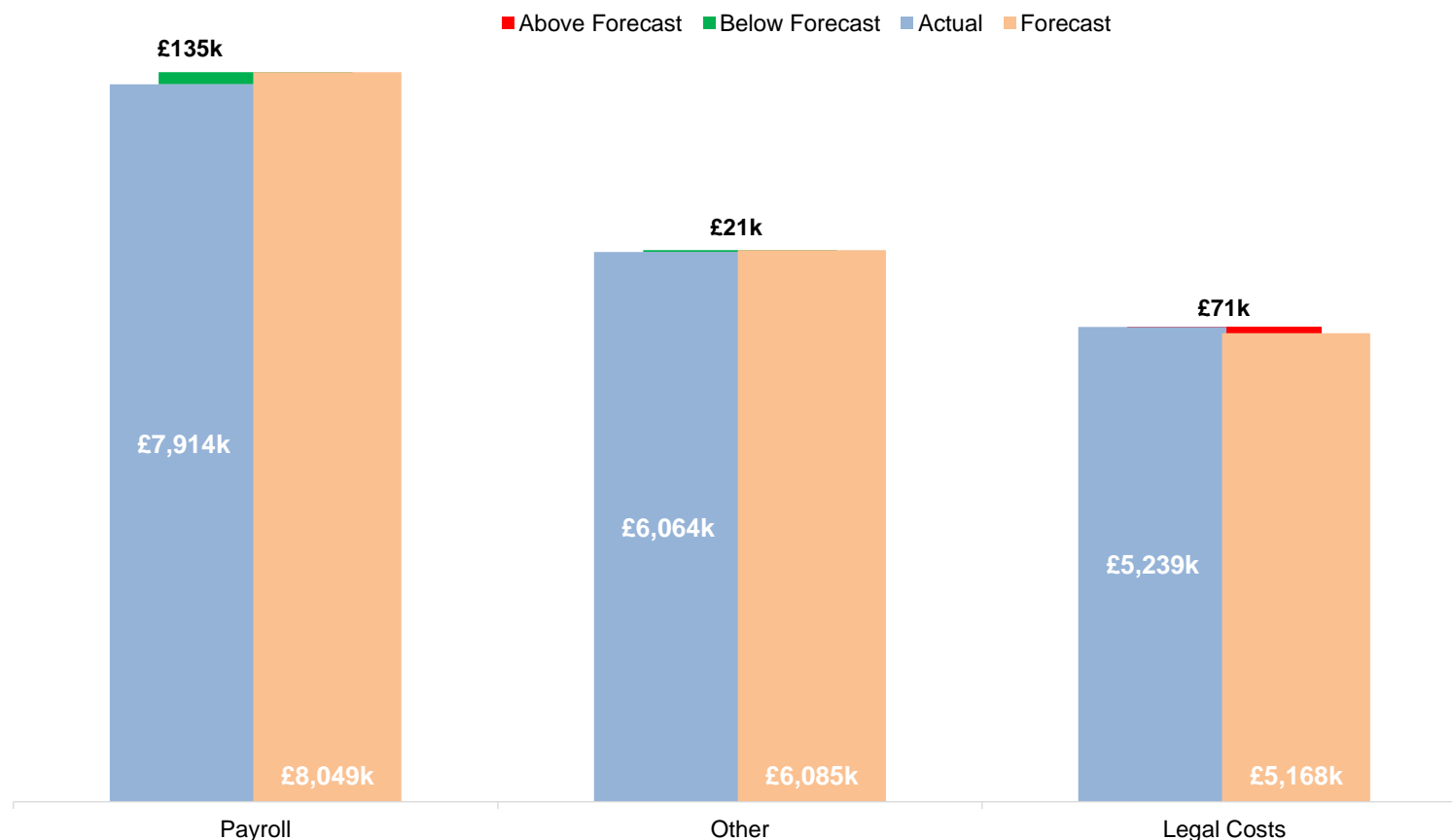
International Applications 2024-25



Note. See 'Appendix 4 – International Applications' for a geographical view of International applications

Financial vs Operational Reporting: There will be a slight difference in the reported volumes of international applications, related to recognising applications based on received payments (financial) versus the number of applications processed (operational).
People and Resources Committee 14 November 2024

Key Variances by Category – September 2024 YTD

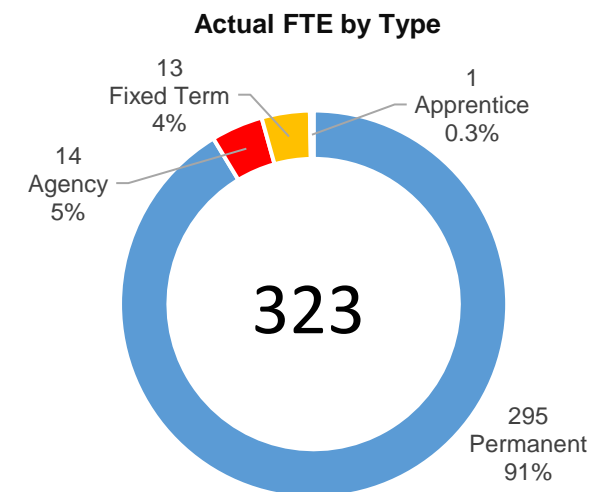
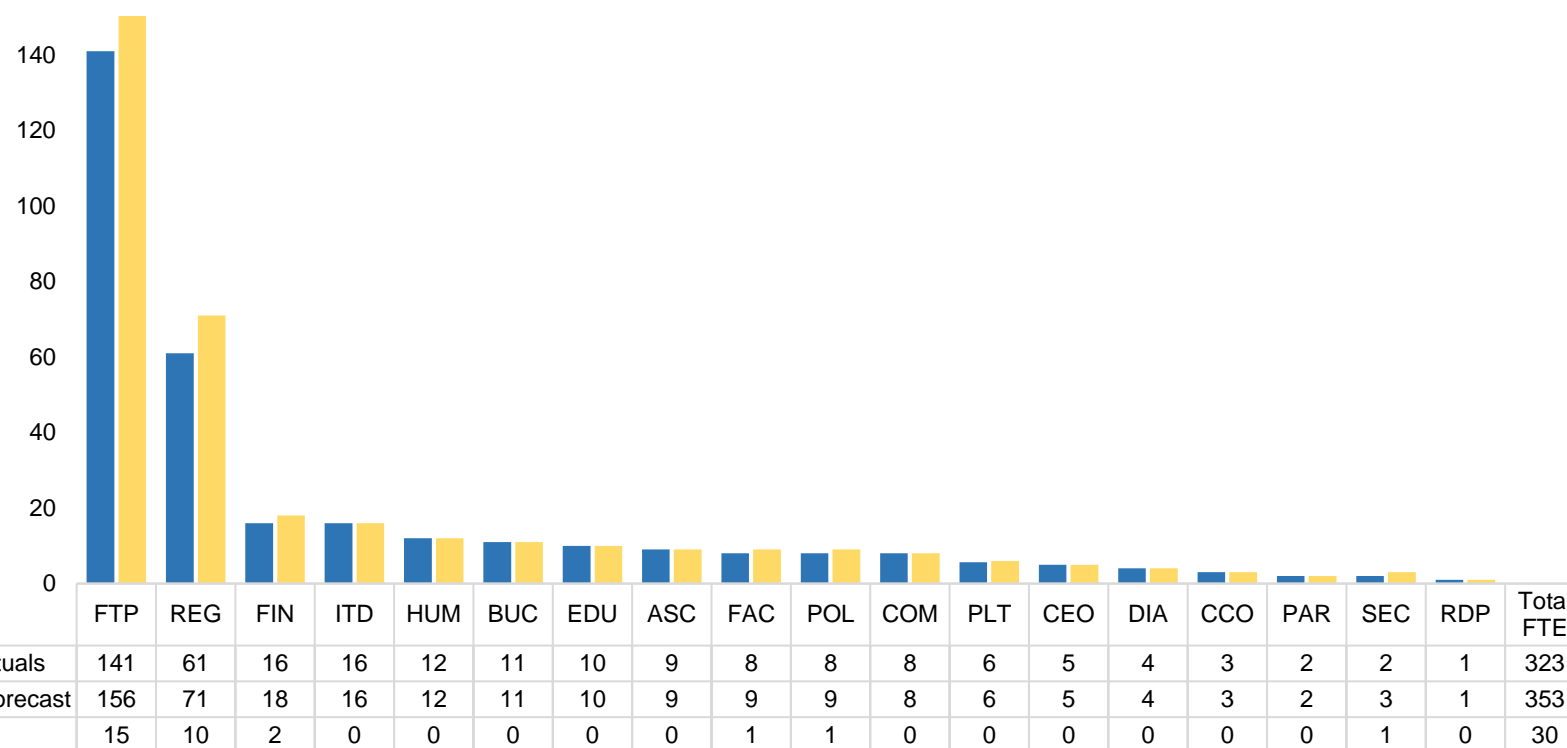


- **Payroll:** Underspend of **£135k** is mainly because of the unfilled vacant positions in Fitness to Practise and Registration departments.
- **Other Costs:** Underspend of **£21k** due to actual bank charges lower than expected.
- **Legal Costs:** Overspend of **£71k** primarily related to timing of cases from a previous legal provider from the prior year. As these investigations progress, the associated financial impact is expected to rise.

Note. To view key variances by department, please refer to 'Appendix 1.1 – Income & Expenditure (By Department)'. 'Other Costs' includes Categories with variances c£20k or less

Note. See 'Appendix 3 Expenditure Sep-24 YTD (by Category)' for a full breakdown.

Employee FTEs as at 30 September 2024



FTP - Fitness To Practise, REG - Registration, FIN - Finance & Commercial, ITD - IT & Digital Transformation, HUM - Human Resources, BUC - Business Change, EDU - Education, ASC - Assurance & Compliance, FAC - Facilities Management, POL - Policy & Standards, COM - Communications, PLT - Professional & Upstream Regulation, CEO - Chief Executive and Registrar, DIA - Data Insight & Analytics, CCO - Chair and Chief Executive Office, PAR - Partners, SEC - Governance, RDP - Regulatory Development & Performance

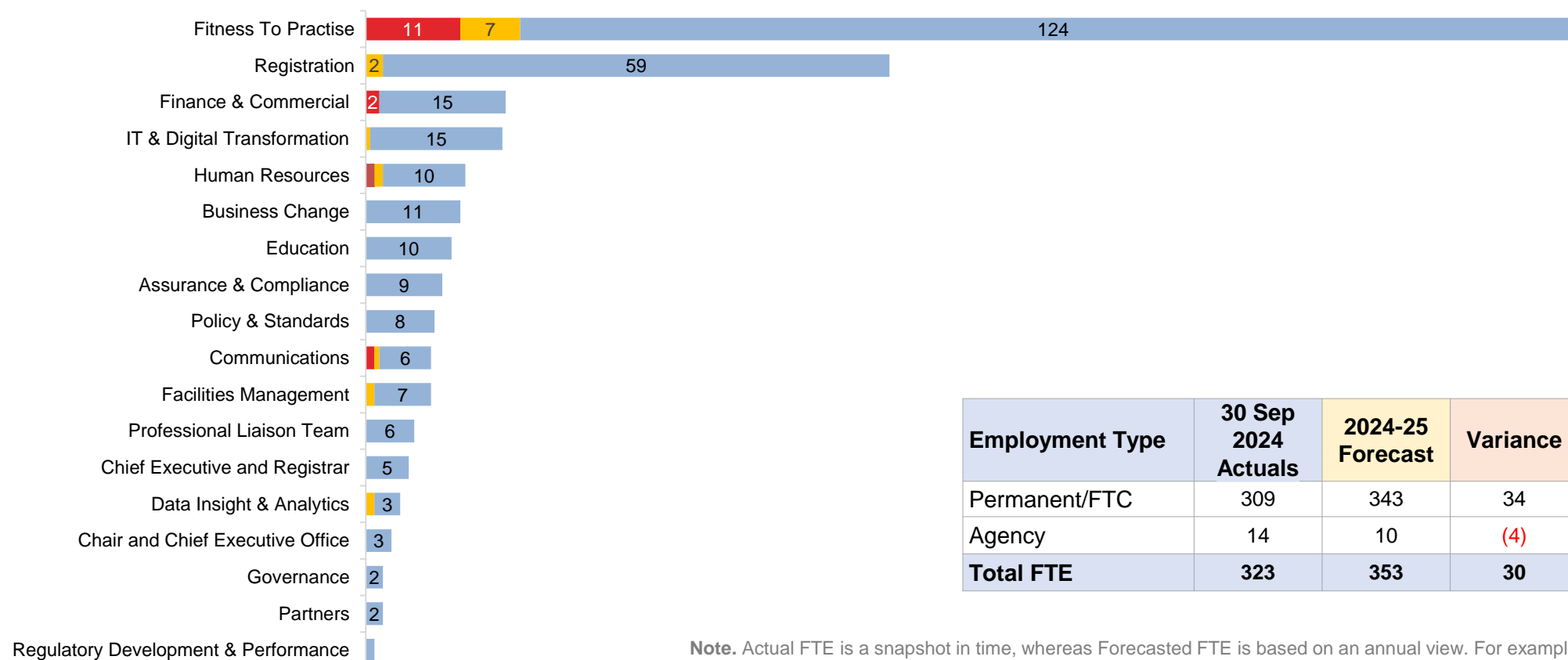
- **Fitness to Practise (FTP):** Unfilled vacant posts (expected to be filled from Q3 onwards).
- **Registration (REG):** New operating model in progress with vacant posts expected to be filled in Q3.

Note. The allocated FTE for 2024-25 budget was 332. Please see 'Appendix 7 – Full Time Equivalent (FTE)' for a complete breakdown of budgeted vs forecasted FTE.

Employee FTEs as at 30 September 2024

Actual FTE by Employment Type

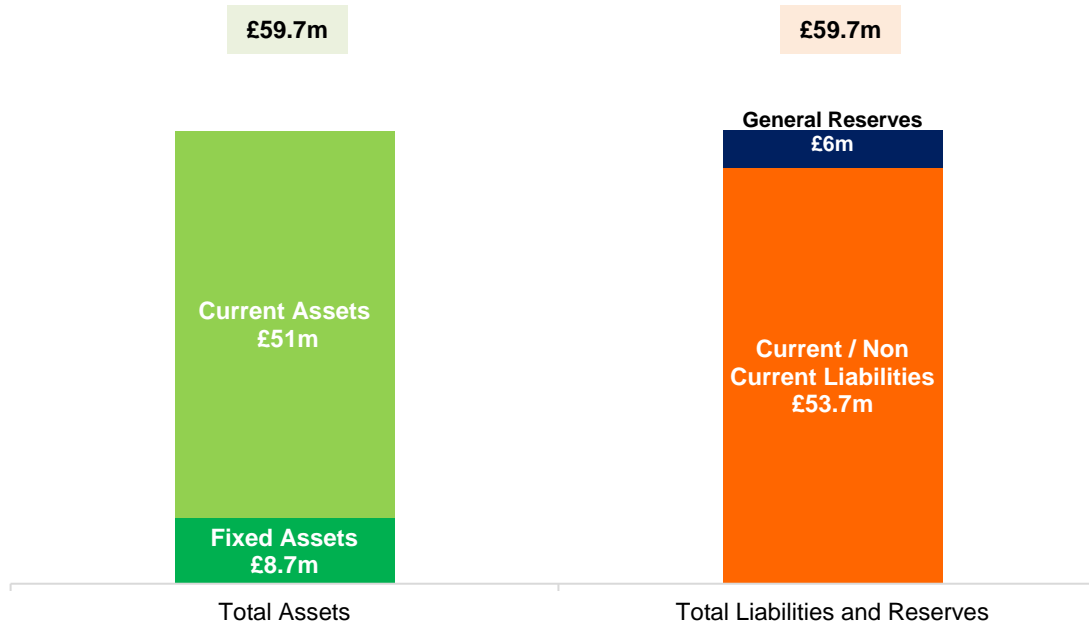
■ Agency ■ Apprentice ■ Fixed Term ■ Permanent



Employment Type	30 Sep 2024 Actuals	2024-25 Forecast	Variance
Permanent/FTC	309	343	34
Agency	14	10	(4)
Total FTE	323	353	30

Note. Actual FTE is a snapshot in time, whereas Forecasted FTE is based on an annual view. For example, if an employee was hired on a 6-month contract at the beginning of the financial year, as at Sep-24, our forecasted FTE would be shown as **0.5**, however, Actuals will be shown as **1.0**. More work will be done to align forecasted FTE with Actuals for better comparability.

Balance Sheet and Reserves as at 30 September 2024

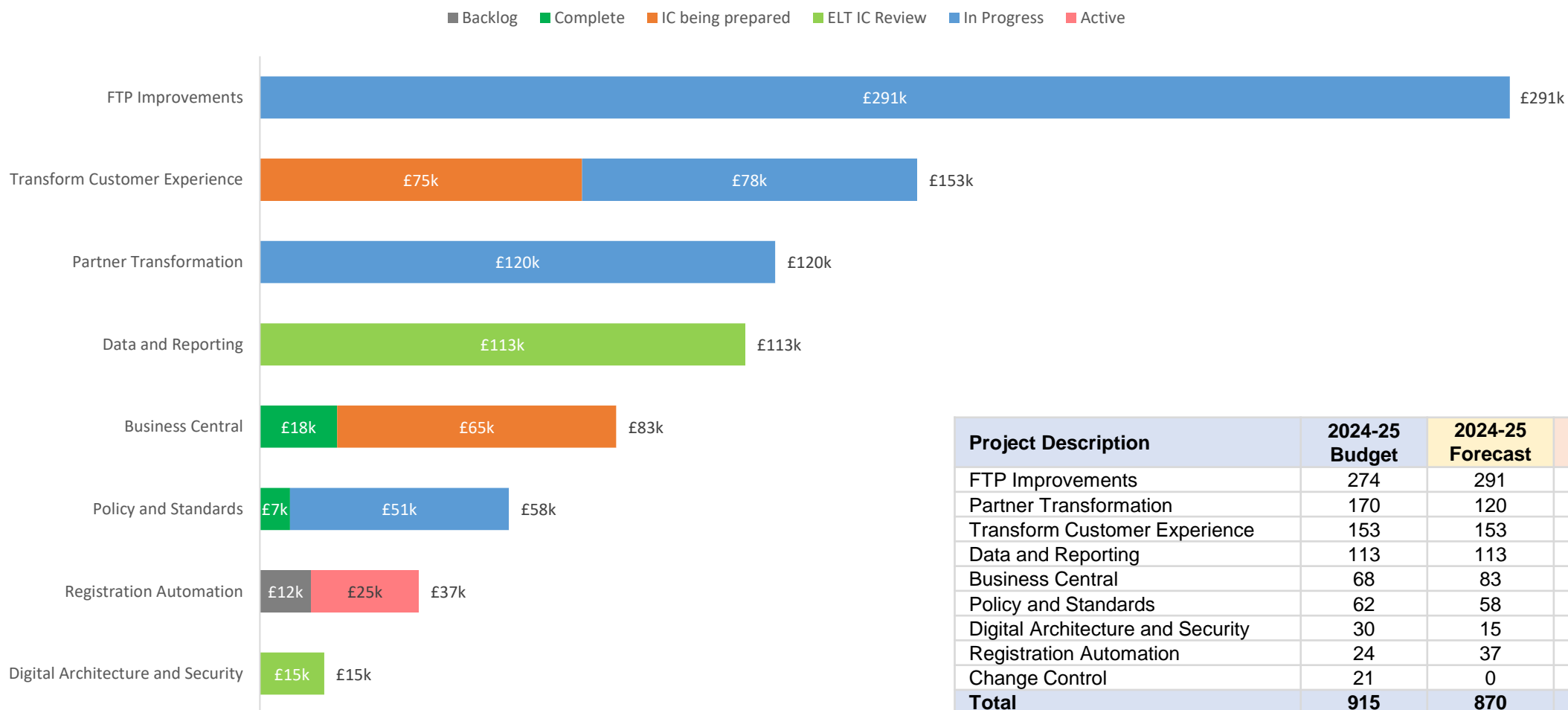


- **Current Assets:** mainly comprise of ‘cash & cash equivalents’ of around £31m and ‘account receivables’ of around £20m.
- **Liabilities:** mostly relate to ‘deferred income’ of around £49m as a result of registrants paying their fees in advance.
- **General Reserves (or Net Assets):** were approximately £6m.
- **Realisable Net Assets:** were around £2.8m, calculated by taking our reserves position of approximately £6m less our ‘intangible assets’ of around £3.2m. This represents less than a month of our total operating expenditure. **Note.** HCPC’s reserves policy requires us to hold positive Realisable Net Assets
- To view the full Balance Sheet Statement, please refer to ‘Appendix 5 – Balance Sheet’.

	September 2024 Actuals	September 2024 Forecast	Variance
	£'000	£'000	£'000
Opening Reserves	3,895	3,895	0
Surplus/(Deficit)	2,083	1,684	399
GENERAL RESERVES	5,978	5,579	399
Realisable Net Assets	2,831	2,472	359

Operating Reserves (Realisable Net Assets): are essentially the accumulation of surpluses without restrictions that are liquid (as opposed to invested in fixed assets). Having adequate reserves increases our ability to absorb or respond to temporary changes, such as the unanticipated event of significant unforecasted increases in expenditure and/or losses in income.

Major Projects 2024-25 Forecast



Risks and Opportunities

Risks

Low	Medium	High
Regulatory Reform: Project resource costs upon initiation (£1.3m)	Legal Provisions: Cover historic costs and claims for partners (£2.1m)	Data Storage Costs: Increase due to growing number of users (£40k)
Decrease in International Applications: publications shows fall in overseas health and care worker visa applications (£ - TBC)	Operating Reserves: Build-up of depleted reserves (£1m)	Telephony Services: Potential changes to current contract agreement with Daisy due to Wavenet/Daisy merger (£114k)
	Partners Target Operating Model: Implement tighter financial controls and process improvements (£0.5m)	Building Refurb/Repairs (Capital Expenditure): Boiler and ventilation unit upgrade as part of the sustainability initiative (£230k)
	International Application Costs: Associated costs with increase in volumes are covered through international scrutiny fees (£ - TBC)	Data Insight & Analytics – Proposal for a secondment position (£40k)
		Additional Payroll cost: Fitness to Practise approved funding for investigations resources (£105k)
People and Resources Committee 14 November 2024 Finance Report		FTP Legal Costs: increase due to timing of cases and legal advice (£570k)

Opportunities

Low	Medium	High
	Software Licence Costs: Review of individual user requirements may reduce BAU costs (£ - TBC)	Investment Income: The HCPC holds significant cash balances, with the potential to earn additional interest income (£200k)
	Increase in International Income: Additional international applications of c500 for the year (£320k)	BAU Project Spend: Savings from conducting one research project instead of two (£ - TBC)
		NHSE AHP Programme: Grant Income to cover a position in the policy team over 18 months (£170k)

Note. Low/Medium/High Risk categories relate to the likelihood of the risk or opportunity materialising.

September 2024 Finance Report

APPENDICES

Appendix 1.1 – Income & Expenditure (By Department)

	September 2024 YTD			Full Year			Full Year Forecast	Notes
	Actuals	Forecast	Variance	Budget	Forecast	Variance	Actuals	
	£'000	£'000	£'000	£'000	£'000	£'000	%	
Total Income	21,300	20,986	314	40,439	41,993	1,554	42%	
Fitness to Practise	9,470	9,492	22	19,206	19,653	(447)	48%	1
Registration	2,102	2,090	(12)	3,819	4,224	(405)	50%	2
IT & Digital Transformation	1,676	1,693	17	3,427	3,486	(59)	48%	
Finance & Commercial	805	802	(3)	1,356	1,532	(176)	53%	3
Chief Executive and Registrar	825	835	10	1,687	1,677	10	49%	
Facilities Management	578	581	3	1,566	1,343	223	43%	5
Depreciation	537	537	0	1,044	1,034	10	52%	
Human Resources	549	558	9	1,297	1,294	3	42%	
Communications	485	501	16	1,018	1,021	(3)	48%	
Business Change	369	370	1	823	823	0	45%	
Education	314	313	(1)	625	607	18	52%	
Assurance & Compliance	331	324	(7)	531	676	(145)	49%	4i
Policy & Standards	248	247	(1)	711	670	41	37%	
Governance	103	106	3	586	312	274	33%	4ii
Professional & Upstream Regulation	179	193	14	392	397	(5)	45%	
Partners	112	124	12	254	255	(1)	44%	
Chair, Council & Committees	121	126	5	249	258	(9)	47%	
Data Insight & Analytics	115	120	5	253	258	(5)	45%	
Regulatory Development & Performance	49	49	0	98	98	0	50%	
Major Projects	2	2	0	200	200	0	1%	
Chair and Chief Executive Office	73	74	1	0	148	(148)	49%	4iii
Total Operating Expenditure	19,043	19,137	94	39,142	39,966	(824)	48%	
Operating Surplus/(Deficit)	2,257	1,849	408	1,297	2,027	730	111%	
Transformation costs	36	36	0	179	179	0	20%	
Contingency	0	0	0	773	276	497	0%	
Corporation Tax	138	129	(9)	159	230	(71)	60%	
Total Expenditure	19,217	19,302	85	40,253	40,651	(398)	47%	
Total Surplus/(Deficit)	2,083	1,684	399	186	1,342	1,156	155%	

- Note 1: £447k** adverse variance due to:
 - Increase FTP temporary staff to help cover existing operational pressures within the team (two months of costs initially budgeted for four individuals, around ten temporary staff now expected to remain until December 2024).
 - Additionally cost pressure related to timing and complexity of legal cases related to a previous legal provider. The cases were anticipated to have been resolved by March 2024 and are now anticipated for completion in 2024-25.
- Note 2: £405k** adverse variance mainly due to increase in international assessors' fees associated with the increase in international application volumes (8,000 applications forecasted for the full year vs prudent budgeted assumption of 6,000 applications).
- Note 3: £176k** adverse variance mainly due to increase in bank charges associated with the increase in international applications (around £70k) and additional insurance cover for cyber security (around £32k).
- Note 4:** Reallocation of resources across Governance, Assurance & Compliance and Chair and Chief Executive Office departments. Overall net variance across the three departments is **£19k** adverse.
- Note 5: £223k** favourable variance is mainly driven by reduction in building refurbishments costs that are unlikely to materialise this financial year.

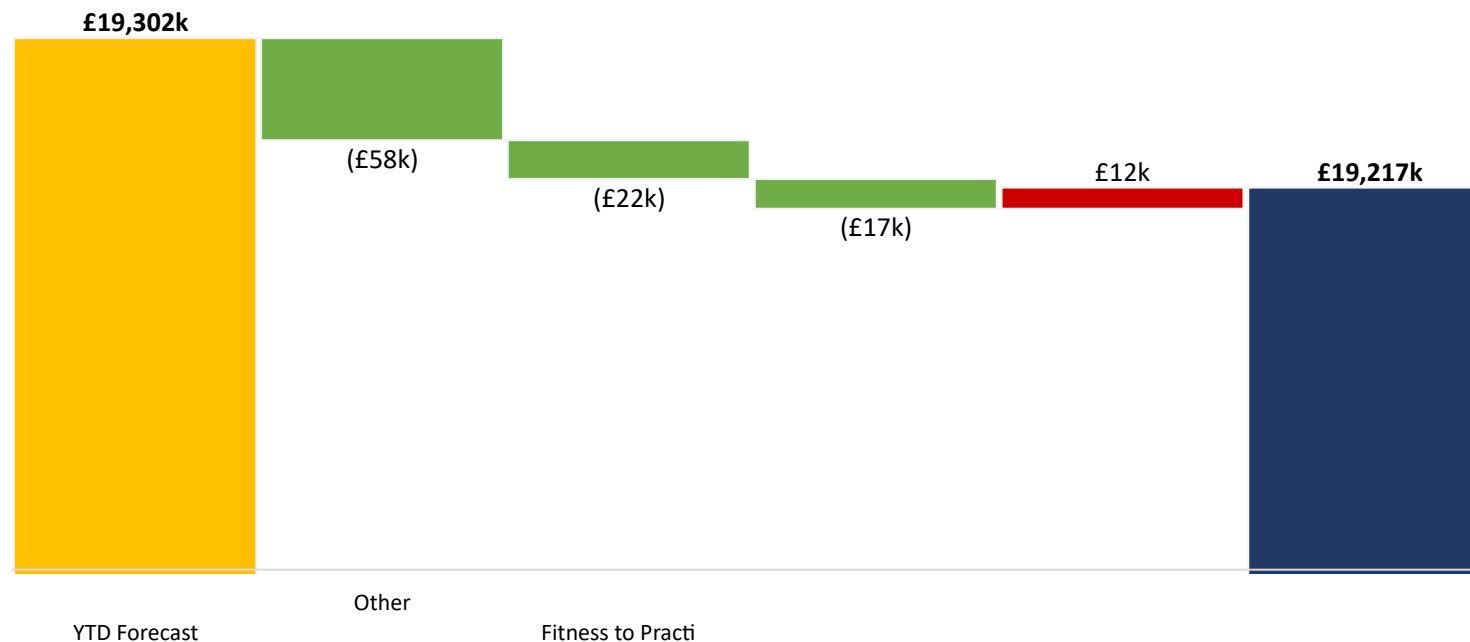
Appendix 1.2 – Income & Expenditure (Prior Period)

	August 2024 Actuals	August 2024 Forecast	Variance
	£'000	£'000	£'000
Total Income	17,682	17,392	290
Fitness to Practise	7,890	7,870	(20)
Registration	1,798	1,732	(66)
IT & Digital Transformation	1,383	1,401	18
Finance & Commercial	656	667	11
Chief Executive and Registrar	687	696	9
Facilities Management	476	487	11
Depreciation	455	464	9
Human Resources	453	484	31
Communications	437	438	1
Business Change	307	316	9
Education	260	269	9
Assurance & Compliance	258	265	7
Policy & Standards	206	206	0
Governance	113	105	(8)
Professional & Upstream Regulation	148	154	6
Partners	97	104	7
Chair, Council & Committees	103	104	1
Data Insight & Analytics	93	97	4
Regulatory Development & Performance	41	41	0
Major Projects	2	2	0
Chair and Chief Executive Office	61	62	1
Total Operating Expenditure	15,924	15,964	40
Operating Surplus/(Deficit)	1,758	1,428	330
Transformation costs	36	36	0
Corporation Tax	115	109	(6)
Total Expenditure	16,075	16,109	34
Total Surplus/(Deficit)	1,607	1,283	324

Appendix 2 – Key Variances by Department (September 2024 YTD)

YTD Actual vs Forecast

■ Increase ■ Decrease



- **Fitness to Practise: £22k** underspend mainly due to reduced payroll costs from vacant positions, which were offset by increased legal costs.
- **IT & Digital: £17k** underspend due to timing.
- **Registration: Overspend of £12k:**
 - £44k Unfilled vacant posts.
 - £60k Increase in international assessors' costs as a result of increased international applications (covered by the international scrutiny fees income).

Note. 'Other' includes departments with variances c£20k or less

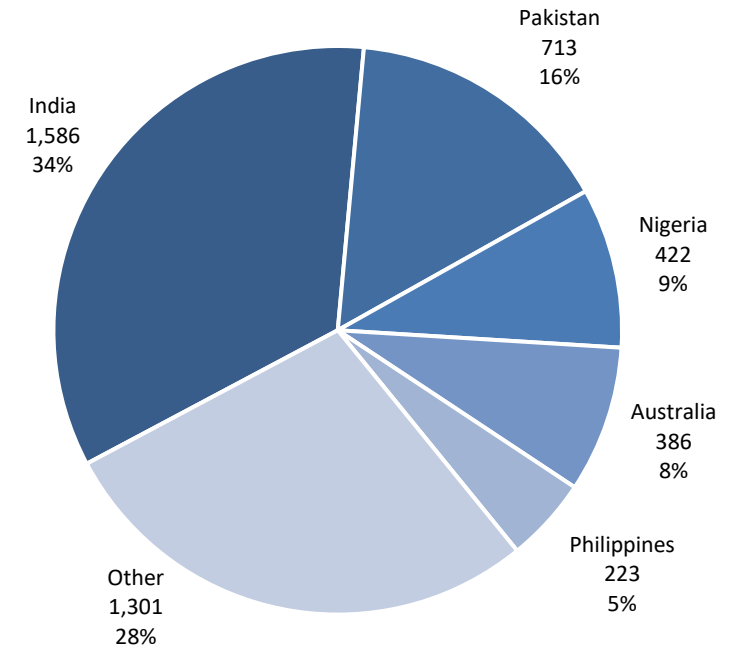
Appendix 3 – Expenditure September 2024 YTD (by Category)

	September 2024 YTD			Full Year	Full Year Forecast
	Actuals	Forecast	Variance	Forecast	% of Actuals
	£'000	£'000	£'000	£'000	%
Payroll	7,914	8,049	135	17,082	46%
Legal Costs	5,239	5,168	(71)	10,506	51%
Partners	2,243	2,226	(17)	4,565	53%
Temporary Staff	602	595	(7)	788	255%
Property Costs	189	187	(2)	430	36%
Office Services	186	191	5	552	32%
Corporation Tax	138	129	(9)	230	87%
IT Costs	1,095	1,097	2	2,169	52%
Depreciation	543	543	0	1,060	51%
Staff Related Costs	236	239	3	624	38%
Other Costs	201	237	36	1,228	12%
Communication Costs	178	186	8	396	45%
Professional Fees	290	276	(14)	623	47%
Utilities	152	154	2	336	42%
Travel & Subsistence	11	25	14	62	17%
Council Committee	0	0	0	0	0%
Total Expenditure	19,217	19,302	85	40,651	48%

Note. 'Other Costs' includes Bank Charges and Contingency. 'Staff Related Costs' includes Training, Recruitment Fees and Pension Administration Costs.

Appendix 4 – International Applications (Geographic Location)

**International Application Volumes (Sep-24 YTD)
(By Geographic Location)**



Appendix 5 – Balance Sheet (as at 30 September 2024)

	30 September 2024 Actuals	30 September 2024 Forecast	Variance
	£'000	£'000	£'000
Property, Plant & Equipment	5,538	5,534	4
Intangible Assets	3,147	3,108	39
Total Fixed Assets	8,685	8,642	43
Current Assets			
Trade and Other Receivables	20,150	24,848	(4,698)
Cash and Cash Equivalents	30,854	28,441	2,413
Total Current Assets	51,004	53,289	(2,285)
Total Assets	59,689	61,931	(2,242)
Current Liabilities			
Deferred Income	48,725	52,000	(3,275)
Trade and Other Payables	4,904	4,270	634
Total Current Liabilities	53,629	56,270	(2,641)
Non-current Liabilities	82	82	0
Total Liabilities	53,711	56,352	(2,641)
NET ASSETS	5,978	5,579	399
Opening Reserves	3,895	3,895	0
Surplus/(Deficit)	2,083	1,684	399
GENERAL RESERVES	5,978	5,579	399

Appendix 6 – Key Contracts (September 2024 YTD)

Month	Department	Description of service	Contract Value	Contract Length	Supplier	Procurement Route
Apr-24	Fitness to Practise	Case Management & Legal Services	£5,760,000	2 years	Blake Morgan	Contract Extension Process
Apr-24	Fitness to Practise	Case Management & Legal Services	£5,760,000	2 years	Capsticks	Contract Extension Process
Apr-24	Information Technology	Website Content Management System and Hosting	£219,455	2 years	Optimizely AB	SSR/Direct Award
May-24	Fitness to Practise	Recording & Transcription Services	£375,000	18 months	MWC and Ubiquis	Contract Extension Process
May-24	Information Technology	HCPC Service Desk Ticket Management Software	£73,425	3 years	SolarWinds	SSR/Direct Award
May-24	Information Technology	Hypercare Support for the Education System	£25,920	12 months	Synchronicity Technology Solutions Ltd	SSR/Direct Award
Jun-24	Facilities Management	Sustainability Advisory Agreement	£36,930	12 months	Acclaro Advisory Ltd	Finalising Contract Documents
Jun-24	Finance	PTX Core & BACS DDM Subscription	£4,800	4 Weeks	Bottomline Technologies Ltd	Contract Variation Order
Jun-24	Information Technology	Check Point Support Services	£27,054	12 months	Camwey Technology	SSR/Direct Award
Jul-24	Fitness to Practise	Service User Engagement	£20,000	12 months	The Patients Association	Contract Renewal Process
Jul-24	Governance	Physical and Digital Storage Services	£20,000	12 months	Deepstore Records Management	Direct Award Process
Aug-24	Facilities Management	Head Office Blinds Maintenance	£5,000	12 months	Bright a Blind	Contract Extension Process
Sep-24	Fitness to Practise	Frontloading Project A Variation Order was agreed with impact in Scope, Time & Cost	£201,384	12 months	ShareDo	Contract Extension Process

Appendix 7 – Full Time Equivalent (FTE)

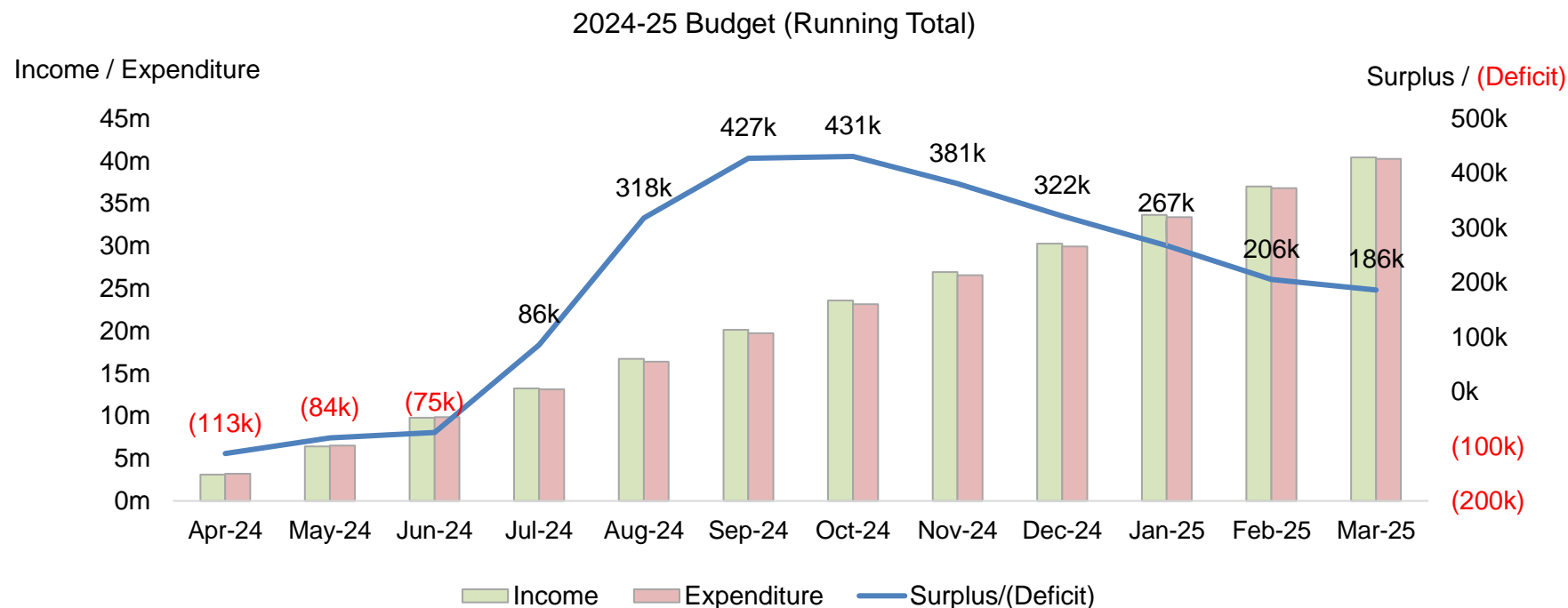
Department	2024-25 Budget			Q1 2024-25 Forecast			Variance
	Permanent/FTC	Temporary	Total	Permanent/FTC	Temporary	Total	
Fitness to Practise	143	1	144	148	8	156	(12)
Registration	61	3	64	71	0	71	(7)
IT & Digital Transformation	15	1	16	16	0	16	0
Finance & Commercial	15	1	16	17	1	18	(2)
Human Resources	12	0	12	12	0	12	0
Business Change	11	0	11	11	0	11	0
Education	11	0	11	10	0	10	1
Policy & Standards	9	0	9	9	0	9	0
Facilities Management	8	0	8	9	0	9	(1)
Communications	8	0	8	7	1	8	0
Governance	8	0	8	3	0	3	5
Assurance & Compliance	7	0	7	9	0	9	(2)
Professional & Upstream Regulation	6	0	6	6	0	6	0
Chief Executive and Registrar	5	0	5	5	0	5	0
Data Insight & Analytics	4	0	4	4	0	4	0
Partners	2	0	2	2	0	2	0
Regulatory Development & Performance	1	0	1	1	0	1	0
Chair and Chief Executive Office	0	0	0	3	0	3	(3)
Total	326	6	332	343	10	353	(21)

Appendix 8 – Contingency (as at 30 September 2024)

Description	£'000
General	176
Ring-Fenced Annual Partners & Pension	597
Total Budgeted Contingency	773
Online Register (One-off)	(15)
Cyber Security Cost	(32)
FTP Temporary Staff Costs	(450)
Total Contingency Remaining (as at 30 September)	276
Data Storage Costs / IT Telephony	(154)
Data Insight & Analytics secondment position	(15)
PwC – Test of Competence Design	(108)
Contingency top-up	400
Projected Contingency (Q2 Forecast)	399

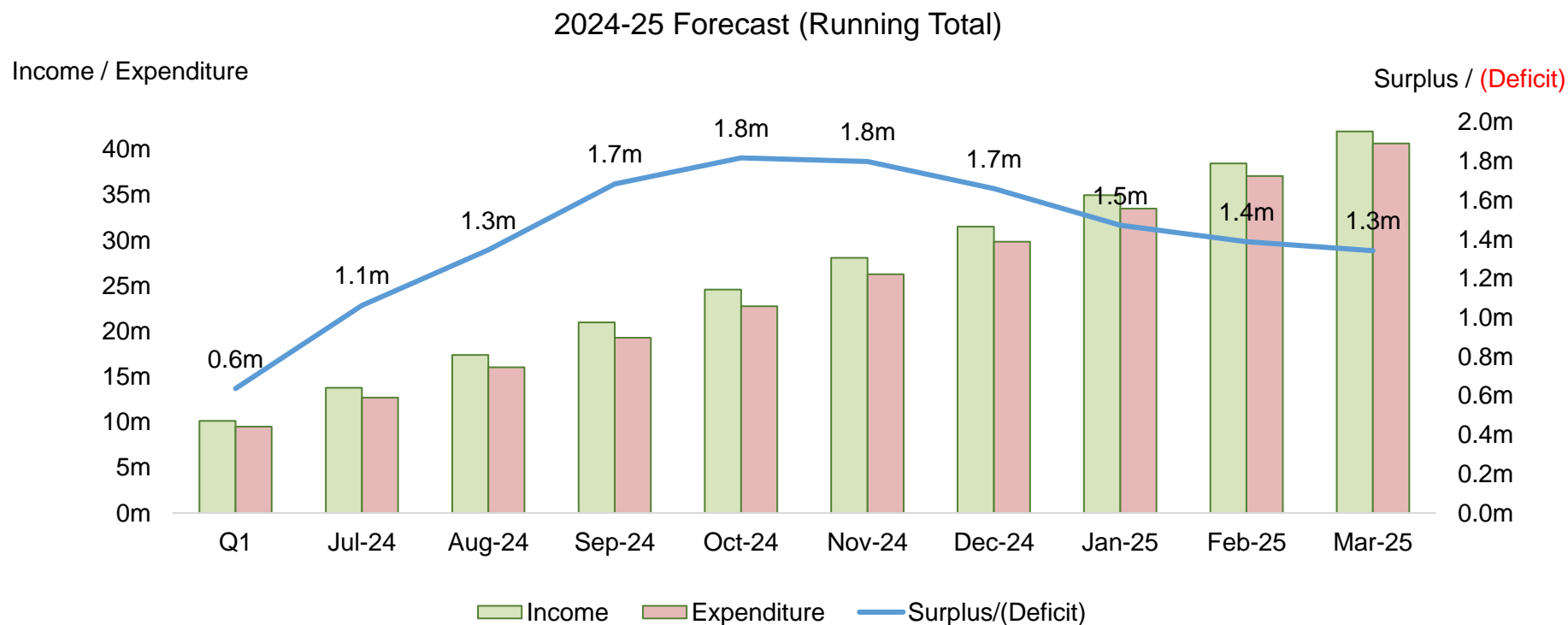
Note. The previously allocated ring-fenced contingency of £597k for Partners' ongoing holiday pay and pension costs for 2024-25, has been deferred to the 2025-26 financial year. This deferral has effectively increased the general contingency pot, allowing for the reallocation of funds to cover these critical expenses without impacting the overall financial stability.

Appendix 9 – 2024–25 Budget Profile



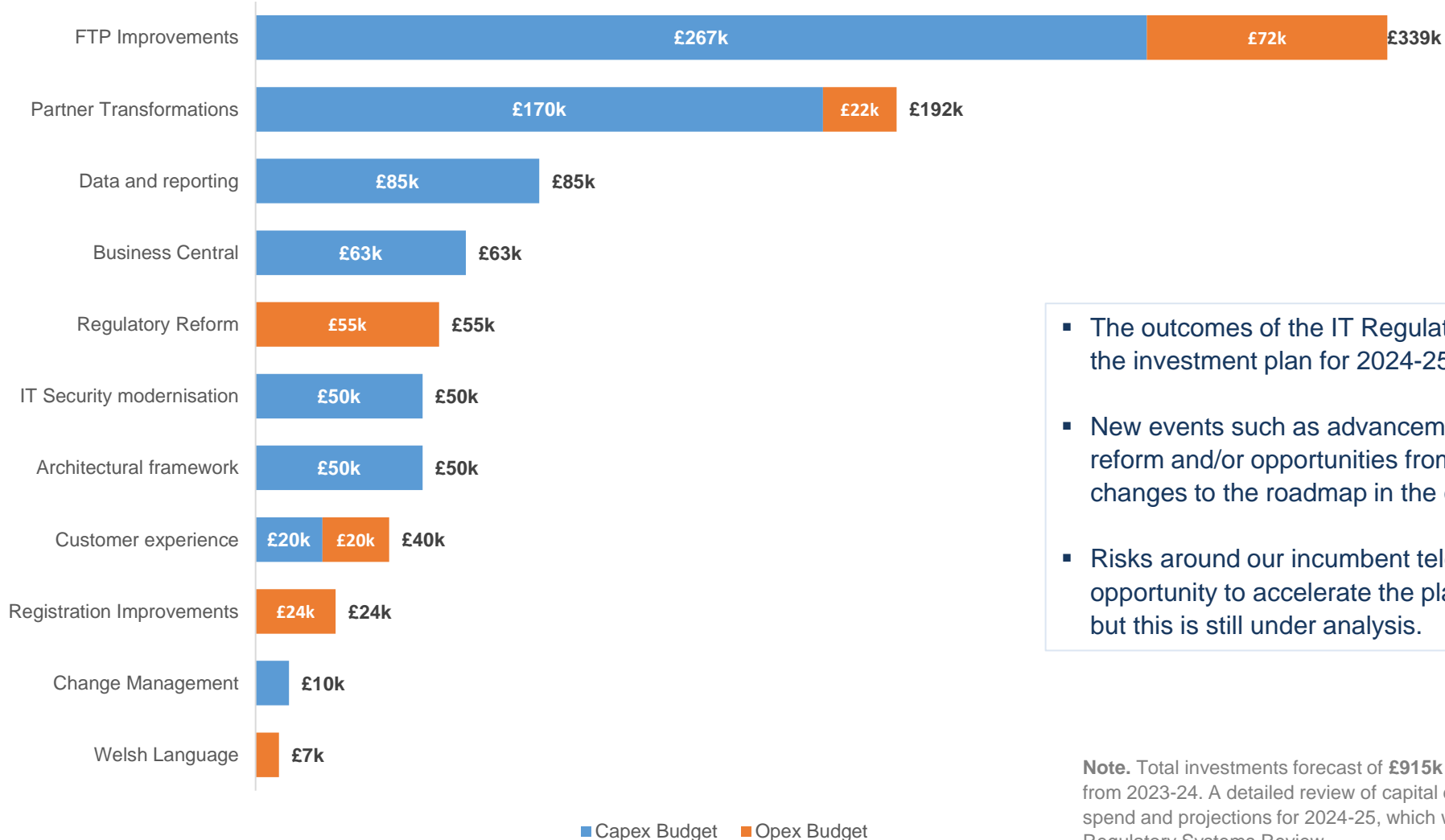
- The 2024-25 Budget assumes a deficit position in the first quarter, followed by a steady surplus trend for the remainder of the year.
- Income is budgeted to be lower for Q1 compared to later periods, whilst expenditure remains relatively consistent across the periods. The budgeted income for 2024-25 was profiled based on prior year actuals.
- The general trend seen in prior years suggests an increase in income from Q2, due to it being a busier period with greater influx of UK graduate applications, reaching its peak around October. This is followed by a decline in applications from November.

Appendix 10 – 2024–25 Forecast Profile



- The surplus at the end of the first quarter of 2024-25 was £0.6m, surpassing the budget by £0.7m.
- Income has been adjusted in the Q1 Forecast to reflect the ongoing rise in international applications. Investment income has been revised to account for the higher principal amount held in our deposit accounts than expected. This has improved our financial position compared to budget with surplus peaking £1.8m in Q3.
- A decrease in surplus is anticipated in Q4 due to majority of BAU projects being projected to be completed by end of Q3/Q4.

Appendix 11 – Major Projects 2024-25 Budgeted Spend



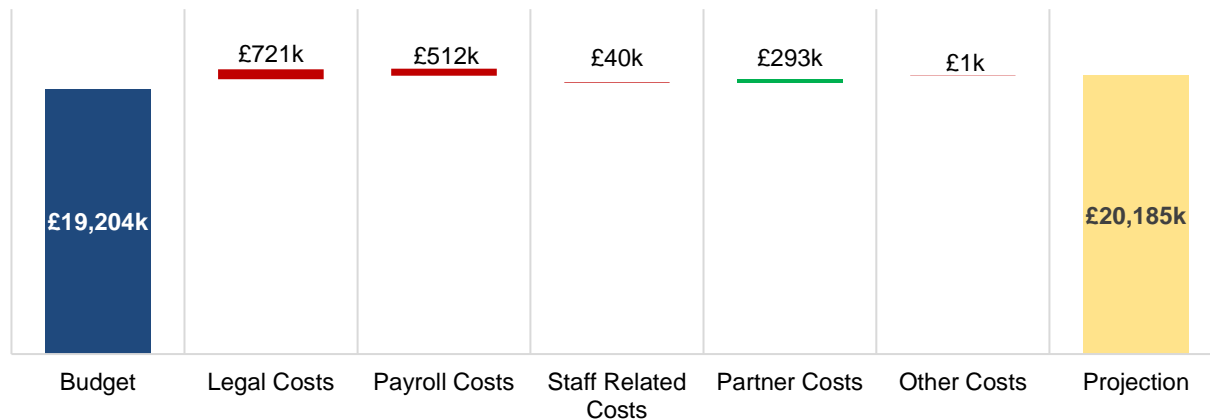
- The outcomes of the IT Regulatory Systems Review is aligned to the investment plan for 2024-25.
- New events such as advancements in the schedule for regulatory reform and/or opportunities from the Partners review, may inform changes to the roadmap in the coming months.
- Risks around our incumbent telephony provider may create an opportunity to accelerate the plan for the omni-channel contact centre, but this is still under analysis.

Note. Total investments forecast of **£915k** includes an approved amount of 215k brought forward from 2023-24. A detailed review of capital expenditure is currently underway to capture latest spend and projections for 2024-25, which will take into account the proposals around the IT Regulatory Systems Review.

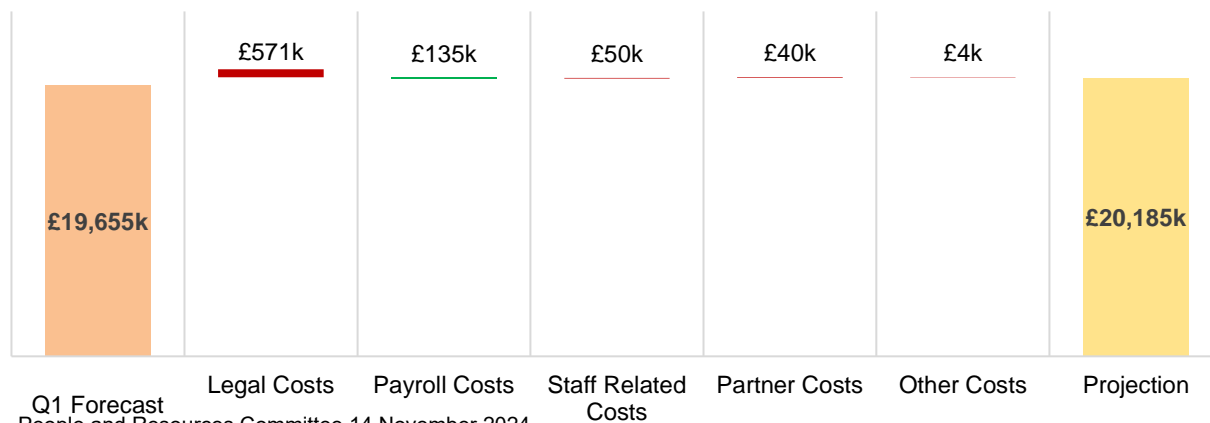
Budgeted spend vs Actuals will be included in the next Finance Report.

Appendix 12 – Fitness to Practise

Budget v Projection



Q1 Forecast v Projection



Budget v Projection

Adverse movement of around **£980k**. This comprises of the following:

- **Legal costs – £720k**
 - Additional costs related to our current legal providers of **£500k** due to timing of cases, currently at investigation stage, as well as additional fees related to complex cases.
 - Costs of legacy cases totalling **£220k** anticipated to have been completed last financial year.
- **Staff related costs – £510k** of additional costs related to the extension of temporary staff through to December 2024 (original contracts budgeted to end in May 2024).
- **Payroll Costs – £290k** favourable variance due to savings from unfilled vacant positions.

Q1 Forecast v Projection

The Q1 forecast compared to latest projections indicate an adverse movement of around **£530k**.

- **Legal costs – £570k** comprising of **£490k** in relation to timing of cases and **£80k** legal advice.
- **Payroll Costs – £135k** favourable movement due to unfilled vacant posts.