

## Finance Report - March 2024

### Executive Summary

This report presents the financial position for the financial year ended 31 March 2024, with a commentary on the major variances, movements against budget, forecast and capital expenditure.

### Actuals vs Budget

|                             | Actuals<br>2023-24 | Budget<br>2023-24 | Variance |
|-----------------------------|--------------------|-------------------|----------|
|                             | £m                 | £m                | £m       |
| Total Income                | 40.3m              | 34.5m             | 5.8m     |
| Total Expenditure           | (38.2)             | (34.4)            | (3.8)    |
| Operating Surplus/(Deficit) | 2.1                | 0.1               | 2.0      |

Our financial results show an improved position to the budget set at the beginning of the year. We are reporting a surplus of £2.1 million compared to the budget of £123,000, which is a favourable variance of £2 million. This is mainly the result of:

- Additional net income from international applications (actual volume of 13,576 compared to the budget of 8,000) and additional income for renewal fees related to international applicants from the prior year (2022-23) flowing through via the non-graduate pathway.
- This is partially offset by an increase in expenditure for our fitness to practise directorate, which is largely due to an increase in legal costs resulting from higher case referrals and the transfer costs of cases between our external legal providers.

### Full Time Equivalents (FTEs)

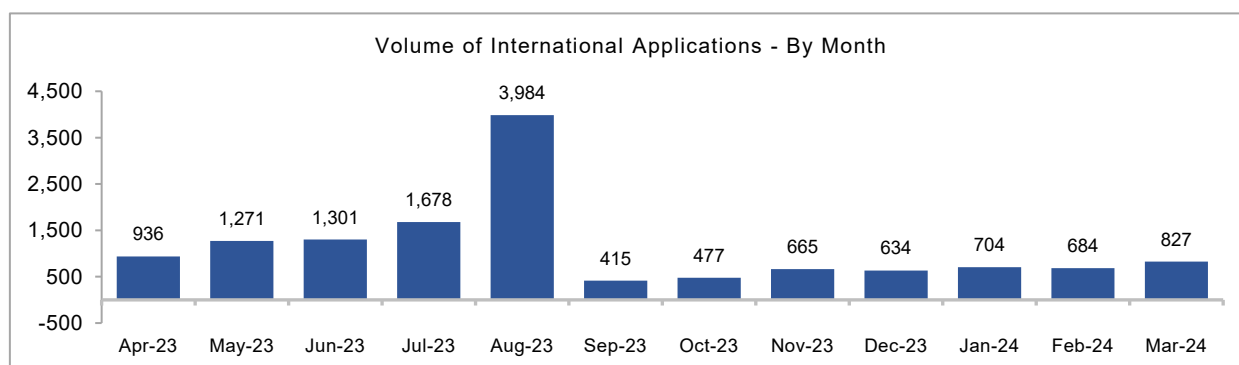
|            | Actuals<br>2023-24 | Budget<br>2023-24 | Variance |
|------------|--------------------|-------------------|----------|
| Total FTEs | 329                | 328               | (1)      |

Total FTEs as at 31 March 2024 were 329, which is roughly in line with the original budgeted FTE figure of 328. This includes 21 FTEs of agency staff, with the majority sitting within Fitness to Practise (15 FTEs).

### International Applications

|                        | Actuals<br>2023-24 | Forecast<br>2023-24 | Budget<br>2023-24 |
|------------------------|--------------------|---------------------|-------------------|
| Number of Applications | 13,576             | 13,016              | 8,000             |

- The total volume for international applications for financial year was 13,576 compared to the budget of 8,000, which is an additional 5,576 applications.
- International applications of 13,576 also exceeded the most recent forecast carried out in February 2024, which anticipated 13,016 international applications for the financial year, which is an additional 560 applications.
- As per the graph below, international applications were significantly higher in the first half of the year with volumes peaking at an all-time high in August 2023 at 3,984 applications. The latter half of the year saw application volumes wind down significantly from September 2023 onwards.



## Reserves Position

Our reserves policy requires us to hold positive realisable net assets (calculated by taking our total reserves less the total value of our intangible assets, which are mostly software systems). We are narrowly within policy for the 2023-24 financial year with positive realisable net assets of less than a week's worth of our operating expenditure compared to other regulators with three to six months.

## Capital Spend

|                   | Actuals<br>2023-24 | Forecast<br>2023-24 | Budget<br>2023-24 |
|-------------------|--------------------|---------------------|-------------------|
|                   | £'000              | £'000               | £'000             |
| Total Expenditure | (800)              | (1,000)             | (575)             |

Actual capital expenditure of **£800,000** for 2023-24 was 80% of the **£1 million** forecast spend. The underspend of c£200,000 was carried over to the next financial year (2024-25) to form part of the overall investment portfolio fund. The majority of the spend for 2023-24 related to the implementation of our new finance system, Microsoft Dynamics Business Central.

## Year-end Activities

Work is currently underway to finalise various year-end reconciliations and adjustments to ensure the accuracy and completeness of our financial records for the year. These activities include reconciling income and expenditure accounts, verifying balances with external parties and reviewing any outstanding items to be addressed before closing the

books for the year. These reconciliations and potential external audit adjustments may lead to changes in our financial reports for the year end.

|                                     |   |
|-------------------------------------|---|
| Previous consideration              | Previous finance report (January 2024) provided to the Council in February 2024.  |
| Decision                            | The Council is asked to note the report.  |
| Next steps                          | We will collaborate closely with our external auditors to provide them with the necessary information and documentation for their review.   |
| Strategic priority                  | Financial sustainability  |
| Financial and resource implications | The implications are set out in the report.   |
| EDI impact                          | No direct implications.   |
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# Finance Report – Year ended 31 March 2024

## 1. Headlines

- 1.1 Actuals vs Budget: we achieved a full year surplus of £2.1 million, which is significantly higher than our budget surplus figure of £123,000, resulting in a favourable variance of £2.0 million. This improvement relates to additional net income from international applications (totalling 13,576 applications, which is an additional 5,576 applications compared to the budget of 8,000) as well as additional renewal fee income from international applications from the prior year (2022-23) flowing through via the non-graduate pathway. This is partially offset by various in-year movements, the majority of which would relate to higher legal costs than initially budgeted for our fitness to practise (FTP) directorate.
- 1.2 Actuals vs Forecast: our surplus position of £2.1 million also surpassed the recent forecast expectations of a £1.6 million surplus for the financial year, which equates to a favourable variance of £508,000. This would mostly be attributed to additional net income from international applications with the forecast assumption for the year of 13,016 applications compared to actual volumes of 13,576 (c.600 additional international applications).
- 1.3 It is worth noting that had there not been the additional contributions from international applications and cost pressures relating to legal costs remained the same, we would have reported a deficit of roughly (£70,000), resulting in an adverse variance of around (£194,000) against the budget and putting us in breach of our reserves policy.
- 1.4 Our reserves policy requires us to hold positive realisable net assets (calculated by taking our total reserves less the total value of our intangible assets, which are mostly software systems). We are narrowly within policy for the 2023-24 financial year with positive realisable net assets of less than a week's worth of our operating expenditure (£0.3 million) compared to other regulators with three to six months.
- 1.5 There are ongoing year-end activities, which include reconciling income and expenditure accounts, verifying balances with external parties and reviewing any outstanding items to be addressed before closing the books for the year. These reconciliations and adjustments may lead to changes in our financial reports for the year end. Additionally, we are preparing for the external audit process and we will collaborate closely with our external auditors to provide them with the necessary information and documentation for their review. The external audit may result in further adjustments or disclosures and we will address any findings or recommendations accordingly.

## 2. Income and Expenditure

2.1 Table 1.1 below summarises the impact of the reported position on the HCPC's income and expenditure. As noted, the full-year outturn for the financial year is a surplus of c.£2.1 million.

**Table 1.1 – Income and Expenditure**

|                                    | Full Year Actual | Full Year Budget | Variance       | Full Year Forecast | Variance   |
|------------------------------------|------------------|------------------|----------------|--------------------|------------|
|                                    | £'000            | £'000            | £'000          | £'000              | £'000      |
| Registration Income                | 39,373           | 34,008           | 5,365          | 39,194             | 179        |
| Grant Income                       | 229              | 152              | 77             | 229                | 0          |
| Other Income                       | 731              | 357              | 374            | 687                | 44         |
| <b>Total Income</b>                | <b>40,333</b>    | <b>34,517</b>    | <b>5,816</b>   | <b>40,110</b>      | <b>223</b> |
| Pay Costs                          | 16,046           | 15,121           | (925)          | 16,156             | 110        |
| Non-Pay Costs                      | 20,895           | 17,962           | (2,933)        | 20,976             | 81         |
| Depreciation                       | 1,077            | 932              | (145)          | 1,085              | 8          |
| <b>Total Operating Expenditure</b> | <b>38,018</b>    | <b>34,015</b>    | <b>(4,003)</b> | <b>38,217</b>      | <b>199</b> |
| Transformation Costs               | 5                | 179              | 174            | 92                 | 87         |
| Contingency Costs                  | 0                | 200              | 200            | 0                  | 0          |
| Corporation Tax                    | 172              | 0                | (172)          | 171                | (1)        |
| <b>Total Expenditure</b>           | <b>38,195</b>    | <b>34,394</b>    | <b>(3,801)</b> | <b>38,480</b>      | <b>285</b> |
| <b>Total Surplus/(Deficit)</b>     | <b>2,138</b>     | <b>123</b>       | <b>2,015</b>   | <b>1,630</b>       | <b>508</b> |

**Note.** For a breakdown on Contingency Costs versus Budget and Movements against Forecast, please refer to Appendix 4 – Contingency and Appendix 2 – Income and Expenditure (By Department).

**Table 1.2 – Registration Income by Category**

|                                  | Full Year Actual | Full Year Budget | Variance     | Full Year Forecast | Variance   |
|----------------------------------|------------------|------------------|--------------|--------------------|------------|
|                                  | £'000            | £'000            | £'000        | £'000              | £'000      |
| Renewal & Graduate Reg. Fees     | 30,411           | 28,522           | 1,889        | 30,583             | (172)      |
| International Scrutiny Fees      | 7,549            | 4,317            | 3,232        | 7,227              | 322        |
| UK Scrutiny Fees                 | 1,229            | 969              | 260          | 1,196              | 33         |
| Readmission Fees                 | 184              | 200              | (16)         | 188                | (4)        |
| <b>Total Registration Income</b> | <b>39,373</b>    | <b>34,008</b>    | <b>5,365</b> | <b>39,194</b>      | <b>179</b> |

### Income

- **Actuals vs Budget:** Total registration income for the year is £39.4 million compared to the full-year budget of £34.0 million, giving us a favourable variance of £5.4 million. As Table 1.2 outlines, this is due to the volume of international applications exceeding expectations, as well as registration and renewal fees from international applicants from the prior year flowing through

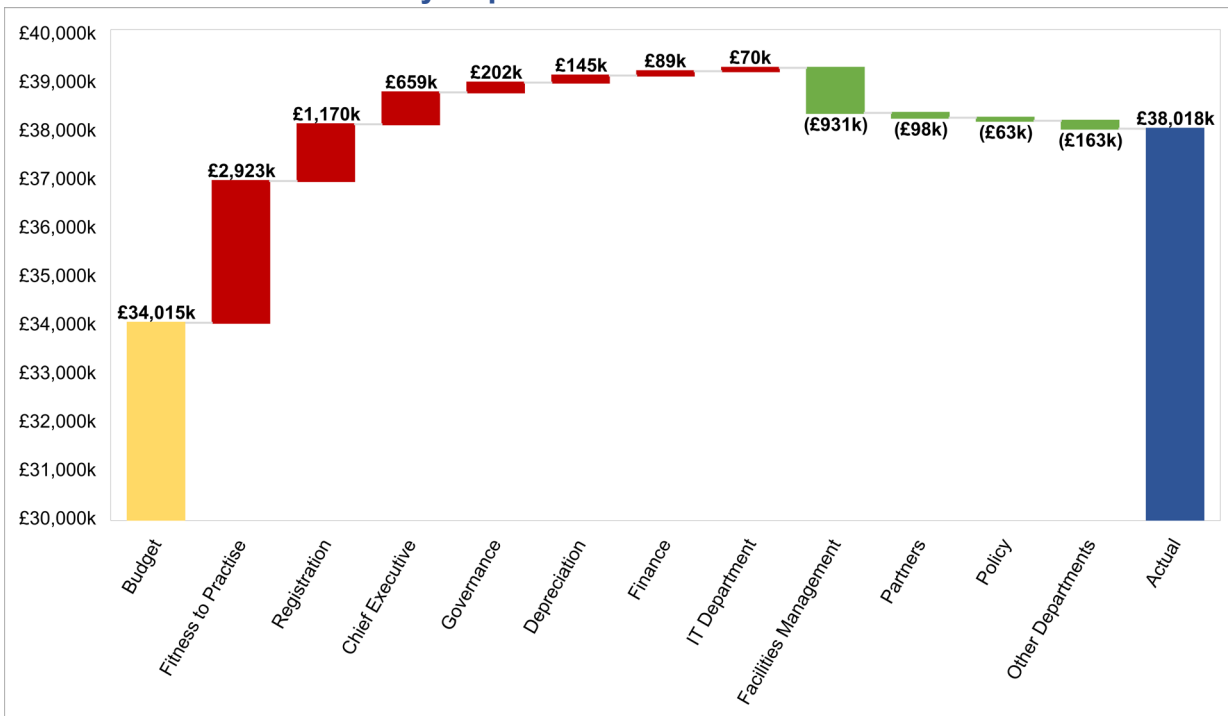
via the non-graduate pathway. Total volume for international applications for full year is 13,576 compared to the budgeted volume of 8,000 (please refer to Appendix 6 – International Applications for a breakdown by period).

- Actuals vs Forecast: Total registration income for the year is £39.4 million compared to the forecast of £39.2 million, giving us a favourable variance of £179,000. As Table 1.2 outlines, this is due to the volume of international applications exceeding forecast expectations, however, this is partially offset by a reduction in renewal and registration fee income related to registrants that deregistered during the year. The total volume for international applications for the full year is 13,576, which is 560 above the forecast of 13,016.

### 3. Operating Expenditure

- Total operating expenditure for 2023-24 is £38.0 million versus budgeted expenditure of £34.0 million, which is an adverse variance of (£4.0 million). Conversely, the full year outturn compared to the most recent forecast of (£38.2 million), giving us a £200,000 favourable variance.
- Table 1.3 outlines the departmental variances against the 2023-24 budget. Please refer to Appendix 2 – Income and Expenditure (By Department) for a detailed breakdown by department.

**Table 1.3 – Variance by Department**



- a) **Fitness to Practise: (£2,923,000)** adverse variance largely due to legal costs pressures reflecting higher case volumes and costs associated with the

transfer and progression of cases between our external legal providers. Please refer to Appendix 1 – Fitness to Practise for further detail.

- b) **Registration: (£1,170,000)** adverse variance mainly due to associated costs of international applications in relation to international assessors' fees. The budget assumption of 8,000 international applications meant that associated costs were significantly lower compared to actuals, which totalled 13,764 applications for 2023-24. It is worth noting that the increase in costs is offset by the associated income from international scrutiny fees.
- c) **Chief Executive: (£659,000)** adverse variance mostly relates to the centralised 5% vacancy factor originally budgeted within the Chief Executive department, while actual underspend related to unfilled vacancies was captured as part of individual departmental budgets. As part of regular in-year forecasts, further phasing of vacancies was carried out and devolved down to individual departments.
- d) **Governance: (£202,000)** adverse variance relates to additional departmental headcount with the internal transfer of some employees from the Chief Executive department to Governance. This is cost neutral on an organisational level.
- e) **Depreciation: (£145,000)** adverse variance due to projects that were previously classified as 'assets under construction' (depreciation costs would not be recognised), subsequently going live and, therefore, capitalised and depreciated during the financial year.
- f) **Finance: (£89,000)** adverse variance mainly related to additional bank charges associated with the increase in international applications. As mentioned previously, these costs would be offset by the associated income from international scrutiny fees.
- g) **IT Department: (£70,000)** adverse variance relates to unbudgeted general software and maintenance costs in relation to intranet replacement solutions (£51,000) and unbudgeted temporary staff backfill (£20,000), which was covered via contingency funds. Please refer to Appendix 4 – Contingency.
- h) **Facilities Management: £931,000** underspend as a result of:
  - £540,000 underspend mainly as a result of savings associated with exiting the lease for 33 Stannary Street as of 31 March 2023. Costs for the 33 Stannary Street office were still included in the 2023-24 budget as negotiations had not concluded during the budgeting process for 2023-24. **Note.** This also includes a significant rebate (c.£112,000) issued by our legal firm (BDB Pitmans) for the favourable settlement agreement that was brokered with the landlord.

- £150,000 underspend relates to business rates which was over-budgeted by £100,000. The initial budget was based on the prior year actuals with a slight increase applied. However, this year we received a significant credit related to the prior year c.£50,000, which means the actuals now captures this credit and this year's cost adjusted to reflect updated business rates.
  - £171,000 underspend relates to property costs (£115,000) as a result of underspend on building refurbishment/maintenance and under-utilisation of office services such as catering, postage, printing and stationery (£56,000).
  - £71,000 underspend throughout the year is primarily attributed to the Receptionist and Reception Manager roles remaining unfilled.
- i) **Partners: £98,000** favourable variance mainly as a result of the timing of training costs, which are now expected to take place in the next financial year (2024-25).
- j) **Policy: £63,000** favourable variance related to the vacancy for the Policy Manager role, which was unfilled throughout the year.



#### 4. Employee FTE

**Table 2.0 – Full Time Equivalents (FTEs) by Department as at 31 March 2024**

| Department                            | 2023-24 Actuals | 2023-24 Budget | Variance   | Note |
|---------------------------------------|-----------------|----------------|------------|------|
| Fitness To Practise                   | 134             | 134            | 0          |      |
| Registration                          | 75              | 71             | (4)        | (a)  |
| Information Technology                | 17              | 16             | (1)        |      |
| Finance & Commercial                  | 15              | 16             | 1          |      |
| Governance                            | 15              | 11             | (4)        | (b)  |
| Human Resources                       | 12              | 10             | (2)        | (c)  |
| Business Change                       | 11              | 11             | 0          |      |
| Education                             | 11              | 11             | 0          |      |
| Facilities Management                 | 8               | 9              | 1          |      |
| Policy & Standards                    | 8               | 11             | 3          | (d)  |
| Communications                        | 6               | 6              | 0          |      |
| Chief Executive                       | 5               | 9              | 4          | (b)  |
| Professionalism & Upstream Regulation | 5               | 6              | 1          |      |
| Insight & Analytics                   | 4               | 5              | 1          |      |
| Partners                              | 2               | 2              | 0          |      |
| Regulatory Development & Performance  | 1               | 0              | (1)        |      |
| <b>Total Full Time Equivalents</b>    | <b>329</b>      | <b>328</b>     | <b>(1)</b> |      |

- FTE figures for the finance report are based on a snapshot of the last day of the reporting period, i.e. as at 31 March 2024 (data is verified with the HR department).
- Actual FTEs for the end of year are 329 of which 21 are agency staff (FTP – 15 FTEs and Other Departments – 6).

#### Notes

- Registration:** increase resulting from the contract extension granted to the additional members of staff recruited into the international registration team to manage the continued high volumes of international applications. Initially, the team were budgeted up to June 2023 (10 registration advisors and 1 team leader), which was extended to March 2024.
- Chief Executive and Governance:** reallocation of the Head of Governance role from the Chief Executive department to the governance department.
- Human Resources:** additional roles include, Learning and Development Specialist and HR Administrator, which are covered through the reduction of costs in recruitment fees.
- Policy & Standards:** decrease due to unfilled vacancies for Policy Lead roles (x2) and Policy Manager.

## 5. Balance Sheet and Reserves

5.1 The impact of the reported position on the balance sheet is shown in the table below. **Note.** Due to ongoing year-end reconciliations, figures for deferred income and other current assets (mainly accounts receivable) are estimates.

**Table 3.0 - Balance Sheet**

|  | Actuals<br>31-Mar-24<br>£'000 | Forecast<br>31-Mar-24<br>£'000 | Variance<br>31-Mar-24<br>£'000 | Budget<br>31-Mar-24<br>£'000 | Note |
|--|-------------------------------|--------------------------------|--------------------------------|------------------------------|------|
| <b>Total Fixed Assets</b>              | <b>8,805</b>                  | <b>9,138</b>                   | <b>(333)</b>                   | <b>9,652</b>                 | 5.5  |
| <b>Current Assets</b>                  |                               |                                |                                |                              |      |
| Cash & Cash Equivalents                | 18,426                        | 14,493                         | 3,933                          | 13,479                       | 5.4  |
| Other Current Assets                   | 23,899                        | 11,791                         | 12,108                         | 14,027                       | 5.7  |
| <b>Total Current Assets</b>            | <b>42,325</b>                 | <b>26,284</b>                  | <b>16,041</b>                  | <b>27,506</b>                |      |
| <b>Total Assets</b>                    | <b>51,130</b>                 | <b>35,422</b>                  | <b>15,708</b>                  | <b>37,158</b>                |      |
| <b>Current Liabilities</b>             |                               |                                |                                |                              |      |
| Current Liabilities                    | 4,055                         | 4,625                          | 570                            | 3,822                        |      |
| Deferred Income                        | 43,511                        | 27,241                         | (16,270)                       | 30,838                       | 5.7  |
| <b>Total Current Liabilities</b>       | <b>47,566</b>                 | <b>31,866</b>                  | <b>(15,700)</b>                | <b>34,660</b>                |      |
| Liabilities > 1 Year                   | 35                            | 35                             | 0                              | 142                          |      |
| <b>Total Liabilities</b>               | <b>47,601</b>                 | <b>31,901</b>                  | <b>(15,700)</b>                | <b>34,802</b>                |      |
| <b>NET ASSETS</b>                      | <b>3,529</b>                  | <b>3,521</b>                   | <b>8</b>                       | <b>2,356</b>                 |      |
| Opening Reserves                       | 1,575                         | 1,575                          | 0                              | 1,750                        | 5.2  |
| Revaluation Reserve (Land & Buildings) | (184)                         | 316                            | (500)                          | 483                          | 5.6  |
| Surplus/(Deficit)                      | 2,138                         | 1,630                          | 508                            | 123                          | 5.3  |
| <b>GENERAL RESERVES<sup>1</sup></b>    | <b>3,529</b>                  | <b>3,521</b>                   | <b>8</b>                       | <b>2,356</b>                 | 5.3  |

### Reserves Policy Calculation<sup>1</sup>

|                              | Actuals<br>31-Mar-24<br>£'000 | Forecast<br>31-Mar-24<br>£'000 | Variance<br>£'000 | Budget<br>FY23-24<br>£'000 |
|------------------------------|-------------------------------|--------------------------------|-------------------|----------------------------|
| <b>Realisable Net Assets</b> | <b>262</b>                    | <b>458</b>                     | <b>(196)</b>      | <b>(1,034)</b>             |
| Expenditure                  | 38,018                        | 38,217                         | 199               | 33,838                     |
| Months of Expenditure        | 0.1                           | 0.1                            | 0                 | (0.3)                      |

- 5.2 Our realisable net assets were c.£0.3 million as at 31 March 2024. This is calculated by taking our year-end reserves position (£3.5 million) less our intangible assets (£3.3 million). This represents less than three days of our total operating expenditure (£38.0 million). Although, we are in line with our reserves policy with positive realisable net assets, we are significantly below other regulators, which are operating on a reserves position of at least three to six months of operating expenditure.
- 5.3 The HCPC opening reserves balance as of 1 April 2023 was £1.6 million. The forecast surplus for the year was also £1.6 million, which would have given us a closing reserves balance of £3.5 million based on the forecast revaluation reserves of £316,000 as at 31 March 2024.
- 5.4 As at 31 March 2024, our actual surplus for the year was £2.1 million, which was partially offset by the negative movement in our revaluation reserves of £184,000, giving us a reserves closing balance of £3.5 million, which still aligns us with the forecast and within our reserves policy. **Note.** The HCPC's reserves policy is to hold positive net assets (general reserves less intangible assets).
- 5.5 The cash balance as at 31 March 2024 was £18.0 million. The increase in cash and cash equivalents is mainly driven by the increase in international applications and stronger working capital (mainly deferred income). The cash management policy is to maintain positive balances in all accounts. **Note.** We do not anticipate being in breach of this policy at any point during the financial year.
- 5.6 Total Fixed Assets were lower than forecast with an adverse variance of (£333,000). This is due to the devaluation of our commercial property (please refer to paragraph 5.7), which is partially offset by an increase of £171,000 in intangible assets mostly driven by further investment in our new finance system, Business Central.
- 5.7 Our Chartered Surveyors (RICS) valuation report concluded that there was a devaluation of (£0.5 million) on our commercial property. Commercial properties in general have taken a hit over the past few years with the rise in employees working from home. The reduction in our rental yield has also played a role in the devaluation of our property following the rent review with our current tenants.
- 5.8 Other 'current assets' and 'deferred income' are subject to change due to year-end processes still ongoing.

## 6. Capital Expenditure

6.1 Total capital expenditure for 2023-24 is £800,000 against a forecast of £1.0 million (80% of forecast spend). More than half of actual expenditure relates to the Business Central project with the increase in costs due to a mixture of timing, which was the agreement to defer the launch date (£182,000), and additional costs due to the implementation partner not achieving the requirements for migration to occur (£104,000).

6.2 Unused approved capital expenditure for financial year 2023-24 has been carried over into 2024-25 to form part of the overall investment portfolio fund (reflected against the Online Applications Phase 2 project line).

**Table 4.0 - Capital Spend**

|                             |  | Actual         | Forecast       | Budget         |
|-----------------------------|--|----------------|----------------|----------------|
|                             |  | £              | £              | £              |
| <b>Non-Project</b>          | <b>Description</b>   |                |                |                |
| Information Technology      | Includes infrastructure, software licences and IT equipment costs  | 75,000         | 100,000        | 100,000        |
| <b>Non-Project Costs</b>    |  | <b>75,000</b>  | <b>100,000</b> | <b>100,000</b> |
| <b>Major Projects</b>       | <b>Description</b>   | <b>£</b>       | <b>£</b>       | <b>£</b>       |
| Business Central            | Microsoft Dynamics Business Central Re-implementation (Finance System)   | 516,655        | 446,362        | 230,000        |
| Hybrid-Working              | Purchase of equipment to enable and implement hybrid working in the organisation   | 86,181         | 86,181         | 0              |
| Data Excellence             | New Case Management System Product Development - Phase 2   | 49,091         | 60,000         | 0              |
| FTP Frontloading            | Implement workflow changes with FTP Case Management System to support new frontloading of investigation processes.                                   | 31,920         | 50,000         | 50,000         |
| HR Recruitment Model        | Replace the legacy recruitment module with the CoreHR system with a new customer focused approach  | 28,200         | 25,000         | 25,000         |
| Online Applications Phase 2 | Enhancements to Online Applications experience for UK and International applications and implementation of Online Concerns portal for capture of EDI | 12,583         | 203,363        | 150,000        |
| FTP CMS Product Development | New Case Management System Product Development - Phase 2   | 0              | 8,544          | 0              |
| Welsh Language Standards    | Implement the directives from the Welsh Language commission to ensure systems and process are compliant.   | 0              | 20,000         | 20,000         |
| <b>Total Major Projects</b> |  | <b>724,629</b> | <b>899,450</b> | <b>475,000</b> |
| <b>Total Capital Spend</b>  |  | <b>799,629</b> | <b>999,450</b> | <b>575,000</b> |

**Note.** Figures are still currently in review and subject to change.

## Appendix 1 – Fitness to Practise

Total costs for FTP in 2023-24 of £18.3 million are **c.£2.9 million** higher compared to the 2023-24 budget of £15.4 million. The adverse variance mainly relates to higher case volumes than assumed in the budget and higher one-off legacy exit costs from a previous contract. The below summarises the evolving case number assumptions:

|                                  | Full Year      | Full Year      | Full Year      |
|----------------------------------|----------------|----------------|----------------|
|                                  | 2023-24 Actual | 2023-24 Budget | 2024-25 Budget |
| New Cases                        | 448            | 236            | 480            |
| Legacy Cases                     | 174            | 174            | 174            |
| <b>Total Legal Costs (£'000)</b> | <b>£8,979</b>  | <b>£5,687</b>  | <b>£9,180</b>  |
| <b>Total FTP Costs (£'000)</b>   | <b>£18,313</b> | <b>£15,400</b> | <b>£19,200</b> |

Actuals (£18.3 million) versus Budget (£15.4 million): increase compared to the budget is driven by higher legal costs as the initial budget assumed efficiency savings from undertaking frontloaded investigations in-house. We now aim to commence a modest number of frontloaded investigations in Q1 of 2024-25 subject to being able to recruit the necessary in-house legal team.

Actuals (£18.3 million) vs Forecast (£18.4 million): slight decrease in overall costs compared to the forecast with a favourable variance of £60,000. This is mainly due to a marginally lower new FTP case referrals in Q4, compared to the forecast assumption in February 2024.

## Appendix 2 – Income and Expenditure (By Department)

|   | Actual        | Forecast      | Variance   | Variance    | Budget        | Variance       | Variance     |
|---|---------------|---------------|------------|-------------|---------------|----------------|--------------|
|   | £'000         | £'000         | £'000      | %           | £'000         | £'000          | %            |
| Registration Income                     | 39,373        | 39,194        | 179        | 100%        | 34,008        | 5,365          | 116%         |
| Grant Income                            | 229           | 229           | 0          | 100%        | 152           | 77             | 151%         |
| Other Income                            | 731           | 687           | 44         | 106%        | 357           | 374            | 205%         |
| <b>Total Income</b>                     | <b>40,333</b> | <b>40,110</b> | <b>223</b> | <b>101%</b> | <b>34,517</b> | <b>5,816</b>   | <b>117%</b>  |
| Fitness to Practise                     | 18,311        | 18,371        | 60         | 100%        | 15,388        | (2,923)        | 119%         |
| Registrations                           | 5,253         | 5,195         | (58)       | 101%        | 4,083         | (1,170)        | 129%         |
| Information Technology                  | 3,481         | 3,455         | (26)       | 101%        | 3,411         | (70)           | 102%         |
| Chief Executive and Registrar           | 1,636         | 1,631         | (5)        | 100%        | 977           | (659)          | 167%         |
| Finance and Commercial                  | 1,264         | 1,356         | 92         | 93%         | 1,175         | (89)           | 108%         |
| Human Resources                         | 1,099         | 1,077         | (22)       | 102%        | 1,131         | 32             | 97%          |
| Facilities Management                   | 1,096         | 1,123         | 27         | 98%         | 2,027         | 931            | 54%          |
| Depreciation                            | 1,077         | 1,085         | 8          | 99%         | 932           | (145)          | 116%         |
| Governance                              | 898           | 894           | (4)        | 100%        | 696           | (202)          | 129%         |
| Business Change                         | 815           | 827           | 12         | 99%         | 816           | 1              | 100%         |
| Communications                          | 745           | 761           | 16         | 98%         | 745           | 0              | 100%         |
| Education                               | 665           | 680           | 15         | 98%         | 619           | (46)           | 107%         |
| Policy and Standard                     | 573           | 605           | 32         | 95%         | 636           | 63             | 90%          |
| Professionalism and Upstream Regulation | 340           | 352           | 12         | 97%         | 378           | 38             | 90%          |
| Data Insight and Analytics              | 227           | 227           | 0          | 100%        | 263           | 36             | 86%          |
| Council & Committee                     | 203           | 233           | 30         | 87%         | 249           | 46             | 82%          |
| Partners                                | 194           | 206           | 12         | 94%         | 292           | 98             | 66%          |
| Chair                                   | 76            | 75            | (1)        | 101%        | 76            | 0              | 100%         |
| Other Departments                       | 65            | 64            | (1)        | 102%        | 121           | 56             | 54%          |
| <b>Total Operating Expenditure</b>      | <b>38,018</b> | <b>38,217</b> | <b>199</b> | <b>99%</b>  | <b>34,015</b> | <b>(4,003)</b> | <b>112%</b>  |
| <b>Operating surplus/(deficit)</b>      | <b>2,315</b>  | <b>1,893</b>  | <b>422</b> | <b>122%</b> | <b>502</b>    | <b>1,813</b>   | <b>461%</b>  |
| Transformation costs                    | 5             | 92            | 87         | 5%          | 179           | 174            | 3%           |
| Contingency Costs                       | 0             | 0             | 0          | 0%          | 200           | 200            | 0%           |
| Corporation Tax                         | 172           | 171           | (1)        | 101%        | 0             | (172)          | 0%           |
| <b>Total Expenditure</b>                | <b>38,195</b> | <b>38,480</b> | <b>285</b> | <b>99%</b>  | <b>34,394</b> | <b>(3,801)</b> | <b>111%</b>  |
| <b>Total Surplus/(Deficit)</b>          | <b>2,138</b>  | <b>1,630</b>  | <b>508</b> | <b>131%</b> | <b>123</b>    | <b>2,015</b>   | <b>1738%</b> |

### Appendix 3 – Expenditure (by Category)

|                                    | Full Year     |               |            |               |                |
|------------------------------------|---------------|---------------|------------|---------------|----------------|
|                                    | Actual        | Forecast      | Variance   | Budget        | Variance       |
|                                    | £'000         | £'000         | £'000      | £'000         | £'000          |
| Payroll                            | 16,046        | 16,156        | 110        | 15,096        | (950)          |
| Professional Fees <sup>1</sup>     | 9,850         | 10,007        | 157        | 6,796         | (3,054)        |
| Partners                           | 5,382         | 5,237         | (145)      | 4,897         | (485)          |
| IT Related Costs                   | 3,263         | 3,228         | (35)       | 2,969         | (294)          |
| PSA Levy                           | 813           | 813           | 0          | 825           | 12             |
| Property                           | 803           | 815           | 12         | 1,444         | 641            |
| Communications                     | 422           | 459           | 37         | 431           | 9              |
| Office Services                    | 290           | 278           | (12)       | 409           | 119            |
| Bank Charges                       | 252           | 265           | 13         | 82            | (170)          |
| Council Committee                  | 240           | 251           | 11         | 252           | 12             |
| Small Projects <sup>2</sup>        | 214           | 249           | 35         | 304           | 90             |
| Training                           | 133           | 137           | 4          | 144           | 11             |
| General Insurance                  | 85            | 90            | 5          | 90            | 5              |
| Subscriptions                      | 57            | 72            | 15         | 91            | 34             |
| Travel & Subsistence               | 17            | 20            | 3          | 50            | 33             |
| Other Costs <sup>3</sup>           | 151           | 140           | (11)       | 135           | (16)           |
| <b>Total Operating Expenditure</b> | <b>38,018</b> | <b>38,217</b> | <b>199</b> | <b>34,015</b> | <b>(4,003)</b> |

1 Professional Fees: majority relates to FTP legal costs

2 Small Projects: 72% of actual relates to Business Change operating expenditures

3 Other Costs: majority relates to Apprenticeship Levy and Health and Safety costs

## Appendix 4 – Contingency

### Key Movements

| Description                       | £'000    |
|-----------------------------------|----------|
| Budget                            | 200      |
| Legal Cost Pressure               | (100)    |
| PwC System Review                 | (48)     |
| Intranet Replacement Solutions    | (33)     |
| Backfill (Information Technology) | (19)     |
| <b>Total</b>                      | <b>0</b> |

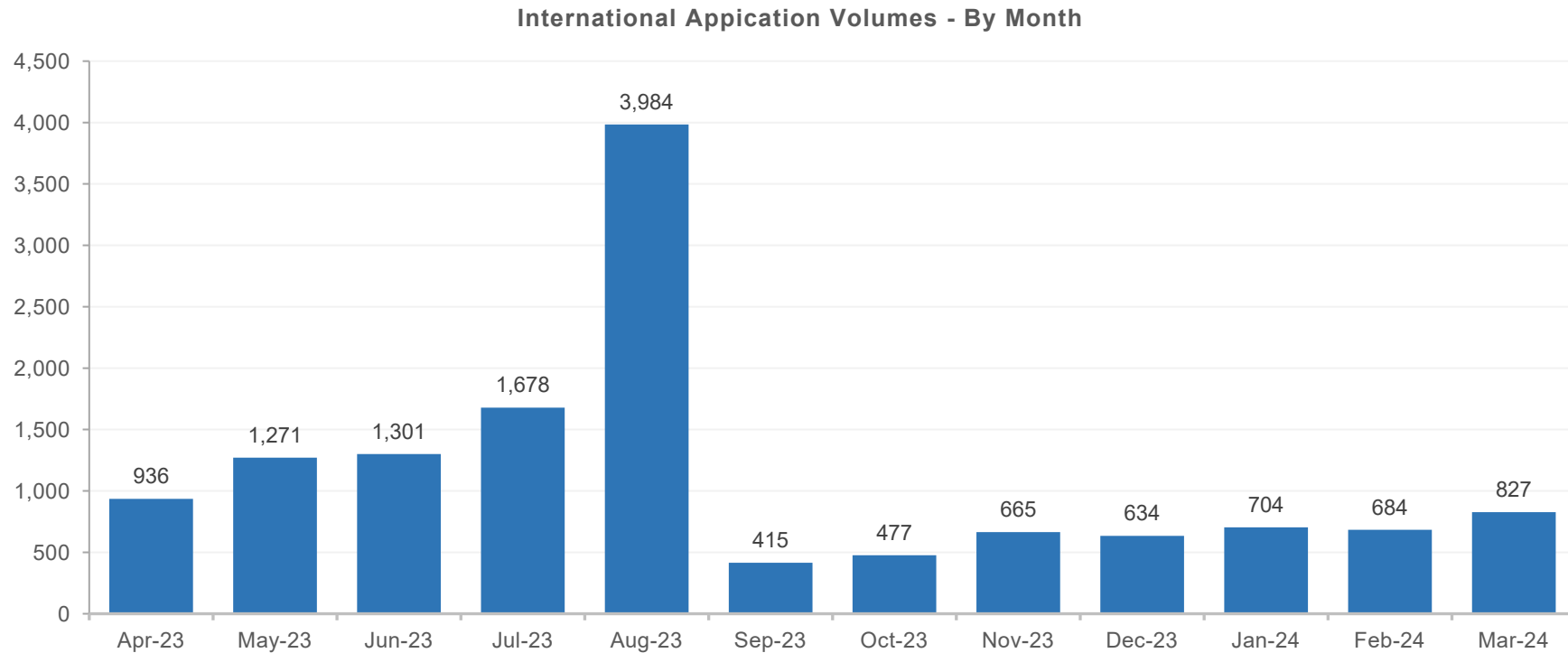


## Appendix 5 – Key Contracts

| Area                                 | Description of Service                                    | Expected Contract Value | Start of Procurement | Incumbent Supplier(s) | Procurement Route           |
|--------------------------------------|---|-------------------------|----------------------|-----------------------|-----------------------------|
| Fitness to Practise                  | Provision of Case Management Services                     | £5,760,000              | 15/01/2024           | Blake Morgan          | Contract Extended           |
| Fitness to Practise                  | Provision of Case Management Services                     | £5,760,000              | 15/01/2024           | Capsticks LPP         | Contract Extended           |
| Information Technology               | Website Content Management System and Hosting             | £219,455                | 30/09/2023           | Optimizely            | Single Source Request       |
| Information Technology               | Reg System Support  | £202,104                | 01/06/2023           | IBM                   | CCS Framework Agreement TS3 |
| Information Technology               | FTP System Development (Frontloading Project)             | £195,805                | 01/11/2023           | Slicedbread           | Single Source Request       |
| Information Technology               | L&D Learning Management System and Perform online         | £130,423                | 15/12/2023           | Kallidus              | Single Source Request       |
| Regulatory Development & Performance | The Provision of Feasibility Study                        | £100,000                | 15/01/2024           | TBA                   | Mini Tender                 |
| Information Technology               | BC System Support   | £54,240                 | 01/12/2023           | Softcat/Dogma         | Mini Tender                 |
| Information Technology               | Website Support and Development Capacity                  | £52,000                 | 15/01/2024           | Twentysix             | Single Source Request       |
| Information Technology               | The Provision of Intranet Solution                        | £45,658                 | 15/12/2023           | Softcat/Perspiciuity  | Mini Tender                 |
| Information Technology               | Internet Proxy Web Services, Including Malware Protection | £12,680                 | 20/01/2024           | iBoss                 | Single Source Request       |

**Note.** Contract values are inclusive of VAT.

## Appendix 6 – International Applications



- September 2023 to March 2024 currently run on average c.630 applications per month, which is why a prudent approach has been taken in the 2024-25 budget which is set at 6,000 applications for the entire year.
- International applications for the month of April 2024 dropped to 745 applications, following a recent upward trend of applications from December 2023 to March 2024.