

Council, 2 July 2014

Five year plan

Executive summary and recommendations

Introduction

The Five year plan is a financial forecast which helps us to ensure that our finances are sustainable and to plan whether and when fee increases may be necessary. The Plan is updated annually and presented to the Council (previously, to Finance & Resources Committee) for approval.

Decision

For information. The Council is asked to note that the next full update of the Plan, covering the period to 31 March 2019, will be brought to the September Council meeting.

Background information

See Appendix

Resource implications

None

Financial implications

None

Appendices

Appendix: Background information

Date of paper

24 June 2014

Appendix: Background information

Development of the Five Year Plan model

The Five Year Plan (“the Plan”) is a financial forecast based which pulls together three other key models used by the Executive:

- The Registrant Numbers forecast
- The Income forecast
- The Fitness to Practise forecast

The Plan is also based on assumptions about

- staffing and salary levels
- inflation and other factors affecting non-payroll costs.

The Plan is extended each year so that it covers the current financial year (already budgeted for) and the succeeding four financial years.

It was agreed at the September 2013 Finance & Resources Committee that the Executive would adopt FAST¹ standards for the design, construction and use of key operational and financial models.

The Registrant Numbers forecast has been converted to the FAST standard, and work on converting the FTP costs forecast is underway. There have been initial discussions with the FAST consultants on conversion of the income forecast to the FAST standard, but neither that work nor conversion of the whole Five Year Plan model to the FAST standard has started.

The Executive initially intended to bring the Five Year Plan to the July Council meeting, prior to conversion to the FAST standard, but we have concluded that it is better to bring the Plan to the September meeting, after the Plan and all the component models have been converted to the FAST standard. At that point the Plan will cover 2014-15 and the four succeeding financial years to 31 March 2019.

The new Management Accountant is due to start at the end of July and she will be able to engage with the completion of the Plan and the FAST conversion.

¹ Flexible, Appropriate, Structured and Transparent. For more information on the FAST standard see http://www.fast-standard.org/document/FASTStandard_02a.pdf