

Council

Meeting Date	22 May 2025
Title	Finance Report – March 2025
Author(s)	James Afolabi, Financial Planning & Analysis Manager. Ife Ojo, Commercial Business Partnering Manager. Alan Keshtmand, Head of Finance & Commercial.
Executive Sponsor	Alastair Bridges, Executive Director of Resources

Executive Summary

This report presents the financial position for the financial year ended 31 March 2025, with commentaries on major variances, movements against budget, forecast and capital expenditure.

1. Financial Performance

Our financial result shows a total surplus of £3.8 million for the year 2024-25, which is £495k favourable compared to the February forecast surplus of £3.3 million.

	Full Year			Full Year	
	Actuals	Forecast	Variance	Budget	Variance
	£'000	£'000	£'000	£'000	£'000
Total Income	43,674	43,728	(54)	40,439	3,235
Total Expenditure	39,896	40,445	549	40,253	357
Surplus/(Deficit)	3,778	3,283	495	186	3,592

Actual vs. budget

- **Full year surplus:** Actual surplus for the full year is £3.8 million, exceeding the budgeted surplus of £186k by £3.6 million.
- **Income:** favourable variance of £3.2 million compared to the budget, mainly due to increased international scrutiny fees (actuals for 2024-25 were 9,915 compared to the budget of 6,000).
- **Expenditure:** full year expenditure is £39.9 million, which is below the budget by £0.4 million. This is mainly due to savings in payroll costs offset by higher costs associated with legal cases, partners and temporary staff costs.

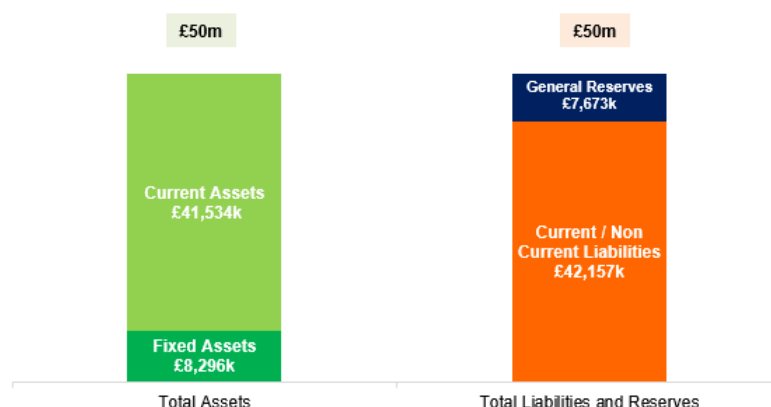
- **Higher surplus implications:** the increased surplus is required to enable us to cover risks and liabilities without undermining our longer term financial resilience.
- **International application income/costs:** the overall surplus reflects the broader financial position, not international applications specifically. International applications are cost-neutral as the fees cover direct (resources), indirect (overheads) and capital (IT systems) costs when assessed via activity-based costing.

2. Major Projects and Investments

The finance report highlights the total investment expenditure for 2024-25, including alignment with the technology roadmap, with total actual investments of £515k.

Projects Description	2024-25 Budget £'000	2024-25 Actuals £'000	2024-25 Variance £'000
FTP Improvements	274	285	(11)
Partner Transformation	170	0	170
Customer Experience	153	67	86
Data and Reporting	113	0	113
Business Central	68	47	21
Policy and Standards	62	18	44
Digital Architecture and Security	30	0	30
Registration Automation	24	25	(1)
Change Control	21	0	21
AI Automation	0	38	(38)
Websites & Portals	0	25	(25)
Building Renovations	0	10	(10)
Total	915	515	400

3. Balance sheet and reserves



- **Current assets:** mainly comprise cash and cash equivalents of around £27 million and account receivables of around £15 million.
- **Liabilities:** mostly relate to deferred income of around £37 million as a result of registrants paying their fees in advance.
- **Reserves:** general reserves stand at £7.7 million, with realisable net assets at £4.9 million, reflecting just over a month of operating expenditure.

4. Employee Full time equivalents (FTEs)

The report highlights a shortfall in FTEs when compared to the forecast, particularly within Fitness to Practise.

Employment Type	31 March 2025 Actuals	31 March 2025 Forecast	Variance
Permanent/FTC	334	349	15
Agency	11	11	0
Total FTE	345	360	15

Conclusion

We ended the year with a surplus of £3.8 million, which is £495k higher than the February 2025 forecast surplus position of £3.3 million. This is mainly due to fewer legal cases and a change in our legal costs accrual method. As noted, the surplus is required to cover risks and liabilities.

An additional 318 international applications were recognised in March 2025, bringing the total volume for the financial year to 9,915, slightly under our forecasted volume of 10,000.

Please note these figures are subject to change as other key year-end activities, such as balance sheet reconciliations and income recognition reviews, are still ongoing to ensure the accuracy of both the income and expenditure figures as well as the balance sheet.

Action required	The Council is asked to review the information provided and seek clarification on any areas.
Previous consideration	Previous finance report (February 2025 YTD) provided to the Council in March 2025.
Next steps	Year-end accounts completion. We will collaborate closely with our external auditors to provide them with the necessary information and documentation for their review.
Financial and resource implications	The implications are set out in the report.
Associated strategic priority/priorities	Build a resilient, healthy, capable and sustainable organisation
Associated strategic risk(s)	5.a The resources we require to achieve our strategy are not in place or are not sustainable
Risk appetite	Financial - measured

Communication and engagement	Not applicable
Equality, diversity and inclusion (EDI) impact and Welsh language standards	No direct implications.
Other impact assessments	Not applicable
Reason for consideration in the private session of the meeting (if applicable)	Not applicable

March 2025 Finance Report

COUNCIL

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Executive Summary

	Full Year			Full Year	
	Actuals	Forecast	Variance	Budget	Variance
	£'000	£'000	£'000	£'000	£'000
Total Income	43,674	43,728	(54)	40,439	3,235
Total Expenditure	39,896	40,445	549	40,253	357
Surplus/(Deficit)	3,778	3,283	495	186	3,592

Note. To view the full year Forecast profile for 2024-25, please refer to 'Appendix 9 – 2024–25 Forecast Profile'.

- **March full year surplus:** actual surplus of **£3.8m**, which is **£495k** favourable compared to the February forecast surplus of £3.3m.
- **Actuals vs Budget**
 - **Income:** increase in actual income of **£3.2m** compared to budget is mainly attributable to the upward trend in international application volumes (actuals for 2024-25 was 9,915 compared to the budget of 6,000). A notable surge in international applications occurred in January, followed by a decline in February and March. This may be linked to the introduction of new English language requirements that came into effect at the end of January 2025.
 - **Expenditure:** decrease in actual expenditure of **£357k** compared to budget is mainly due to lower payroll cost as a result of unfilled vacant posts within Fitness to Practise (FTP). This is offset by higher legal costs based on latest legal supplier reports and additional fees related to complex cases, increase in temporary staff costs within FTP to cover critical vacancies pending permanent recruitment, and increase in direct costs associated with increase of international applications.
- **International application income/costs:** while we are reporting an overall surplus, this reflects the broader financial position, not the specific contribution of international applications. International applications are cost-neutral because the income generated from application fees is balanced by the direct (resources), indirect (overheads) and capital expenditure (IT systems and infrastructure) associated with processing them. When costs are considered using activity-based costing, income from international application fees aligns with the associated expenditure.
- **Note**
 - Had international applications remained at the budgeted volume of 6,000, the total surplus would have been approximately £2m.
 - The 2024-25 financials are still subject to change, as key year-end activities are ongoing to ensure the accuracy of income, expenditure and balance sheet figures.

Summary Figures – March 2025 (Full Year)

	Full Year			Full Year	
	Actuals	Forecast	Variance	Budget	Variance
	£'00	£'000	£'000	£'000	£'000
Registration Income	42,515	42,566	(51)	39,804	2,711
Grant Income	53	53	0	0	53
Other Income	1,106	1,109	(3)	635	471
Total Income	43,674	43,728	(54)	40,439	3,235
Payroll Costs	16,302	16,386	84	17,235	933
Other Staff Costs	1,440	1,478	38	863	(577)
Non-Payroll Costs	21,840	22,265	425	21,044	(796)
Total Operating Expenditure	39,582	40,129	547	39,142	(440)
Exceptional Costs	314	316	2	1,111	797
Total Expenditure	39,896	40,445	549	40,253	357
Total Surplus/(Deficit)	3,778	3,283	495	186	3,592

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

Total Income – March 2025 (Full Year)

	Full Year			Full Year	
	Actuals	Forecast	Variance	Budget	Variance
	£'000	£'000	£'000	£'000	£'000
Registration Fees	34,740	34,766	(26)	34,713	27
International Scrutiny Fees	6,273	6,327	(54)	3,840	2,433
UK Scrutiny Fees	1,502	1,473	29	1,251	251
Other Income	1,106	1,109	(3)	635	471
Grant Income	53	53	0	0	53
Total Income	43,674	43,728	(54)	40,439	3,235

Actuals vs Forecast

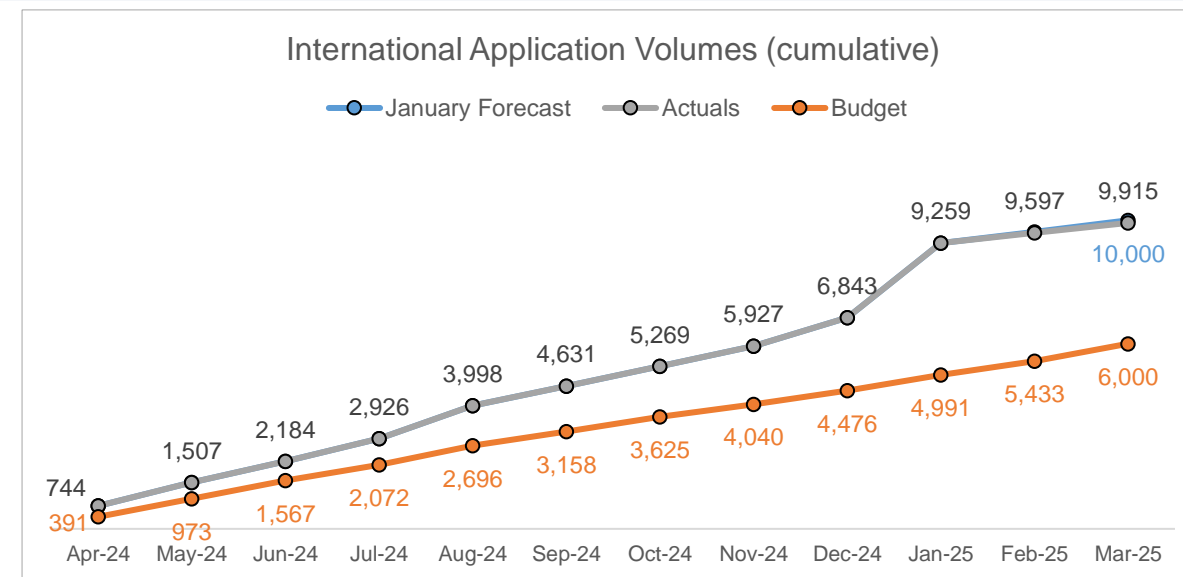
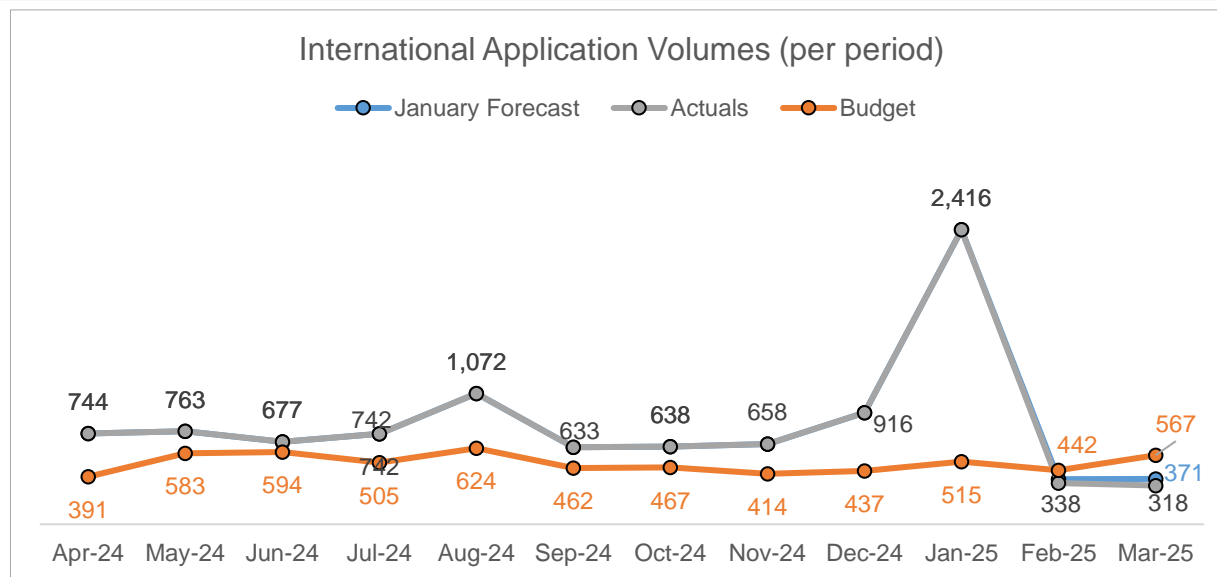
Total income for 2024-25 was £43.7m, which is closely in line compared with February forecast. There was a £54k decrease in international scrutiny fees compared to forecast due to actual application volume 85 applications lower than forecasted application volume of 10,000 (actual volume 9,915).

Actuals vs Budget

Total income for 2024-25 was £43.7m, which is £3.2m favourable compared to the budget income of £40.4m. This variance is due to:

- **International scrutiny fees: £2.4m** favourable due to international applications increase from our budget volume of 6,000 to 9,915 actual volume.
- **Other income: £471k** favourable to reflect increase in principal amount held in our cash deposit accounts. This is driven by an increase in deferred income from renewals of physiotherapist and radiographer professions.
- **UK scrutiny fees: £251k** favourable due to an increase in UK applications.
- **Grant income: £53k** favourable due to approved grant from NHS England (NHSE) for the development of resources to support allied health professionals (AHPs) and their employers in optimising their scope of practice in relation to advanced practice (18 month contract with a total grant of £170k).

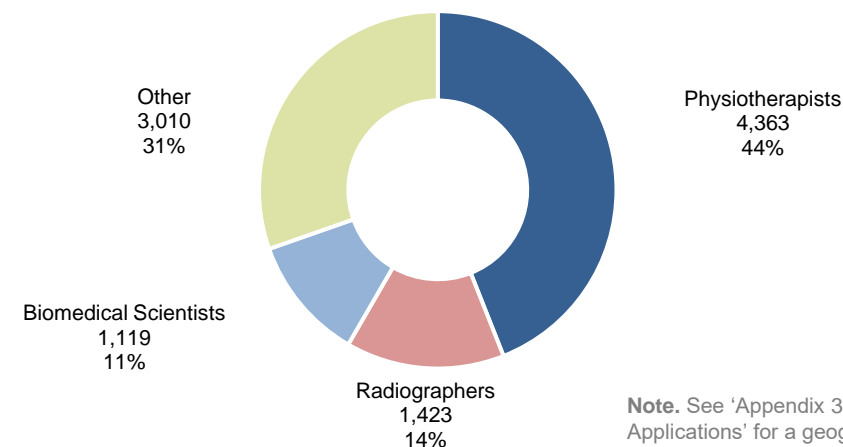
International Income – March 2025 (Full Year)



Note: 'January Forecast' based on actual volumes for January 2025 YTD plus February and March 2025 forecast

- **March 2025 Period Only:** Actual number of international applications was 318, lower than forecast of 371 by 53. We have seen yet another month where actuals fall below both forecast and budgeted volume. This change in trajectory may be linked to the new English language requirement, which came into effect end of January 2025.
- **March 2025 Full Year:** Actual number of international applications was 9,915 which is 85 lower than forecasted applications of 10,000 (3,915 higher compared to the budget of 6,000).
- Although we are seeing a significant increase in international income, there is a cost neutral effect due to associated direct costs and other indirect costs.

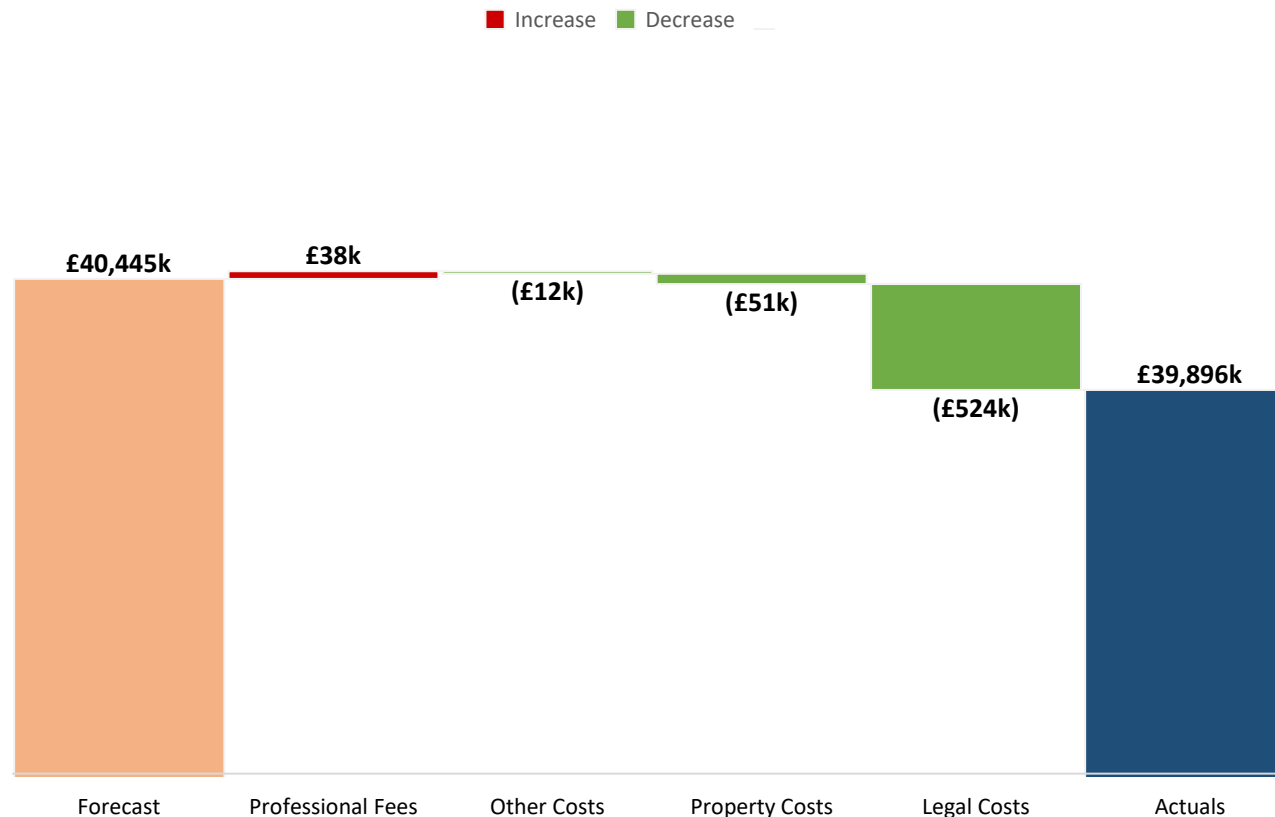
International Application volumes (By Profession)



Note: See 'Appendix 3 – 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).

Expenditure – Full Year Actuals vs Forecast (by Category)

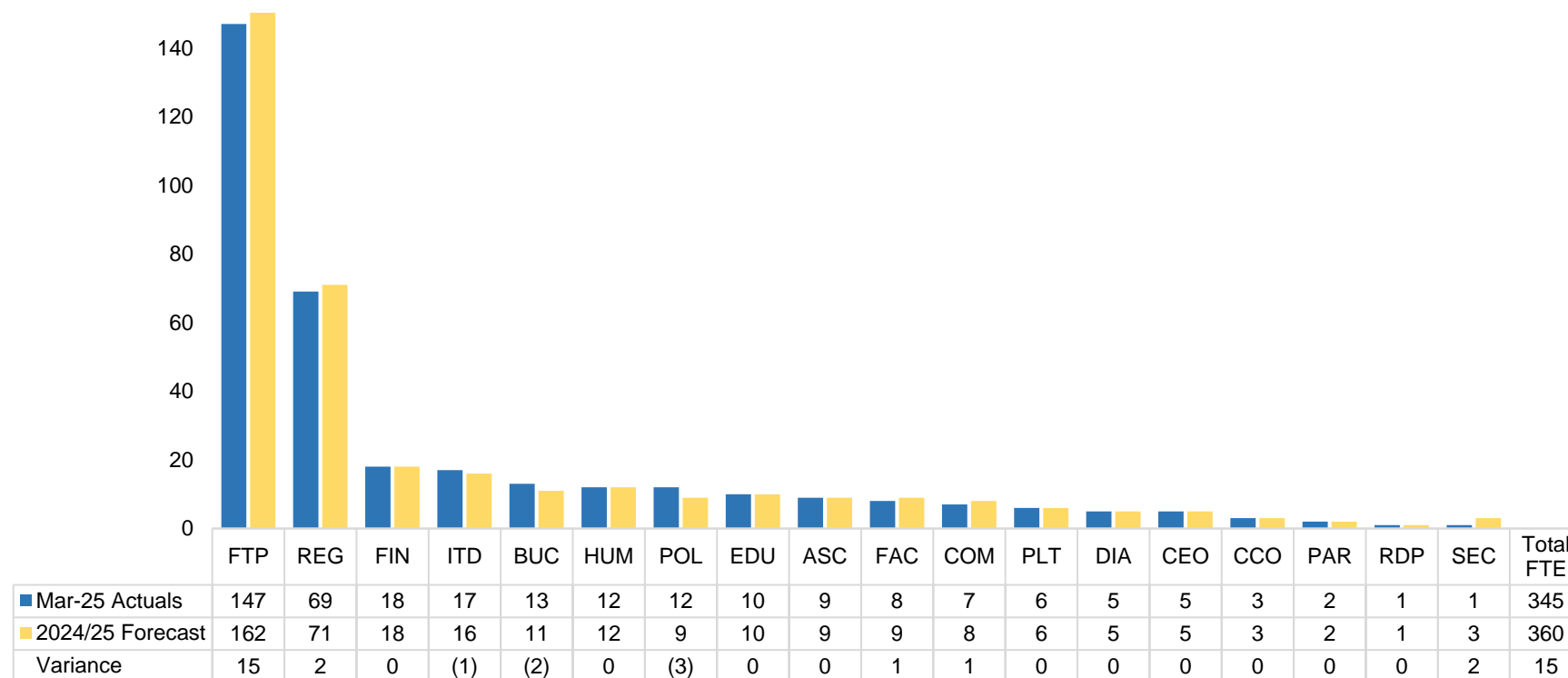


Total forecast expenditure for the year of £40.4m is **£549k** favourable compared to actual expenditure of £39.9m. This is largely due to:

- **Legal costs:** **£524k** favourable due to fewer legal cases than anticipated; 38 less cases instructed in 2024-25 compared to forecast (actuals 442 vs forecast 480). Additionally, a change in our legal cost accrual methodology was applied in March, following discussions with our legal provider, to ensure cost are reflected appropriately.
- **Property costs:** **£51k** favourable due to lower than anticipated repair and maintenance costs.
- **Professional fees:** **£38k** adverse due to extra consultancy costs than anticipated to ensure project completion.

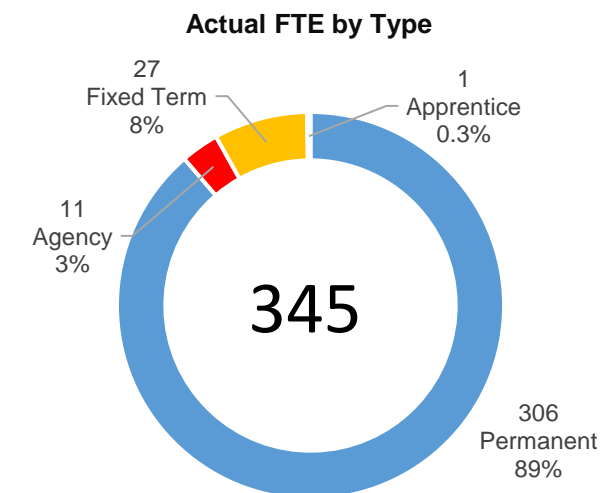
Note. To view the full year forecast, please refer to 'Appendix 2 – Expenditure March 2025 Full Year (by Category)'.

Employee FTEs as at 31 March 2025



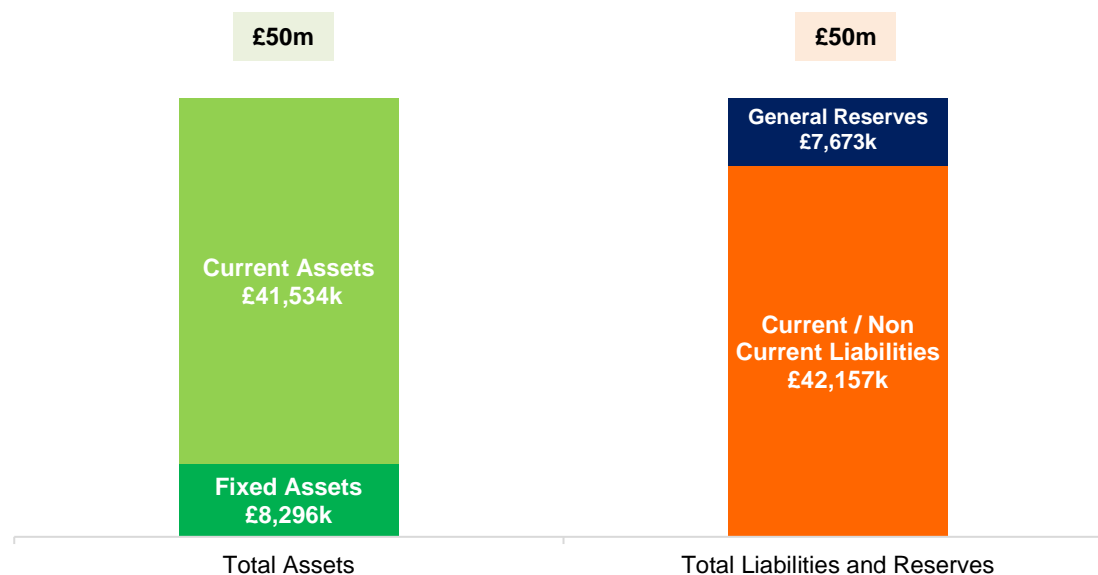
- **Fitness to Practise (FTP):** lower actual FTE primarily due to unfilled case managers vacant posts.

Note. The allocated FTE for 2024-25 budget was 332



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

Balance Sheet and Reserves as at 31 March 2025



- **Current assets:** mainly comprise cash and cash equivalents of around £27m and account receivables of around £15m.
- **Liabilities:** mostly relate to deferred income of around £37m as a result of registrants paying their fees in advance.
- **General reserves (or net assets):** were approximately £7.7m.
- **Positive realisable net assets:** were around £4.9m, calculated by taking our reserves position of approximately £7.7m less our 'intangible assets' of around £2.8m. This represents approximately over one month of total operating expenditure. **Note.** The HCPC's reserves policy requires us to hold positive realisable net assets

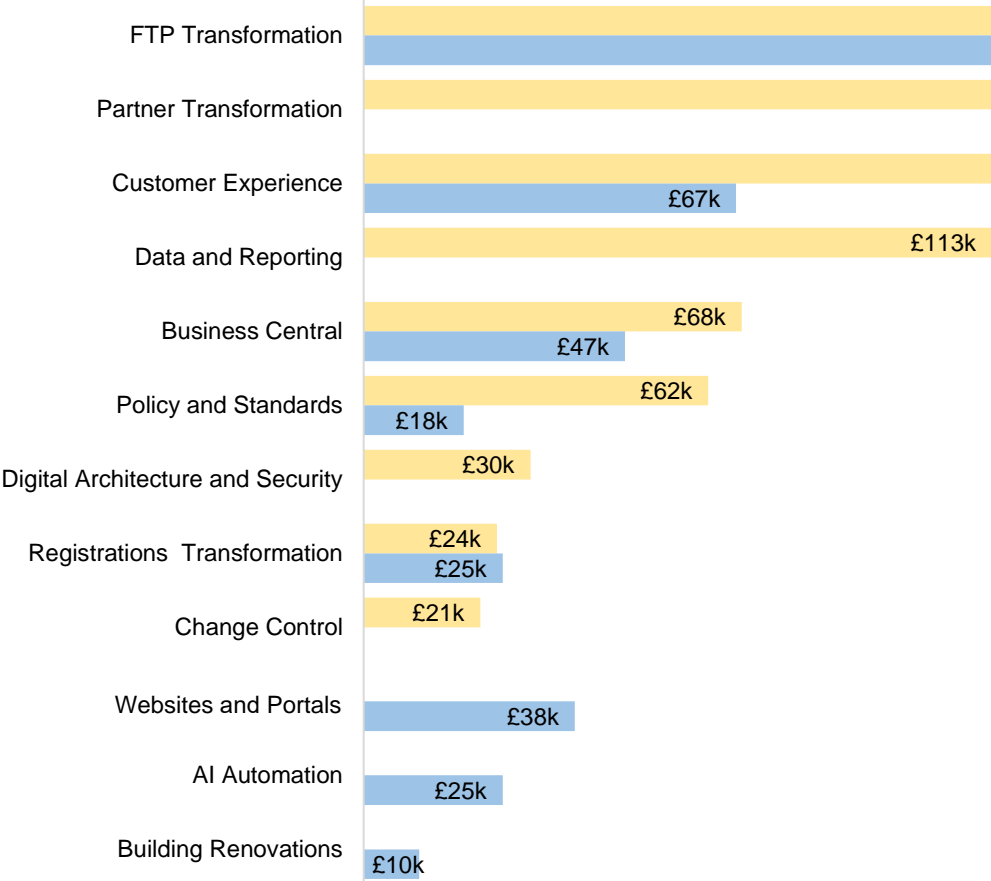
	31 March 2025 Actuals	31 March 2025 Forecast	Variance
	£'000	£'000	£'000
Opening Reserves	3,895	3,895	0
Surplus/(Deficit)	3,778	3,283	495
GENERAL RESERVES	7,673	7,178	495
Realisable Net Assets	4,848	4,179	669

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.

Investments Portfolio 2024-25

Investments Portfolio 2024-25

Budget Actuals



Projects Description	2024-25 Budget £'000	2024-25 Actuals £'000	2024-25 Variance £'000
FTP Improvements	274	285	(11)
Partner Transformation	170	0	170
Customer Experience	153	67	86
Data and Reporting	113	0	113
Business Central	68	47	21
Policy and Standards	62	18	44
Digital Architecture and Security	30	0	30
Registration Automation	24	25	(1)
Change Control	21	0	21
AI Automation	0	38	(38)
Websites and Portals	0	25	(25)
Building Renovations	0	10	(10)
Total	915	515	400

March 2025 Finance Report

APPENDICES

Appendix 1 – Income and Expenditure (By Department)

	Full Year			Full Year		Full Year Budget
	Actuals	Forecast	Variance	Budget	Variance	Actuals
	£'000	£'000	£'000	£'000	£'000	%
Total Income	43,674	43,728	(54)	40,439	3,235	108%
Fitness to Practise	19,639	20,015	376	19,206	(433)	102%
Registrations	4,295	4,343	48	3,819	(476)	112%
IT and Digital Transformation	3,448	3,342	(106)	3,427	(21)	101%
Chief Executive and Registrar	1,667	1,688	21	1,687	20	99%
Finance and Commercial	1,484	1,517	33	1,356	(128)	109%
Facilities Management	1,217	1,263	46	1,566	349	78%
Human Resources	1,236	1,264	28	1,297	61	95%
Depreciation	1,026	1,034	8	1,044	18	98%
Communications	975	1,006	31	1,018	43	96%
Business Change	806	823	17	823	17	98%
Assurance and Compliance	637	638	1	531	(106)	120%
Education	592	603	11	625	33	95%
Policy and Standards	559	575	16	711	152	79%
Professional and Upstream Regulation	371	387	16	392	21	95%
Governance	311	301	(10)	586	275	53%
Regulatory Development and Performance	268	266	(2)	98	(170)	273%
Data Insight and Analytics	263	267	4	253	(10)	104%
Chair, Council and Committees	264	252	(12)	249	(15)	106%
Partners	228	243	15	254	26	90%
Chair and Chief Executive Office	148	148	0	0	(148)	0%
Major Projects	148	154	6	200	52	74%
Total Operating Expenditure	39,582	40,129	547	39,142	(440)	101%
Operating Surplus/(Deficit)	4,092	3,599	493	1,297	2,795	315%
Transformation costs	46	46	0	179	133	26%
Contingency	0	0	0	773	773	0%
Corporation Tax	268	270	2	159	(109)	169%
Total Expenditure	39,896	40,445	549	40,253	357	99%
Total Surplus/(Deficit)	3,778	3,283	495	186	3,592	2031%

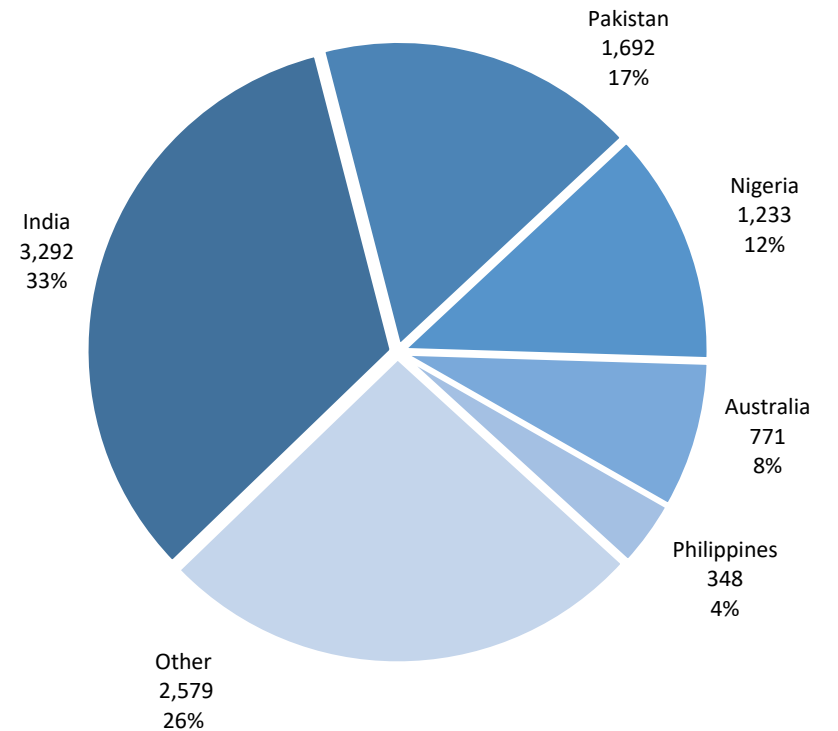
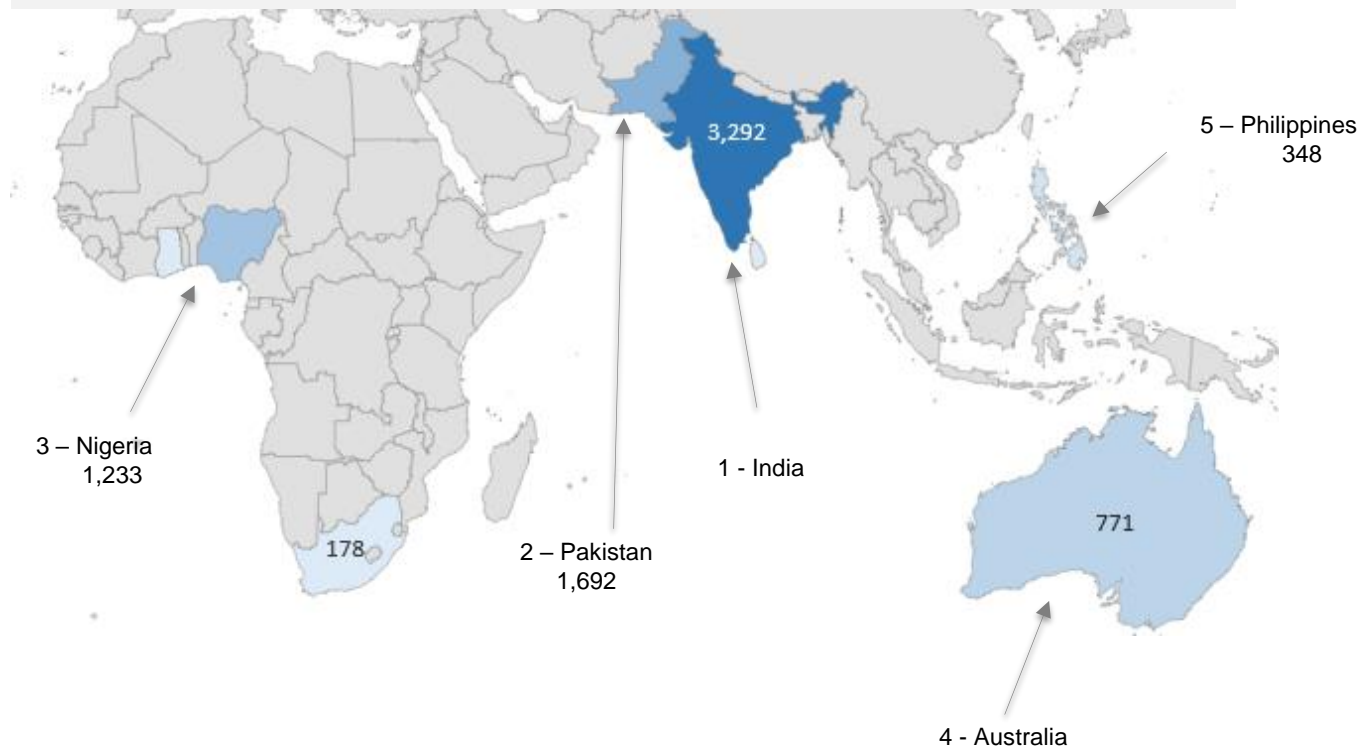
Appendix 2 – Expenditure March 2025 Full Year (by Category)

	Full Year				Full Year		
	Actuals	Forecast	Variance		Budget	Variance	% of Actuals
	£'000	£'000	£'000		£'000	£'000	%
Payroll	16,302	16,386	84		17,235	933	95%
Legal Costs	10,554	11,078	524		10,353	(201)	102%
Partners	5,074	4,852	(222)		4,229	(845)	120%
IT Costs	2,136	2,057	(79)		2,117	(19)	101%
Depreciation	1,026	1,034	8		1,074	48	96%
Professional Fees	1,001	963	(38)		611	(390)	164%
Temporary Staff	873	873	0		236	(637)	370%
Staff Related Costs	567	605	38		627	60	90%
Office Services	525	582	57		590	65	89%
Other Costs	431	520	89		1,670	1,239	26%
Property Costs	381	432	51		528	147	72%
Communication Costs	359	379	20		393	34	91%
Utilities	313	311	(2)		366	53	86%
Corporation Tax	268	270	2		159	(109)	169%
Travel and Subsistence	86	103	17		65	(21)	132%
Total Expenditure	39,896	40,445	549		40,253	357	99%

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

Appendix 3 – International Applications (Geographic Location)

International Application Volumes – March 2025
(By Geographic Location)



Appendix 4 – Balance Sheet (as at 31 March 2025)

	31 March 2025 Actuals	31 March 2025 Budget	Variance
	£'000	£'000	£'000
Property, Plant and Equipment	5,454	5,452	2
Intangible Assets	2,834	2,950	(116)
Total Fixed Assets	8,288	8,403	(115)
Current Assets			
Trade and Other Receivables	15,362	16,054	(692)
Cash and Cash Equivalents	24,986	25,276	(290)
Total Current Assets	40,348	41,330	(982)
Total Assets	48,636	49,733	(1,097)
Current Liabilities			
Deferred Income	35,819	37,765	1,946
Trade and Other Payables	5,136	4,346	(790)
Total Current Liabilities	40,955	42,111	1,156
Non-Current Liabilities	59	59	0
Total Liabilities	41,014	42,170	1,156
NET ASSETS	7,622	7,563	59
Opening Reserves	3,895	3,895	0
Surplus/(Deficit)	3,727	3,668	59
GENERAL RESERVES	7,622	7,563	59
Realisable Net Assets	4,788	4,613	175

Appendix 5 – Key Contracts (as at March 2025)

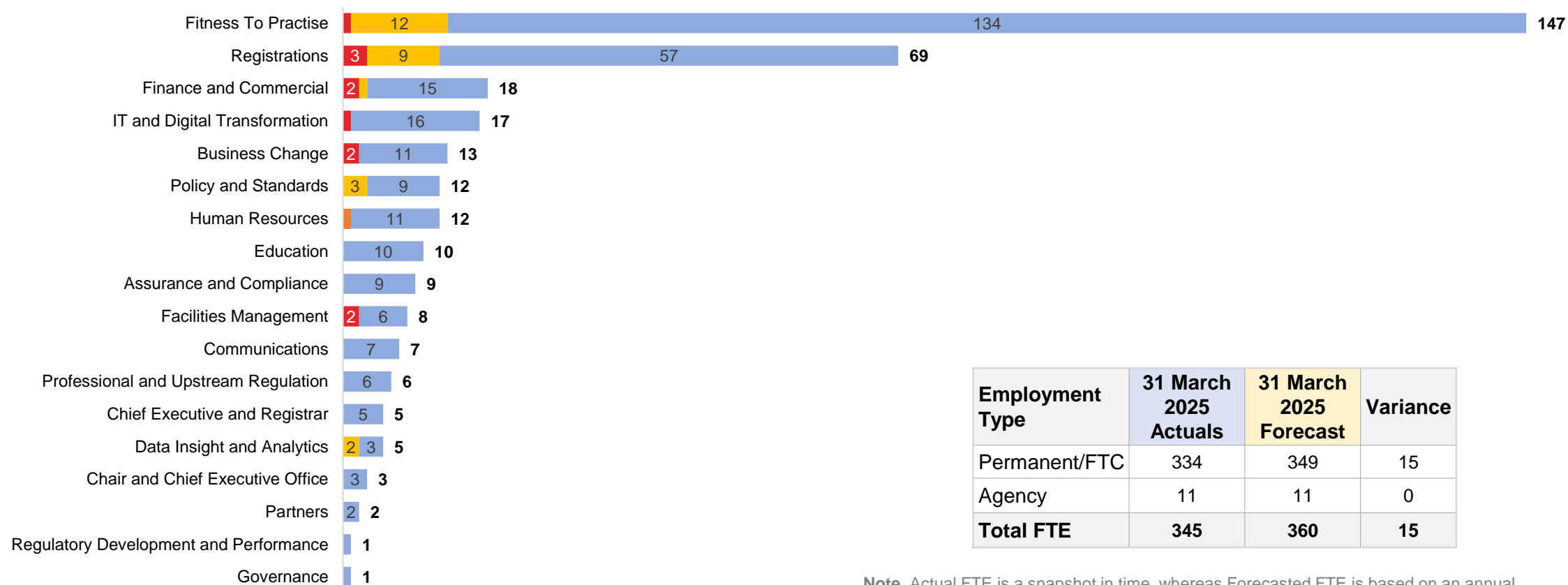
Department	Description of service	Contract Value	Contract Length	Supplier	Procurement Route
Communication	Communications Counsel and Support	£156,000	12 months	Luther Pendragon	Direct Award
Facilities Management	Sustainability Advisory Agreement	£37,000	12 months	Acclaro Advisory Ltd	Direct Award
Fitness to Practise	Case Management & Legal Services	£5,760,000	24 months	Blake Morgan	Contract Extension
Fitness to Practise	Case Management & Legal Services	£5,760,000	24 months	Capsticks	Contract Extension
Fitness to Practise	Recording & Transcription Services	£375,000	18 months	MWC and Ubiquis	Contract Extension
Fitness to Practise	Frontloading Project A Variation Order was agreed with impact in Scope, Time & Cost	£236,000	12 months	ShareDo	Contract Extension
Fitness to Practise	Registrant Emotional Support Service	£29,106	12 months	Cnlr Horizons Limited (Cic)	Contract Extension
Fitness to Practise	The execution of the Portal work stream within the Online Concerns project	£29,000	12 months	Synchronicity Technology Solutions Ltd	Direct Award
Information Technology	Licences and support for the CoreHR employee and partner systems	£454,000	36 months	Access Group	Direct Award
Information Technology	ShareDo Subscription	£318,000	24 months	Slicedbread	Direct Award
Information Technology	Website Content Management System and Hosting	£220,000	24 months	Optimizely AB	Direct Award
Information Technology	Licences and support for the Perform and Perform Plus solutions for FTP	£180,000	36 months	PWC	Direct Award
Information Technology	HCPC Service Desk Ticket Management Software	£73,000	36 months	SolarWinds	Direct Award
Information Technology	People XD Project Implementation, Management & DocuSign Integration	£70,000	2 months	Access Group	Direct Award
Information Technology	PeopleXD EVO - Enhanced Payroll (partners)	£52,000	12 months	Access Group	Contract Extension
Information Technology	Automating requests resolution processes (PoC)	£41,000	12 months	EmailTree	Direct Award
Information Technology	NetApp Support	£29,000	15 months	Logicalis UK Ltd	Direct Award
Information Technology	Website support and development capacity	£28,000	12 months	Twentysix	Contract Extension
Information Technology	Check Point Support Services	£27,000	12 months	Camwey Technology	Direct Award
Information Technology	Hypercare Support for the Education System	£26,000	12 months	Synchronicity Technology Solutions Ltd	Direct Award
Quality Assurance	Internal Audit Services	£54,000	15 months	BDO	Contract Extension
Regulatory Development and Performance	International Application Standardised Assessment – Design Phase	£168,000	12 months	PWC	Public Tender

Note. This is a list of key contracts above £25k

Appendix 6 – FTEs (as at 31 March 2025)

Actual FTE by Employment Type

■ Agency ■ Apprentice ■ Fixed Term ■ Permanent



Employment Type	31 March 2025 Actuals	31 March 2025 Forecast	Variance
Permanent/FTC	334	349	15
Agency	11	11	0
Total FTE	345	360	15

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, forecasted FTE would be shown as **0.5**, however, Actuals will be shown as **1.0**.

Appendix 7 – Contingency (as at 31 March 2025)

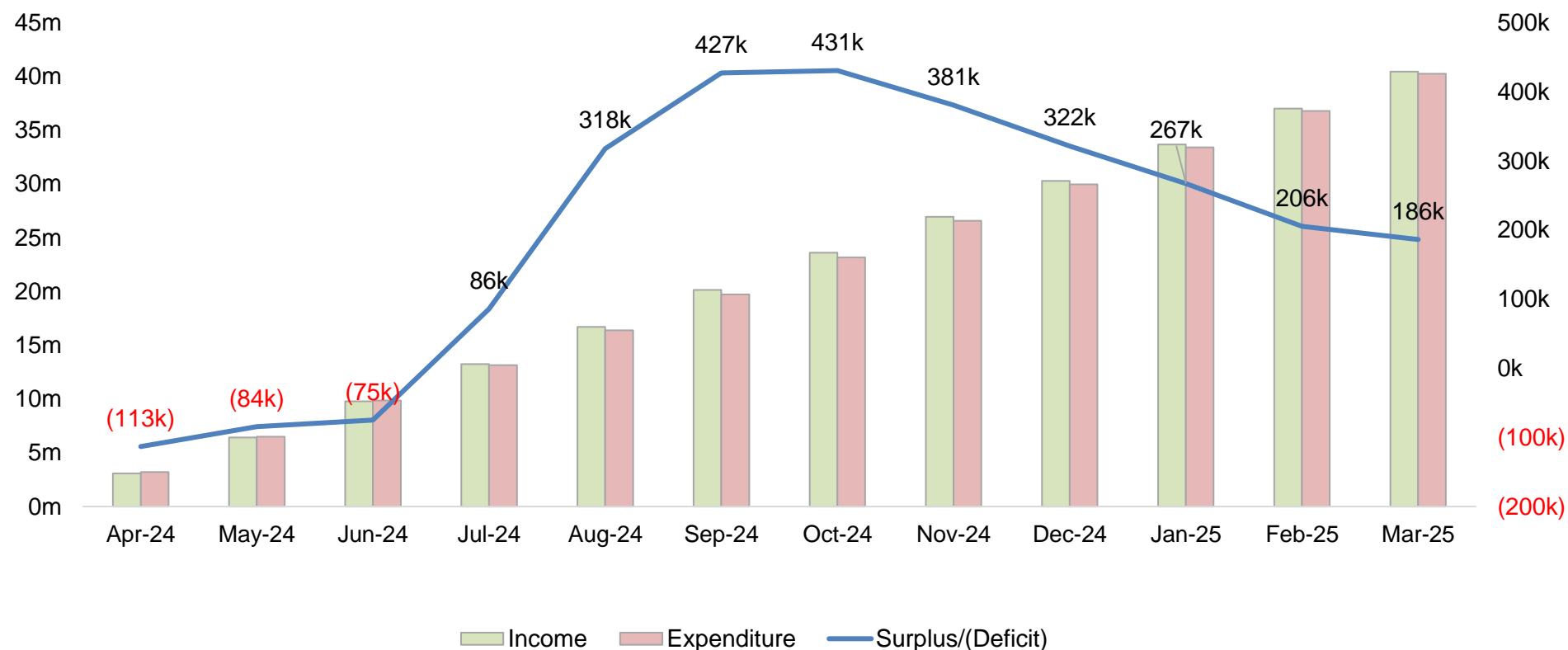
Description	£'000
General contingency	176
Ring-fenced annual partners and pension	597
2024-25 budget contingency	773
Online register (one-off)	(15)
Cyber security cost	(32)
FTP temporary staff costs	(450)
Total contingency as at 30 September 2024	276
Data storage, IT telephony and firewall costs	(148)
Data insight and analytics secondment position	(15)
International assessment model development	(168)
Contingency increase	700
Total contingency as at 31 December 2024	645
Contingency decrease	(445)
Total contingency as at 31 January 2025	200
Contingency released	(200)
Total contingency remaining	0

Appendix 8 – 2024–25 Budget Profile

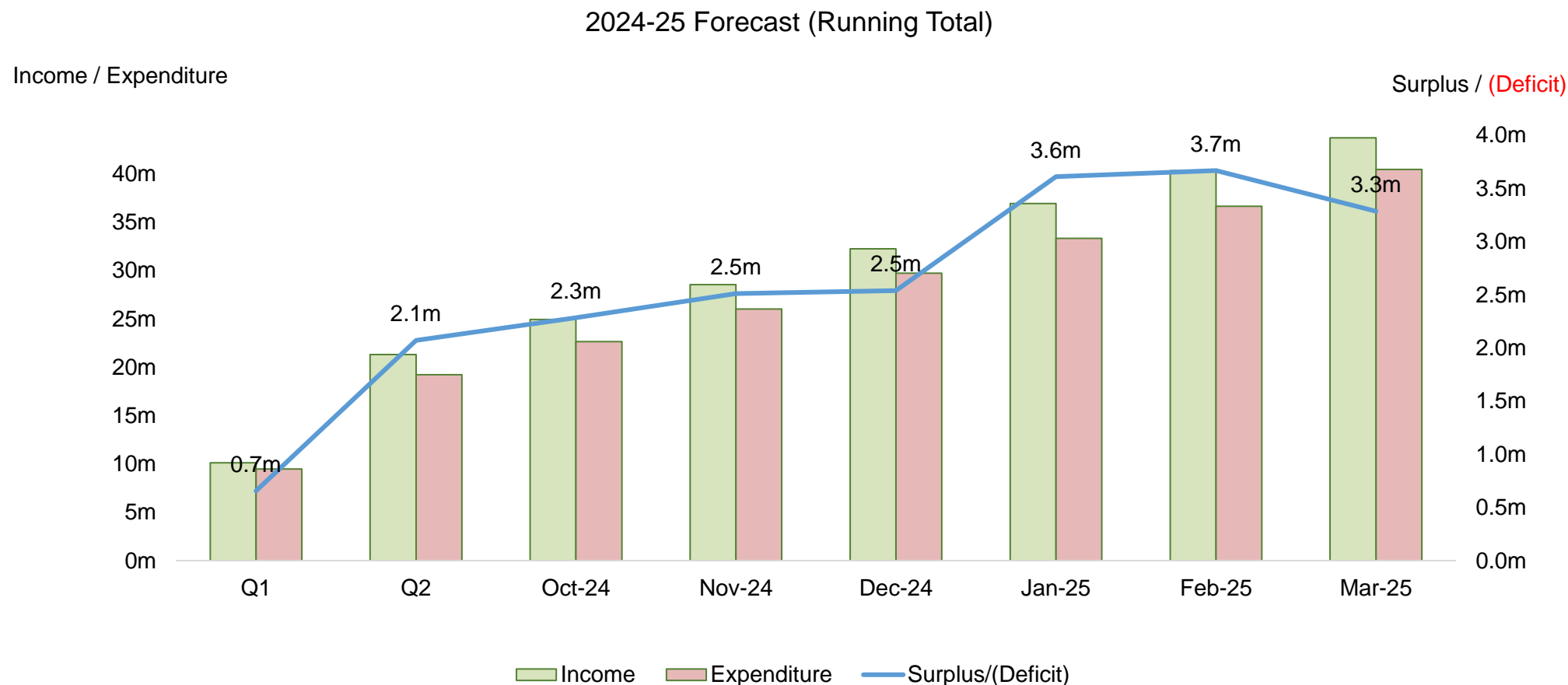
2024-25 Budget (Running Total)

Income / Expenditure

Surplus / (Deficit)

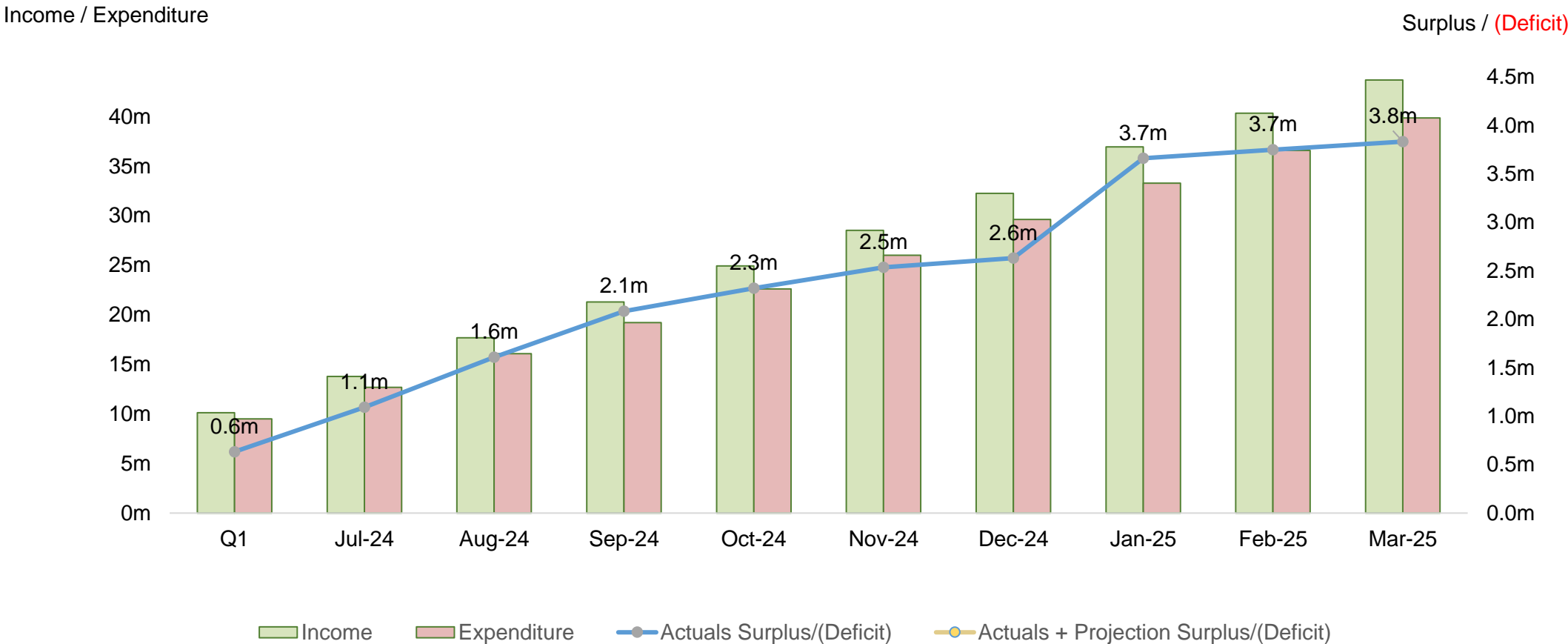


Appendix 9 – 2024-25 Forecast Profile



Appendix 10 – 2024-25 Full Year Actuals (By Period)

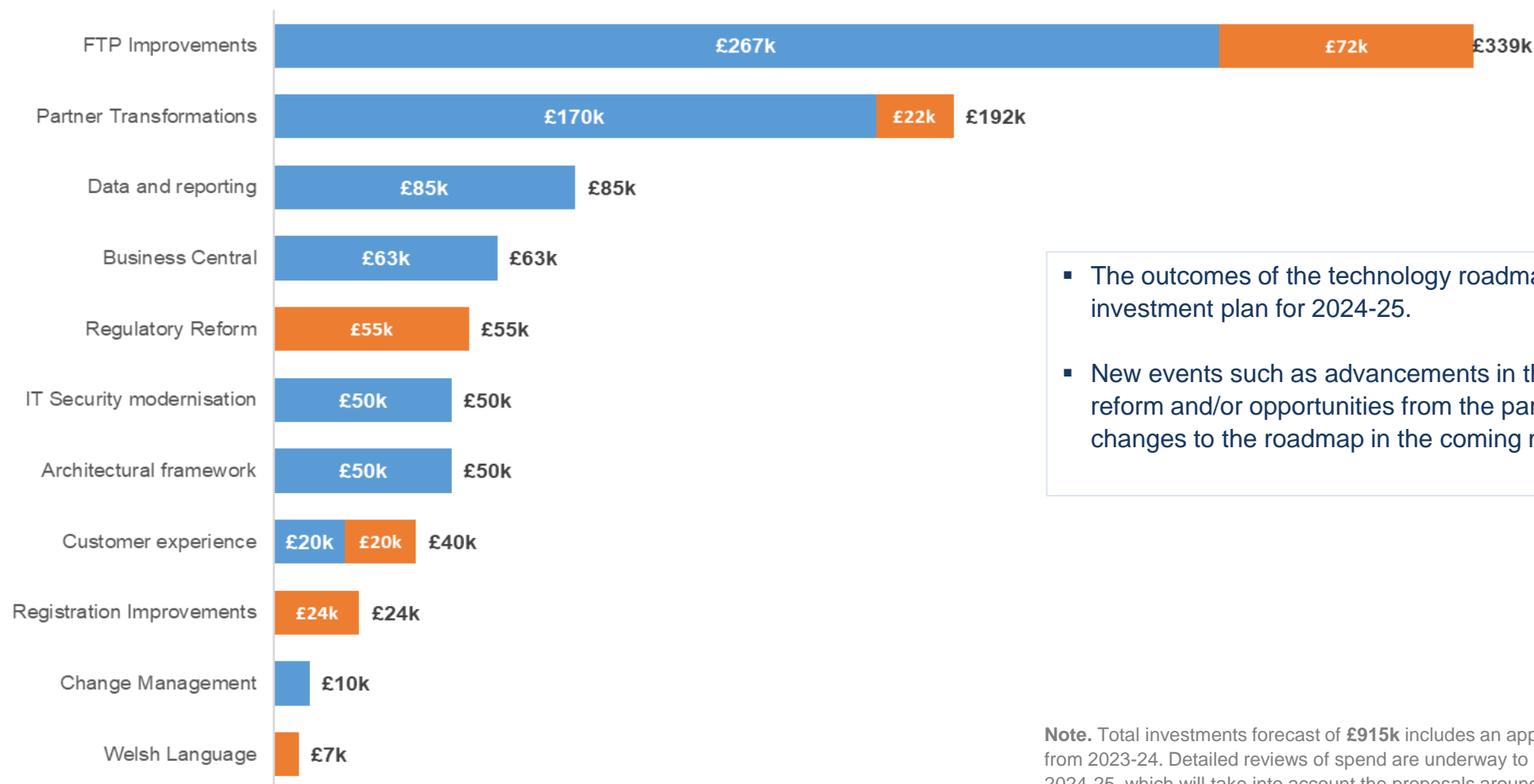
2024-25 Forecast (Running Total)



The above shows a projected surplus of £3.4m if we take the February 2025 year-to-date position with the forecasts for the rest of the year.

Note. Actual + Projection is based on February 2025 YTD actuals plus forecast

Appendix 11 – Investments Portfolio 2024-25 Budget



- The outcomes of the technology roadmap are 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.

Note. Total investments forecast of **£915k** includes an approved amount of 215k brought forward from 2023-24. Detailed reviews of spend are underway to capture latest spend projections for 2024-25, which will take into account the proposals around the IT Digital Roadmap.

Appendix 12 – Cashflow (as at 31 March 2025)

