

## Council

<b>Meeting Date</b>	26 March 2026
<b>Title</b>	Budget 2026-27
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<b>Executive Sponsor</b>	Alastair Bridges, Executive Director of Resources

### Executive Summary

The attached paper sets out the HCPC's 2026-27 budget and investment programme. The budget has been built on the basis of principles adopted by the Executive Leadership Team (ELT), requiring us to achieve a balanced position on the basis of prudent and realistic assumptions.

The Finance and the Business Change teams have engaged actively with heads of department and budget holders to ensure that the budget is based on assumptions that are understood and owned by the organisation as a whole. The budget delivers a small operating surplus and a prioritised programme of investments aligned with the corporate plan.

#### 1. Headline figures

	Full Year		
	2025-26 Forecast	2026-27 Budget	Variance
	£'000	£'000	£'000
Total Income	43,481	47,012	3,531
Total Expenditure	42,931	47,002	(4,071)
<b>Surplus/(Deficit)</b>	<b>550</b>	<b>10</b>	<b>(540)</b>

As per the table above, our year-end budgeted position for 2026-27 is a modest surplus of £10k.

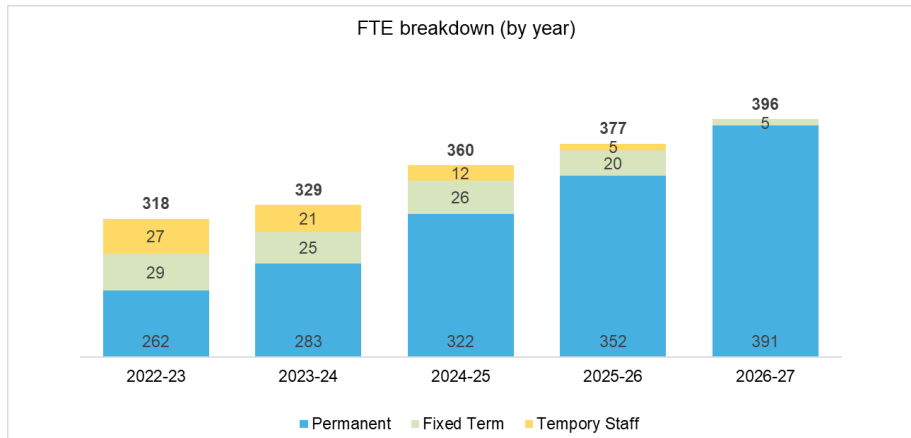
- Income:** total income of **£47 million** for financial year 2026-27 is **£3.5 million** higher compared to forecast income of **£43.5 million** for 2025-26. This is mainly as a result of a greater number of professions paying the income fee rise of 6% that took effect from 29 April 2025 (average of 23% paying new fee in 2025-26 compared to 81% in 2026-27), coupled with an overall increase in the number of registrants (from 371,000 to 383,000). The increase in registration fee income is partially offset by a reduction in the volume of international applications from 2,700 forecast for 2025-26 to 1,900 in the 2026-27 budget.

- Expenditure:** total expenditure of approximately **£47 million** in the 2026-27 budget is an increase of around **£4.1 million** compared to 2025-26 forecast of around **£42.9 million**. This is mainly driven by increase in payroll cost which includes:
  - 3% annual pay award (subject to remuneration committee and Council approval).
  - Costs for vacant posts recruited part way through 2025-26 now being reflected as full year costs.
  - Increased headcount within Legal Services department to support the in-house frontloading strategy.
  - Increased headcount across several departments as a result of the workforce planning programme.
  - Uplift to the HCPC pay band values to align more closely with labour market benchmarks and support attraction, retention, and organisational resilience.

The total expenditure also reflects reduced legal costs, as we look to build in-house legal capacity and lessen our reliance on higher-cost external legal services.

## 2. Employee full time equivalents (FTEs)

Budgeted FTE figures, as per below, of 396 for 2026-27 is 19 FTEs higher compared compared to the 2025-26 forecast of 377. This is to cover non-discretionary demand and improvements in service.



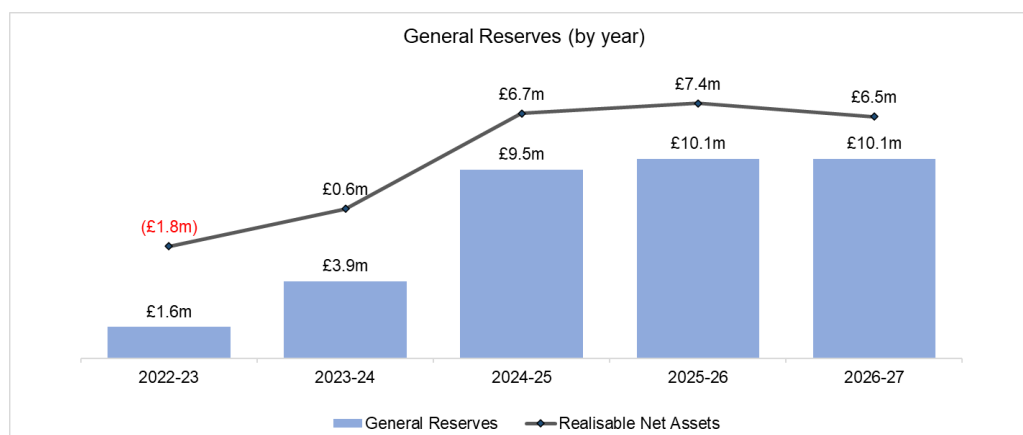
## 3. Contingency

The 2026-27 budget includes a contingency fund of £750k. This comprises of a general fund of £350k to cover potential future risks that may arise during the financial year and a ring-fenced fund of £400k to cover any further costs related to delivery of Fitness to Practise (FTP) frontloaded cases in-house.

## 4. Risks and Opportunities

There are risks to manage from the contingency fund of £750k and, in some cases, potentially from reserves; such as the FTP in-house frontloading strategy, Post-Investigating Committee Panel (ICP) instructions to our external legal providers and extra costs relating to workforce planning. There are also potential opportunities highlighted within the report including possible savings from delays in staff recruitments and potential rental income.

## 5. Balance Sheet and Reserves



By the end of 2026-27 we expect to have a total reserve of £10.1 million, which equates to £6.5 million of free reserves (or positive realisable net assets). This represents less than two months of total operating expenditure and is still below the aspirational level set by our reserves policy. Our reserves policy requires us to hold positive realisable net assets.

## 6. Investments

The budget includes £2.5 million for investments in further service improvements, prioritised by the executive using a structured approach to identify and rank organisational needs. It has been designed around a rolling 24-month delivery period, with financial updates to be made every 12 months. Planned spend has been profiled at around 70% (£1.7 million) in 2026-27 and will be reviewed and adjusted quarterly.

	CAPEX	OPEX	Carry Over	Total	2026-27
Projects	1,150	330	624	<b>2,104</b>	1,394
Backfill	350	-	-	<b>350</b>	350
	<b>1,500</b>	<b>330</b>	<b>624</b>	<b>2,454</b>	<b>1,744</b>
IT and Digital	220	-	-	<b>220</b>	220
Office Services	450	-	356	<b>806</b>	806
	<b>670</b>	-	<b>356</b>	<b>1,026</b>	<b>1,026</b>

### Action required

The Council is asked to consider and approve the proposal or recommendation.

### Previous consideration

The draft budget was recommended to the Council by the People and Resources Committee at its meeting on 12 March 2026.

<b>Next steps</b>	Send out delegated budget letter to budget holders upon budget approval from the Council.
<b>Financial and resource implications</b>	The implications are set out in the report.
<b>Associated strategic priority/priorities</b>	Build a resilient, healthy, capable and sustainable organisation
<b>Associated strategic risk(s)</b>	5.a The resources we require to achieve our strategy are not in place or are not sustainable
<b>Risk appetite</b>	Financial - measured
<b>Communication and engagement</b>	Not applicable
<b>Equality, diversity and inclusion (EDI) impact and Welsh language standards</b>	The budget incorporates funding for further progress on EDI.
<b>Other impact assessments</b>	Not applicable
<b>Reason for consideration in the private session of the meeting (if applicable)</b>	Not applicable

## 1. Background

**1.1** This paper sets out the HCPC's draft 2026-27 budget and investment programme. The budget follows principles adopted by the Executive Leadership Team (ELT), requiring us to achieve a balanced position on the basis of prudent and realistic assumptions. The budgeting process has been thorough, with Finance working closely with budget holders to ensure essential costs are captured, the improvement programme is fully funded, and opportunities for efficiencies are identified.

## 2. Summary of recommended budget

**2.1** The recommended budget gives a balanced position, with a projected operating surplus of £10k. The budget is aligned with the new corporate strategy currently being finalised and the draft corporate plan for 2026-27, which the Council will also be considering. The budget supports delivery of our core regulatory responsibilities and essential corporate functions, and it provides for further improvements, including changes to the management of fitness to practise (FTP) cases, delivery of a refreshed digital and AI strategy, and other improvements.

**2.2** Significant risks are covered through ring-fenced reserves. The budget reflects the HCPC's commitment to financial sustainability, with planned expenditure funded from our fee income. There are risks and opportunities that will be actively managed over the year.

	Full Year		
	2025-26 Forecast	2026-27 Budget	Variance
	£'000	£'000	£'000
Registration Income	42,371	46,080	3,709
Grant Income	117	0	(117)
Other Income	993	932	(61)
<b>Total Income</b>	<b>43,481</b>	<b>47,012</b>	<b>3,531</b>
Payroll Costs	19,649	21,866	(2,217)
Other Staff Costs	884	791	93
Non-Payroll Costs	22,104	23,311	(1,207)
<b>Total Operating Expenditure</b>	<b>42,637</b>	<b>45,968</b>	<b>(3,331)</b>
Corporation Tax	244	224	20
Contingency (General)	50	350	(300)
Contingency (Frontloading)	0	400	(400)
Transformation Costs	0	60	(60)
<b>Total Expenditure</b>	<b>42,931</b>	<b>47,002</b>	<b>(4,071)</b>
<b>Total Surplus/(Deficit)</b>	<b>550</b>	<b>10</b>	<b>(540)</b>

Note. '2025-26 Forecast' based on January reforecast

### 3. Fitness to Practise (FTP) frontloading project

- 3.1 The budget makes provision for the changes in management of FTP Scenario A (frontloading) cases that are being implemented through the legal services project, which has been separately reported to the Council.
- 3.2 The new approach involves increasing in-house legal capacity to reduce our reliance on more expensive external legal services, with the target of 50% of Scenario A (frontloading) cases being managed in-house from April 2026. The costs of increasing in-house capacity have been incorporated into the budget, with a further £400k held in contingency to cover any variance outside the planned transition.
- 3.3 This approach is expected to deliver approximately £2 million in cost savings in 2026-27, assuming that the 50% frontloading target is achieved. Progress will be monitored throughout the year, with further reviews undertaken to assess whether the contingency provision is required.

### 4. Workforce Planning

- 4.1 An organisation-wide workforce planning project commenced in Q3 of 2025-26, to identify and plan for the capacity and capabilities required to deliver departmental workplans effectively.
- 4.2 The project was delivered collaboratively, led by Human Resources, working collaboratively with heads of department. Departments engaged through workshops, reviews of operating models, assessment of internal and external drivers, and alignment with strategic and investment priorities.
- 4.3 Workforce requests were categorised into Must, Should, and Could, reflecting urgency and strategic need. These covered headcount increases as well as upskilling.
- 4.4 The ELT has reviewed and approved the majority of workforce requests categorised as 'Must' (included in the budget), recognising that these capacity-critical roles are essential to maintain operational resilience in the face of rising demand and workload pressures. This ensures we can continue to manage immediate operational pressures while maintaining a balanced budget aligned to prioritised business needs.
- 4.5 Posts in the 'Should' category are also important in sustaining organisational performance and delivery of further improvements. If we cannot fund these roles later in the year or beyond, there is a risk that elements of our corporate strategy may not be fully delivered. The affordability of the workforce plan 'Should' roles will be reviewed during the financial year; if progress remains on track on the FTP legal services project, we may be able to release part of the £400k legal services contingency to fund some of these roles.

## 5. Assumptions

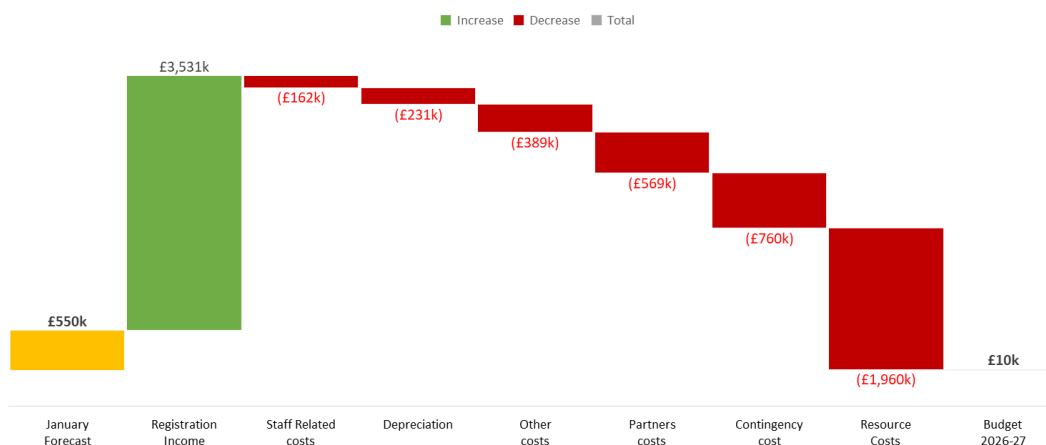
### 5.1 The draft budget is based on the following main assumptions:

- An increase of 3% in the total number of registrants (from 371,000 to 383,000), generating higher fee income in 2026-27 compared to 2025-26, as well as a greater number of professions that will pay the 6% fee increase that took effect from April 2025 (average of 23% paying new fee in 2025-26 compared to 81% in 2026-27).
- International income based on an assumed total of 1,900 applications in 2026-27; this has been prudently set lower than the full-year forecast for 2025-26 of 2,700 applications. This is because we have seen a consistent downward trend of international volume since the spike in applications in December 2024 and January 2025. This may be attributed to various external factors affecting individuals applying to work in the UK.
- A 3% employee pay award, as well as changes to the HCPC's pay bands following a review, which are recommended by the Remuneration Committee (RemCom) and are subject to Council's approval.
- A 2.5% vacancy gap rate on total payroll cost has been applied, to take account of potential over-optimism about how quickly vacancies will be filled.
- 50% of FTP Scenario A cases (frontloaded cases) are assumed to be handled in-house from April 2026 in line with the operational target.
- Additional costs of around £300k arising from the recent workforce planning exercise; with items categorised as 'Must' priorities included within the budget.

**5.2** The contingency fund of £750k includes a general fund of £350k to cover potential future risks that may arise during the financial year and a ring-fenced fund of £400k to cover any further costs related to delivery of FTP frontloaded cases in-house.

## 6. Key movements: 2026-27 budget vs 2025-26 forecast outturn

**6.1** The chart below shows the main movements between the projected full-year outturn in 2025-26 and the recommended budget for 2026-27:



**Note.** Resource costs include Payroll and Temporary Staff costs. Staff related costs includes training, recruitment fees and other employee costs e.g. pension administration costs. Please refer to Appendix D for further breakdown

- 6.2** The year-on-year changes are mainly driven by payroll, which includes the full-year costs of vacancies that were filled part way through 2025-26, the cost of the annual pay award, increase in resources due to the frontloading strategy and approved workforce planning requests.
- 6.3** Further details on income and expenditure, including changes from 2025-26 are in the Background section below and in Appendices B, C and D.

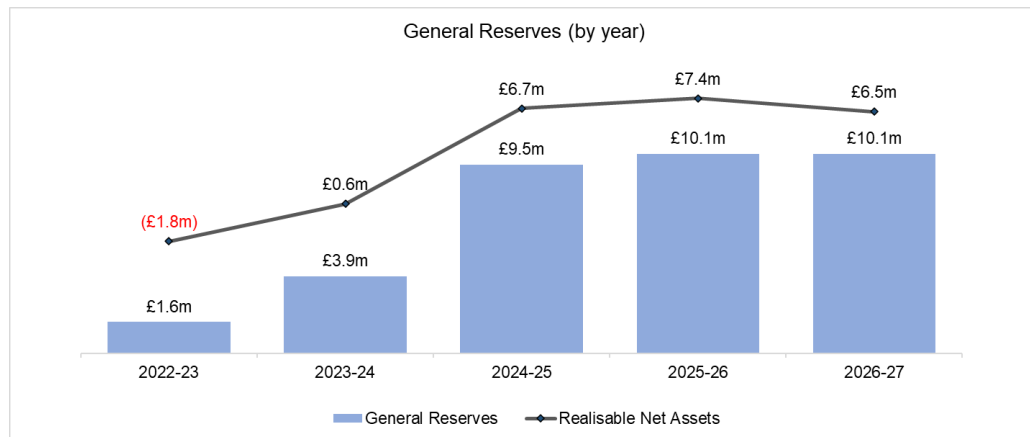
## 7. Investments

- 7.1** The budget includes the 2026-27 portion of a £2.5 million for investments in further service improvements, prioritised by the executive using a structured approach to identify and rank organisational needs. The £2.5 million is a two-year envelope that reflects the multi-annual nature of most major investments. The investment budget is aligned with the new corporate strategy. We are preparing an updated digital and AI strategy aligned with the corporate strategy, which will incorporate the next phase of our technology roadmap improvements and set out our approach to maximising the benefits of artificial intelligence (AI)-enabled technology, with ethical and security guardrails in place.
- 7.2** The £2.5 million two-year envelope includes a carry-over of approximately £0.6 million from 2025-26 for investment spend. Under the HCPC's capital expenditure policy, unused capital allocations may be carried forward for up to one financial year.
- 7.3** This investment envelope comprises capital expenditure (CAPEX), operational expenditure (OPEX), and provision for project resourcing. It has been designed around a rolling 24-month delivery period, with financial updates to be made every 12 months. Planned spend in 2026-27 has been profiled at around 70% (£1.7 million) in 2026-27 and will be reviewed and adjusted quarterly.
- 7.4** 2025-26 prioritised foundational work needed for the next phase of the technology roadmap alongside partners, legal services, frontloading and Business Central enhancements. 2026-27 will now focus on customer facing changes.
- 7.5** The budget also includes £0.7 million capital expenditure, covering IT equipment purchases and sustainability initiatives, with a further £0.4 million carried over from the prior year, coming to a total of £1 million.

	CAPEX	OPEX	2025-26 Carry Over	Total	2026-27
Projects	1,150	330	624	<b>2,104</b>	1,394
Backfill	350	-	-	<b>350</b>	350
	<b>1,500</b>	<b>330</b>	<b>624</b>	<b>2,454</b>	<b>1,744</b>
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Office Services	450	-	356	<b>806</b>	806
	<b>670</b>	-	<b>356</b>	<b>1,026</b>	<b>1,026</b>

## 8. Reserves

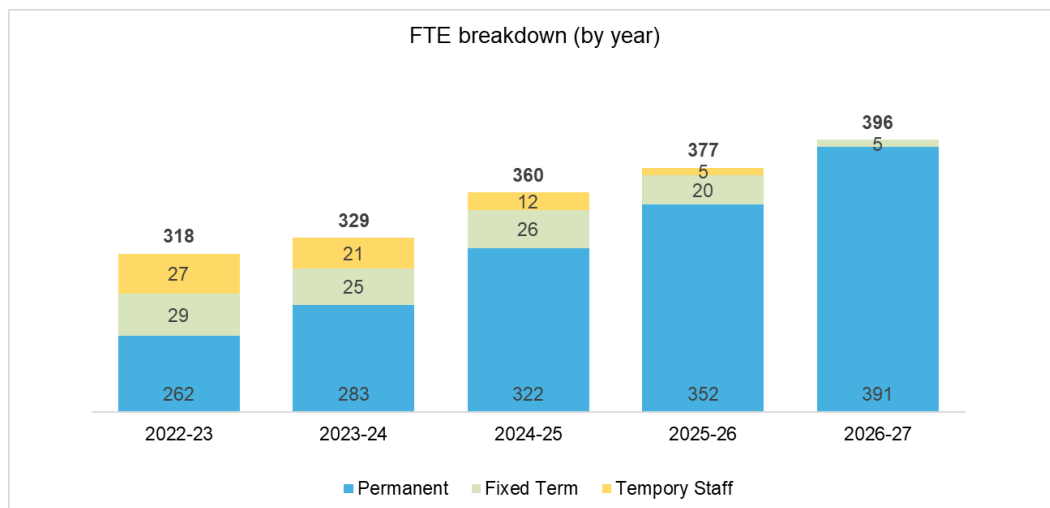
- 8.1** Historically, our reserves have been low compared to other regulators and below the levels set in our reserves policy, which left the HCPC vulnerable to the financial consequences of risks and unforeseen pressures. However, our more recent commitment to regular fee reviews and strong financial management have improved the position.
- 8.2** By the end of 2026-27 we expect to have total reserves of £10.1 million, which equates to £6.5 million of free reserves (or positive realisable net assets). Our free reserves represent less than two months of total operating expenditure and are still below the aspirational level set by our reserves policy but nonetheless represent a good position. The HCPC's reserves policy requires us to maintain positive realisable net assets.



## 9. Employee headcount (full time equivalents - FTEs)

- 9.1** Our headcount has increased in recent years in proportion to rising external demand as well as the need to invest in improved service and reduce our reliance on outsourced provision in some areas. However, we remain lean compared to other regulators when the size of our register is taken into account.
- 9.2** The 2026-27 FTEs shown in the graph below represent projected FTE numbers as at 31 March 2027.
- 9.3** There is a net increase of 19 FTEs in 2026-27 compared with the 2025-26 forecast. The key drivers of this increase are outlined below.

## Restricted



- An increase in legal services resources to support the in-house frontloading strategy, and additional case managers within the Case Progression and Quality department to support with increasing case referrals, with the objective of reducing average caseloads by 10% (23 FTEs)
- Additional capacity in Human Resources department to meet increased recruitment volumes in the operational departments, which we expect to be funded by savings on recruitment agency fees (3 FTEs).
- Additional resource due to operational pressures within Business Change, Data Insight and Analytics, Education, IT, and Policy and Standards, to maintain operational resilience in the face of rising workload pressures (6 FTEs).
- This is partly offset by a reduction in some fixed-term resource within the Policy and Standards department, previously brought in to develop resources for allied health professionals (AHPs) in relation to advanced practice, and decrease in fixed term resource in the Registration department made possible under our flexible resourcing model by the reduction in the volume of international applications (reduction of 13 FTEs).

Appendix E shows the split of headcount in 2026-27 by employee type.

## 10. Operational efficiencies

**10.1** As set out in the table below, our costs are projected to increase by 9% from £43 million in 2025-26 to £47 million in 2026-27. The main drivers of this increase are:

- 3% increase in registrant numbers noted above, from 371,000 in 2025-26 to 383,000 in 2026-27, which involves an increase in associated direct and indirect costs, matched by income.
- 11% increase in FTP demand.
- The costs of the recommended pay award.
- Other pay and non-pay cost pressures summarised in the 'Background' section below.

**10.2** In contrast, our projected income increases by only 8% from £43.5 million in 2025-26 to £47.0 million in 2026-27, which means that our total costs are increasing faster than our income.

**10.3** However, after accounting for inflation, rising FTP demand, and other movements in costs, income, and efficiencies, we have been able to maintain the average total cost per registrant broadly flat in real terms.

	2025-26 Forecast	2026-27 Budget	Increase / (Decrease)
No. of Registrants	371,000	383,000	3%
Total Income (£'000)	£43,481	£47,012	8%
Income per Registrant	£117	£123	5%
Total Expenditure (£'000)	£42,931	£47,002	9%
Costs per Registrant	£116	£123	6%
Costs per Registrant (excluding increased FTP demand)	£116	£110	(5%)

**10.4** We are also targeting other productivity gains including a 10% reduction in average FTP caseloads held by case managers and benefits from the investment programme.

## 11. Risks

**11.1** There are risks to manage from the contingency and, in some cases, potentially from reserves.

**11.2** Listed below are key risks grouped by likelihood:

### High likelihood

- **Office Refurbishment:** Requirement to refurbish space to accommodate rental income opportunity (£60k).
- **Pre-ICP consultancy work:** engagement of barristers to assist with ongoing work on timeliness project (£55k).
- **Workforce Planning requests:** potential increase in payroll cost relating to remaining workforce requests categorised as business-critical roles (£100k).

### Medium to low likelihood

- **FTP Frontloading:** additional legal costs should the 50% of Scenario A cases (frontloading) assumed to be handled in-house from April 2026 not fully materialise (£250k).
- **Temporary staff costs:** potential increase in agency costs within FTP to help cover illnesses and critical vacancies (£60k).

- **Policy Research:** additional research around CPD review and return to practice (£50k)
- **Post-ICP cases:** potential increase in the number of Scenario B (Post-ICP) instructions to our external legal providers (ELPs).

**11.3** We envisage ring-fencing £500k from the forecasted full year 2025-26 surplus to cover potential risks in 2026-27. These risks include higher than budgeted post-ICP legal costs, possible additional costs in relation to fraudulent cases and potential future claims regarding the employment status of legal assessors.

**11.4** In addition, we have earmarked £250k from reserves to support further AI investments and capacity building identified through the new digital and AI strategy. This is in addition to the existing £225k within the investment plan for automation and AI, giving a total of around £500k available for AI-related initiatives.

**11.5** These amounts earmarked in reserves would flow through from the forecasted underspend in 2025-26, which includes both genuine underspends and timing-related deductions. As the forecast underspend exceeds the surplus assumed in the original 2025-26 budget, a corresponding amount could, if necessary, be released from reserves in 2026-27 without materially weakening the underlying financial position assumed in our medium-term projections.

## 12. Opportunities

**12.1** Listed below are key opportunities grouped by likelihood:

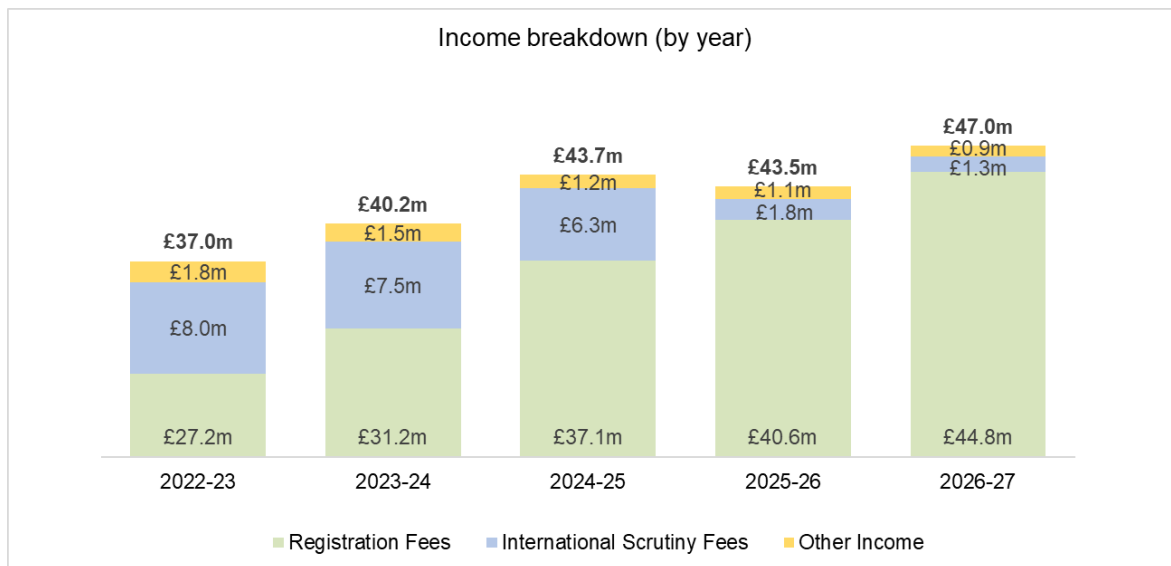
### High likelihood

- **Rental income:** an extra income from renting out office and hearing room spaces (£85k - £140k).

### Medium to low likelihood

- **FTP vacancies:** further phasing from delays in recruitment, sick leave, maternity leave across FTP directorate.
- **FTP hearing costs:** if the projected increased volume of post-ICP hearing costs does not materialise, as result of slower throughput of cases or capacity constraints.
- **Post-ICP cases:** possible underspend if the number of Scenario B (Post-ICP) instructions issued to ELPs decreases during the year, due to resource or capacity constraints arising during the year.
- **Investment income:** the HCPC holds significant cash balances, with the potential to earn additional income if we choose to invest our cash differently (£80k).
- **Recruitment Fees:** reduced reliance on recruitment agencies than budgeted (£60k).

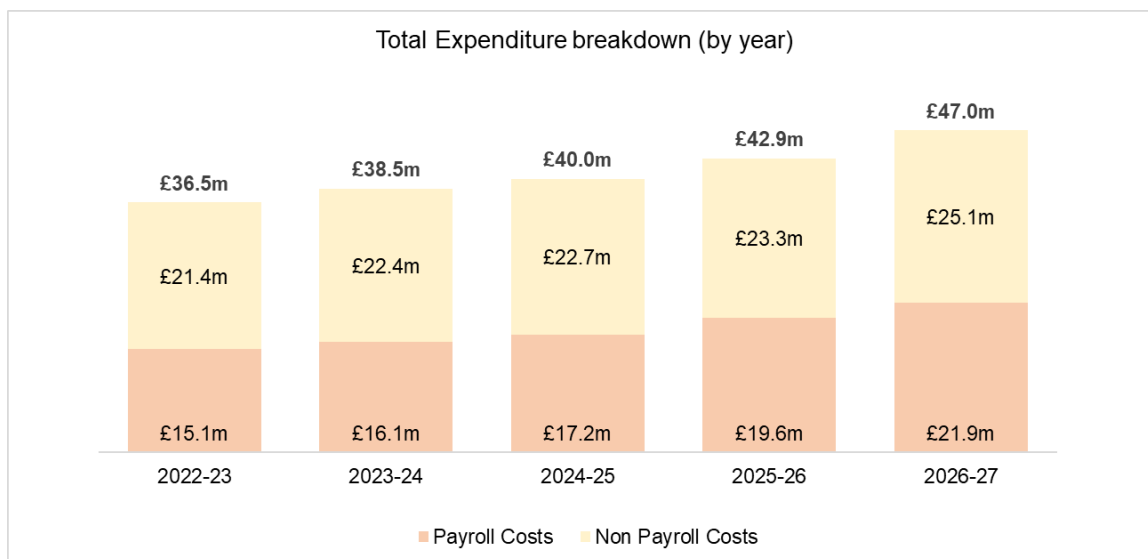
### 13. Background - Income



13.1 Total budgeted income is approximately £47 million, which assumes:

- Registration income of around £45 million driven by approximately 383,000 registrants (371,000 active registrants forecasted for 2025-26).
- International income of approximately £1.3 million is based on 1,900 international applicants assumed to come through in 2026-27 (2025-26 budget 7,500 and forecast 2,700).
- Investment income of around £847k from bank interest as a result of favourable rates secured on our Lloyds and Barclays accounts.
- Rental income of £85k from the General Chiropractic Council (GCC) for their occupancy of the 3rd floor of the 184/186 main office and having access to our tribunal rooms.

### 14. Background – Expenditure



## Pay costs

**14.1** Payroll costs for 2026-27 are £2.2 million higher compared to the 2025-26 forecast, primarily due to:

- Costs for vacant posts recruited part way through 2025-26 now being reflected as full year costs.
- A 3% annual pay award (subject to Council approval).
- Increased headcount within FTP directorates, including additional Legal Services staff to support the in-house frontloading strategy.
- An uplift to the HCPC pay band values to align more closely with labour market benchmarks and support attraction, retention, and organisational resilience.

**14.2** The pay award and pay band changes mean that 108 staffs on the starting point of the lowest pay band would receive a 10% increase in their salary. All staff would be paid more than the London Living Wage (LLW). The HCPC also requires that contracted cleaners and security staff working in our office are paid the LLW. Over the coming year the People and Resources Committee (PRC) and RemCom may wish to review progress on addressing pay gaps and the impact of the recommended pay changes on recruitment, retention and engagement, particularly in relation to lower paid staff.

## Non-pay costs

**14.3** The non-pay costs for 2026-27 are £1.9 million higher compared to the 2025-26 forecast. This is mainly due to:

- £0.8 million contingency fund included to cover potential future risks that may arise during the financial year and any further costs related to delivery of FTP frontloaded cases in-house.
- £0.6 million increase in partners costs due to higher partners fees (holiday pay and pension now in effect) and assumed increase in final hearings.
- £0.3 million increase in depreciation in line with timing of capital expenditure completion dates.
- £0.2 million increase in staff related costs (recruitment fees and training and development costs), as a result of additional resource requirements and strategic initiatives focused on employee development.

## 15. Recommendation

**15.1** We recommend that the Council:

- a) agrees the 2026-27 budget (including project investments) as recommended by the PRC;
- b) agrees the annual pay award and pay band increase incorporated in the budget, as recommended by RemCom;
- c) notes the risks and opportunities and associated mitigations that may affect the budget position over the course of the year; and
- d) gives approval for the executive to progress with the contract negotiations set out in Appendix I.

## Appendix A: Investment Portfolio

The total budget of £1.8 million, plus the carry-over from 2025-26 of £0.6 million, represents a total investment portfolio of £2.5 million (planned for a 24-month delivery period), to ensure successful delivery of these projects and ensure resources and capacity are effectively utilised. Applying a 60% profile on CAPEX results in a forecasted spend of approximately £1.7 million for 2026-27.

**Table A1:**

	CAPEX	OPEX	Carry Over	Total	2026-27
Projects	1,150	330	624	<b>2,104</b>	1,394
Backfill	350	-	-	<b>350</b>	350
	<b>1,500</b>	<b>330</b>	<b>624</b>	<b>2,454</b>	<b>1,744</b>
IT and Digital	220	-	-	<b>220</b>	220
Office Services	450	-	356	<b>806</b>	806
	<b>670</b>	-	<b>356</b>	<b>1,026</b>	<b>1,026</b>

**Table A2:**

Investment, IT and Office Services	2026-28	Carry over	Total
Customer Contact	175	62	237
Online experience	355	37	392
Customer Relationships (CRM)	100	100	200
Data and Intelligence	30	30	60
Automation and AI	225	-	225
Sustainable hybrid office working	920	499	1,419
Modern Workspace	50	30	80
FTP Transformation	135	22	157
International Assessment	160	200	360
Backfill Resources	350	-	350
<b>Total</b>	<b>2,500</b>	<b>980</b>	<b>3,480</b>

Below are the programme objectives:

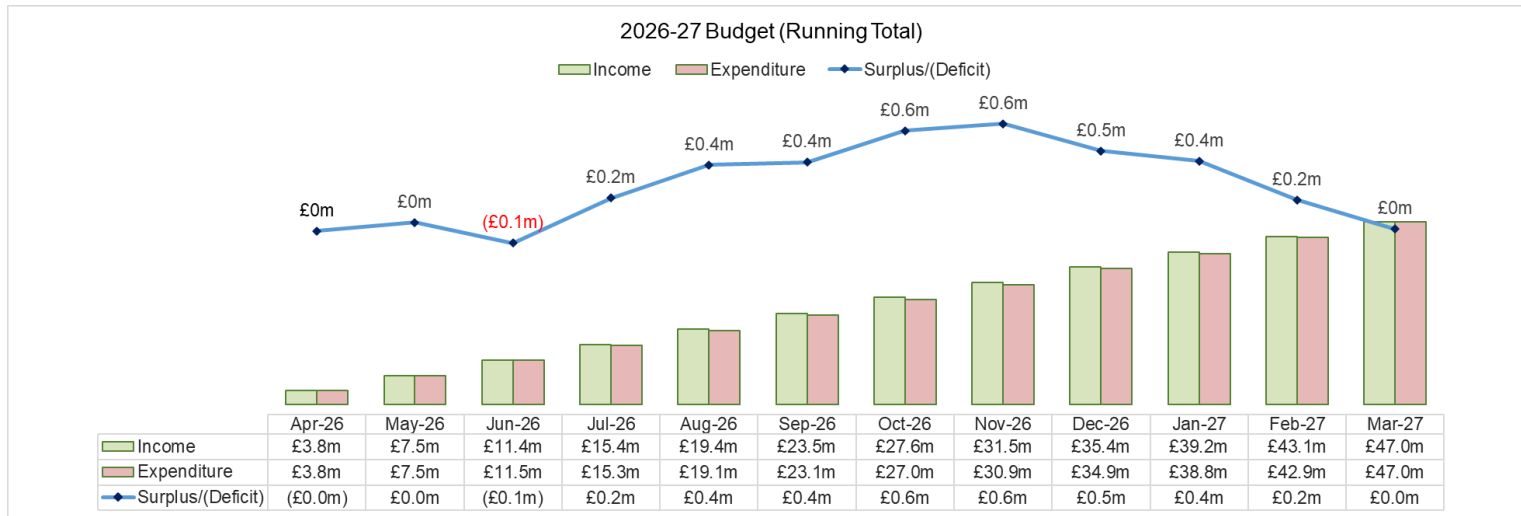
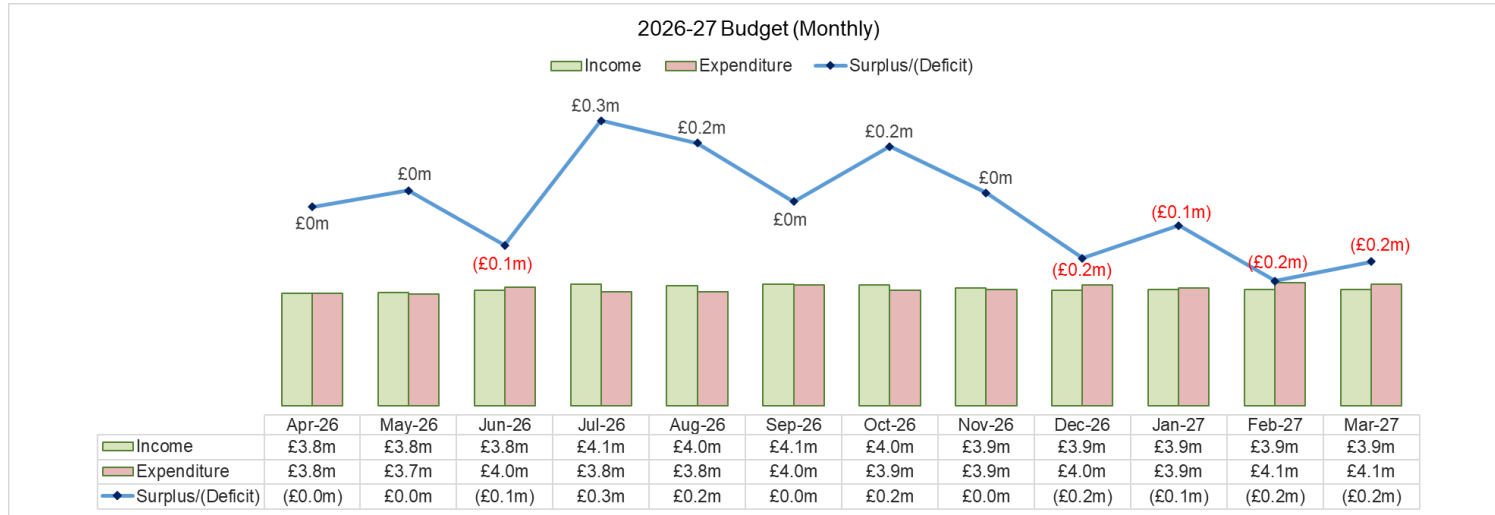
- **Customer Contact:** Implement a new operating model and technology to ensure stakeholders get the right information from right people when they need it with the correct branding and tone of voice.
- **Online experience:** Provide a personalised, secure, and integrated experience (with the correct branding and tone of voice) for all stakeholders accessing our online services and disinvest from legacy portals.
- **Customer Relationship:** Create a single and system integrated version of the truth for all stakeholder interactions for Registrant, complaints, and freedom of information requests.

- **Data and Intelligence:** Create standard data models for the HCPC data assets with secure shared self-service access for internal and external stakeholder needs.
- **Automation and AI:** Enable secure use and skilled support of generative AI and use tools and processes to automate manual processes across the HCPC services such as direct debits and UK graduate route pathways.
- **Sustainably hybrid office working:** Modernise environmental systems, provide suitable collaborative and private workspaces, deploy new laptops and monitors, and modernise the cloud-aware network infrastructure in Park House.
- **Modern workspace:** Enable secure document sharing with persistent access controls and auditability and analyse existing shared drive usage to prepare for a migration to a modern document management approach.
- **FTP Transformation:** Implement supportive services for Registrants in FTP, redesign key processes, and workflows to support quality a timeous FTP outcome and develop an internal legal service process.
- **International Assessment:** TOC quality monitoring, which is data and evidence driven, create secure third-party environments and processes to verify qualifications, skills, and quality, enabled by technologies, such as AI where appropriate.

<b>Initiatives</b>	<b>2026-28 (£'000)</b>	<b>Carry Over (£'000)</b>	<b>Total (£'000)</b>
Backfill	350	-	350
Contact Centre	120	62	182
International Assessment	160	200	360
Medical Assessment and Drug testing	30	-	30
Network Transformation	250	143	393
Omni-channel	25	-	25
Single CRM	100	100	200
UK Grad Route	125	-	125
Hybrid Office	50	-	50
Website and Portals	90	30	120
Final Hearings listing model	100	22	122
Self-Service reporting	30	-	30
HVAC Replacement	400	356	756
Power Apps	5	-	5
Azure AI POC	30	-	30
Resource Management platform	40	-	40
Data Platform	-	30	30
Business Central Phase 4	80	-	80
HCPTS Website modernisation	60	-	60
Secure Document Sharing	20	30	50
Online Identity Management	80	7	87
Data Sharing	-	-	-
Co-Pilot secure enable	20	-	20
Process Improvement	55	-	55
SharePoint	30	-	30
IT Hardware (EOL)	220	-	220
Visual Identity and Tone of Voice	30	-	30
Target Operating Model	-	-	-
<b>Total</b>	<b>2,500</b>	<b>980</b>	<b>3,480</b>

Restricted

Appendix B: Budget Profile



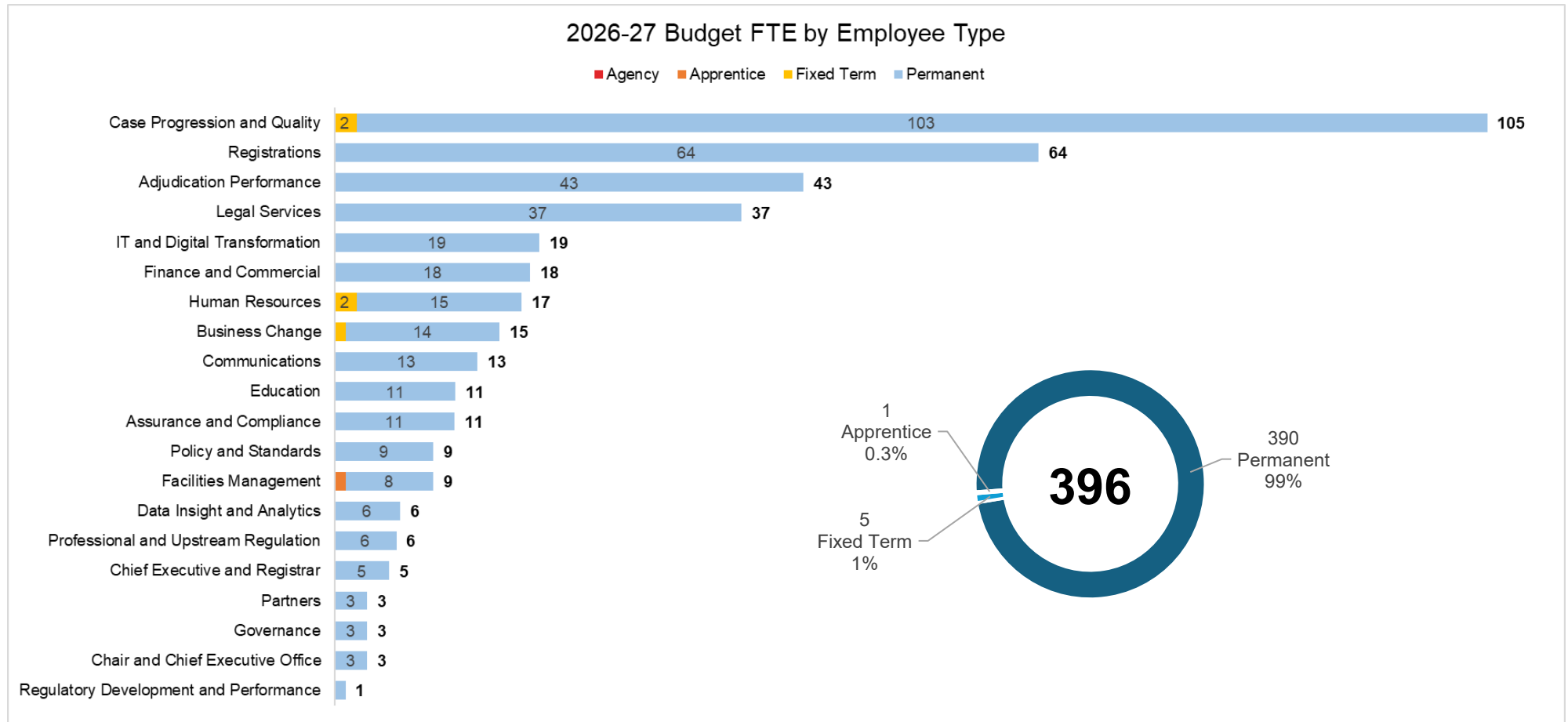
## Appendix C: Income and Expenditure by Department

	2025-26 Forecast	2026-27 Budget	Variance
	£'000	£'000	£'000
Registration Income	42,371	46,080	3,709
Grant Income	117	0	(117)
Other Income	993	932	(61)
<b>Total Income</b>	<b>43,481</b>	<b>47,012</b>	<b>3,531</b>
Fitness to Practise	21,582	23,692	(2,110)
IT and Digital Transformation	3,998	4,026	(28)
Registrations	3,716	3,539	177
Chief Executive and Registrar	1,875	1,359	516
Finance and Commercial	1,745	1,747	(2)
Facilities Management	1,295	1,466	(171)
Human Resources	1,238	1,583	(345)
Communications	1,068	1,096	(28)
Depreciation	957	1,188	(231)
Business Change	910	1,231	(321)
Policy and Standards	869	824	45
Assurance and Compliance	769	786	(17)
Education	608	695	(87)
Chair, Council and Committees	344	370	(26)
Data Insight and Analytics	312	432	(120)
Partners	296	407	(111)
Governance	289	288	1
Professional and Upstream Regulation	288	407	(119)
Major Projects	230	570	(340)
Chair and Chief Executive Office	145	156	(11)
Regulatory Development and Performance	103	106	(3)
<b>Total Operating Expenditure</b>	<b>42,637</b>	<b>45,968</b>	<b>(3,331)</b>
<b>Operating Surplus/(Deficit)</b>	<b>844</b>	<b>1,044</b>	<b>200</b>
Corporation Tax	244	224	20
Contingency (General)	50	350	(300)
Contingency (Frontloading)	0	400	(400)
Transformation costs	0	60	(60)
<b>Total Expenditure</b>	<b>42,931</b>	<b>47,002</b>	<b>(4,071)</b>
<b>Total Surplus/(Deficit)</b>	<b>550</b>	<b>10</b>	<b>(540)</b>

## Appendix D: Income and Expenditure by Category

	Full Year		
	2025-26 Forecast	2026-27 Budget	Variance
	£'000	£'000	£'000
<b>Total Income</b>	<b>43,481</b>	<b>47,012</b>	<b>3,531</b>
Payroll	19,649	21,866	(2,217)
Legal Costs	9,506	9,635	(129)
Partners	4,725	5,294	(569)
IT Costs	2,687	2,576	111
Professional Fees	2,318	2,381	(63)
Depreciation	957	1,188	(231)
Staff Related Costs	515	679	(164)
Property Costs	435	449	(14)
Other Costs	410	1,288	(878)
Office Services	396	456	(60)
Temporary Staff	369	112	257
Utilities	306	371	(65)
Corporation Tax	244	224	20
Communication Costs	232	171	61
Travel & Subsistence	138	233	(95)
Council Committee	44	79	(35)
<b>Total Expenditure</b>	<b>42,931</b>	<b>47,002</b>	<b>(4,071)</b>
<b>Total Surplus/(Deficit)</b>	<b>550</b>	<b>10</b>	<b>(540)</b>

### Appendix E: Headcount - Full-Time Equivalent (FTE)

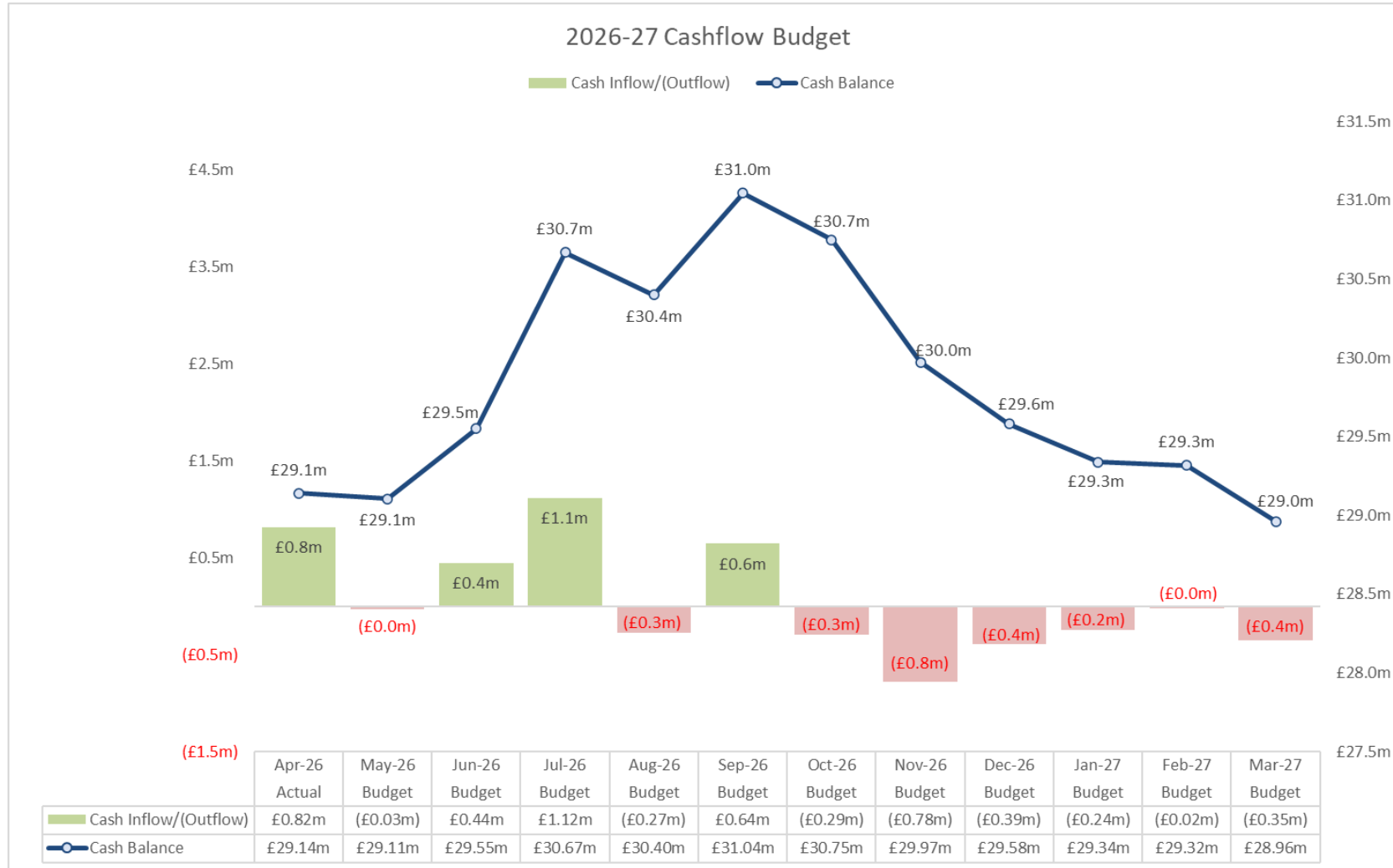


**Note.** The FTE figures above are reported as at 31 March 2027

## Appendix F: Balance Sheet

	31 March 2026 Forecast	31 March 2027 Budget	Variance
	£'000	£'000	£'000
Property, Plant & Equipment	5,815	6,575	(760)
Intangible Assets	2,708	3,576	(869)
<b>Total Fixed Assets</b>	<b>8,523</b>	<b>10,151</b>	<b>(1,629)</b>
<b>Current Assets</b>			
Trade and Other Receivables	36,116	37,389	(1,273)
Cash and Cash Equivalents	28,324	28,961	(638)
<b>Total Current Assets</b>	<b>64,439</b>	<b>66,350</b>	<b>(1,911)</b>
<b>Total Assets</b>	<b>72,962</b>	<b>76,501</b>	<b>(3,539)</b>
<b>Current Liabilities</b>			
Deferred Income	57,538	59,567	2,028
Trade and Other Payables - other liabilities	5,059	6,560	1,501
<b>Total Current Liabilities</b>	<b>62,597</b>	<b>66,126</b>	<b>3,529</b>
Non-Current Liabilities	300	300	0
<b>Total Liabilities</b>	<b>62,897</b>	<b>66,426</b>	<b>3,529</b>
<b>NET ASSETS</b>	<b>10,065</b>	<b>10,075</b>	<b>(10)</b>
General Reserves	9,514	10,065	(550)
Surplus/(Deficit)	550	10	540
<b>TOTAL RESERVES</b>	<b>10,065</b>	<b>10,075</b>	<b>(10)</b>
<b>Realisable Net Assets</b>	<b>7,357</b>	<b>6,498</b>	<b>858</b>

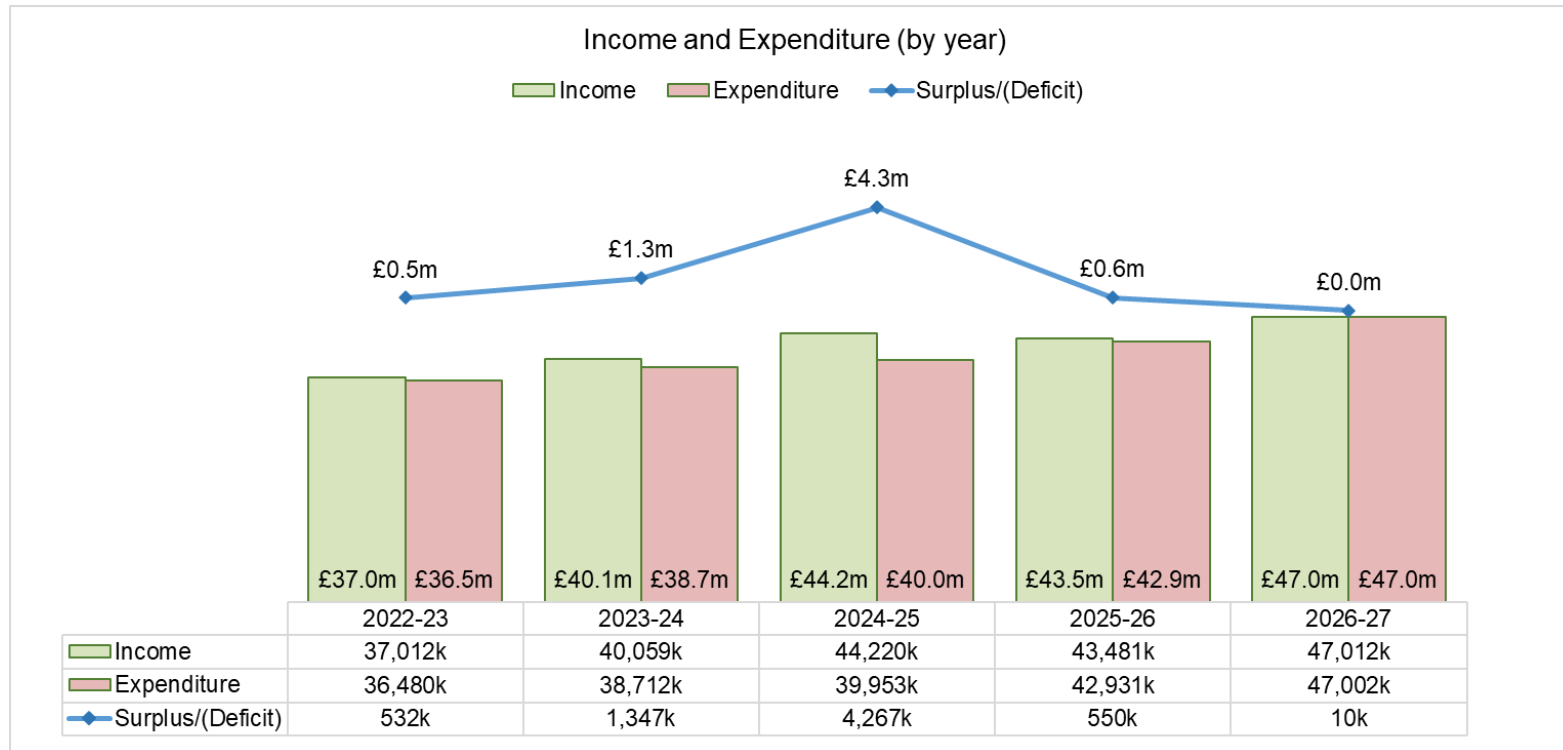
Appendix G: Cashflow



## Appendix H: Historical trends and Financial Plan

### Historical trends

The graph below outlines the organisation’s financial position from 2022-23 to 2026-27. The figures for 2025-26 reflect the latest forecast for the current financial year, while the 2026-27 figures are based on budget assumptions for next year. The graph shows a declining trend, moving from higher surplus levels in earlier years; driven primarily by an unprecedented rise in international income in 2024-25, to lower surpluses thereafter.



## Financial Plan – Central Scenario

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Income	46,080	47,048	47,501	47,901	48,310	48,729
Other Income	932	907	877	847	817	787
<b>Total Income</b>	<b>47,012</b>	<b>47,955</b>	<b>48,378</b>	<b>48,748</b>	<b>49,127</b>	<b>49,516</b>
Payroll Costs	21,866	22,251	22,917	23,603	24,310	25,038
Other Staff Costs	791	888	947	906	915	924
Non-Payroll Costs	23,311	22,813	23,145	24,121	25,207	26,361
<b>Total Operating Expenditure</b>	<b>45,968</b>	<b>45,952</b>	<b>47,008</b>	<b>48,630</b>	<b>50,432</b>	<b>52,322</b>
Exceptional Costs	1,034	1,142	1,141	1,140	1,139	1,138
<b>Total Expenditure</b>	<b>47,002</b>	<b>47,093</b>	<b>48,150</b>	<b>49,770</b>	<b>51,571</b>	<b>53,461</b>
<b>Total Operational Surplus/(Deficit)</b>	<b>10</b>	<b>862</b>	<b>228</b>	<b>(1,022)</b>	<b>(2,444)</b>	<b>(3,945)</b>

## Note.

- Registrant income accounts for all professions paying the new fee that came into effect in April 2025 by Q2 2027-2028. It also assumes an average incremental increase of approximately 1% in total number of registrants. *This projection does not factor in any future fee increases – Council to review the fees consultation paper in March 2026.*
- A pay increase of 3% and a vacancy gap of 2.5% per year applied for payroll costs across the years.
- Total expenditure assumed to increase at an average annual rate of 4%.
- Assumes continuation of the 50% Scenario A (Frontloading) case target in subsequent periods.

### Financial Plan – International Applications

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Income	46,080	47,048	47,501	47,901	48,310	48,729
Other Income	932	907	877	847	817	787
<b>Total Income</b>	<b>47,012</b>	<b>47,955</b>	<b>48,378</b>	<b>48,748</b>	<b>49,127</b>	<b>49,516</b>
Payroll Costs	21,866	22,251	22,917	23,603	24,310	25,038
Other Staff Costs	791	888	947	906	915	924
Non-Payroll Costs	23,311	22,813	23,145	24,121	25,207	26,361
<b>Total Operating Expenditure</b>	<b>45,968</b>	<b>45,952</b>	<b>47,008</b>	<b>48,630</b>	<b>50,432</b>	<b>52,322</b>
Exceptional Costs	1,034	1,142	1,141	1,140	1,139	1,138
<b>Total Expenditure</b>	<b>47,002</b>	<b>47,093</b>	<b>48,150</b>	<b>49,770</b>	<b>51,571</b>	<b>53,461</b>
<b>Total Operational Surplus/(Deficit)</b>	<b>10</b>	<b>862</b>	<b>228</b>	<b>(1,022)</b>	<b>(2,444)</b>	<b>(3,945)</b>
<b>Other items</b>						
Increase in International net Income	542	553	538	524	514	498
<b>Total Surplus/(Deficit)</b>	<b>552</b>	<b>1,415</b>	<b>766</b>	<b>(498)</b>	<b>(1,931)</b>	<b>(3,447)</b>

#### Note.

- Assumes central scenario and:
- International applications maintain 2025-26 volume level (increases from 1,900 to 2,700).
- International applications decrease by 5% in each subsequent year.

## Financial Plan – FTP Scenario (Post-ICP)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Income	46,080	47,048	47,501	47,901	48,310	48,729
Other Income	932	907	877	847	817	787
<b>Total Income</b>	<b>47,012</b>	<b>47,955</b>	<b>48,378</b>	<b>48,748</b>	<b>49,127</b>	<b>49,516</b>
Payroll Costs	21,866	22,251	22,917	23,603	24,310	25,038
Other Staff Costs	791	888	947	906	915	924
Non-Payroll Costs	23,311	22,813	23,145	24,121	25,207	26,361
<b>Total Operating Expenditure</b>	<b>45,968</b>	<b>45,952</b>	<b>47,008</b>	<b>48,630</b>	<b>50,432</b>	<b>52,322</b>
Exceptional Costs	1,034	1,142	1,141	1,140	1,139	1,138
<b>Total Expenditure</b>	<b>47,002</b>	<b>47,093</b>	<b>48,150</b>	<b>49,770</b>	<b>51,571</b>	<b>53,461</b>
<b>Total Operational Surplus/(Deficit)</b>	<b>10</b>	<b>862</b>	<b>228</b>	<b>(1,022)</b>	<b>(2,444)</b>	<b>(3,945)</b>
<b>Other items</b>						
Some Post-ICP cases not materialising	436	694	891	925	986	1,051
<b>Total Surplus/(Deficit)</b>	<b>446</b>	<b>1,555</b>	<b>1,119</b>	<b>(97)</b>	<b>(1,459)</b>	<b>(2,894)</b>

**Note.**

- Assumes central scenario and:
- Scenario B (Post-ICP) instructions to external legal provider are lower than budgeted (cases instructed increases incrementally year on year).

## Financial Plan – FTP Scenario (Frontloading)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Income	46,080	47,048	47,501	47,901	48,310	48,729
Other Income	932	907	877	847	817	787
<b>Total Income</b>	<b>47,012</b>	<b>47,955</b>	<b>48,378</b>	<b>48,748</b>	<b>49,127</b>	<b>49,516</b>
Payroll Costs	21,866	22,251	22,917	23,603	24,310	25,038
Other Staff Costs	791	888	947	906	915	924
Non-Payroll Costs	23,311	22,813	23,145	24,121	25,207	26,361
<b>Total Operating Expenditure</b>	<b>45,968</b>	<b>45,952</b>	<b>47,008</b>	<b>48,630</b>	<b>50,432</b>	<b>52,322</b>
Exceptional Costs	1,034	1,142	1,141	1,140	1,139	1,138
<b>Total Expenditure</b>	<b>47,002</b>	<b>47,093</b>	<b>48,150</b>	<b>49,770</b>	<b>51,571</b>	<b>53,461</b>
<b>Total Operational Surplus/(Deficit)</b>	<b>10</b>	<b>862</b>	<b>228</b>	<b>(1,022)</b>	<b>(2,444)</b>	<b>(3,945)</b>
<b>Other items</b>						
25% in-house frontloading materialises	(623)	(190)				
<b>Total Surplus/(Deficit)</b>	<b>(613)</b>	<b>672</b>	<b>228</b>	<b>(1,022)</b>	<b>(2,444)</b>	<b>(3,945)</b>

## Note.

- Assumes central scenario and:
- 25% Scenario A (Frontloading) case brought in-house achieved in Year 1, with the 50% target achieved from Q1 2027-28.

## Appendix I: Key Contracts

### New Tenders

Area	Description of Service	Expected Contract Value	Start of Procurement	Current Contract Duration	Incumbent Supplier(s)	Procurement Route
Adjudication Performance	Audio Recording -Transcription and additional Services	£375,000	Sep-26	24 Months	Marten Walsh Cherer	Framework Agreement
Adjudication Performance	Audio Recording -Transcription and additional Services	£375,000	Sep-26	24 Months	Ubiquis	Framework Agreement
IT and Digital Transformation	Registration and Finance System Support and Maintenance	£560,000	Sep-26	24 Months	IBM (Optevia Limited) / Softcat Limited	Framework Agreement
IT and Digital Transformation	FTP System – Nexus, licences and support	£325,000	May-26	24 Months	Slicedbread Limited	Direct Award
IT and Digital Transformation	Website Content Management System and Hosting	£219,000	Jun-26	24 Months	Optimizely AB (Episerver AB)	Direct Award
IT and Digital Transformation	Kallidus 360-degree performance appraisal software	£120,000	Sep-26	24 Months	Kallidus Limited	Direct Award / Framework Agreement

\*Above includes new tenders greater than £100k