People and Resources Committee

Meeting Date	12 November 2026
Title	Finance Report – September 2026
Author(s)	Busola Akinlabi, Financial Analyst. James Afolabi, Financial Planning & Analysis Manager.
Executive Sponsor	Alastair Bridges, Executive Director of Resources

Executive Summary

	September 2026 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Income	23,140	23,144	(4)	47,012	46,503	(509)
Total Expenditure	22,643	22,607	(36)	47,002	46,715	287
Surplus/(Deficit) - Excl. FTP Demand Costs	**497**	**537**	**(40)**	**10**	**(212)**	**(222)**
FTP Demand Costs	0	0	0	0	3,000	(3,000)
Surplus/(Deficit) - Incl. FTP Demand Costs	**497**	**537**	**(40)**	**10**	**(3,212)**	**(3,222)**

1. Financial Performance (year-to-date)

- **Surplus:** Year to date surplus of £497k – excluding Fitness to Practise (FTP) demand costs, is higher than the forecasted surplus of £537k.
- **Income:** Actual income of £23.1 million is in line with forecast.
- **Expenditure:** total expenditure of £22.6 million is closely in line forecast.

2. Full-year Forecast vs Budget

- **Full Year Deficit:** the forecast for the full year is a deficit of £212k (excluding FTP demand costs) which is £222k lower than the budgeted surplus of £10k.
- **Income:** adverse variance of £509k is mainly due to rebase of Registration and UK scrutiny volume. This is following a lower than anticipated 2025-26 year-end volume compared with the assumptions used during budget setting.
- **Expenditure:** full year expenditure forecast of £46.7 million, is £287k lower than the budget. Key drivers include a decrease in payroll costs primarily due to unfilled vacant posts. This is partially offset by higher temporary staff to cover vacancies, staff absences and increased demands.

- **Note.** the forecast also includes a modest contingency fund of £135k to cover risks that may arise during the remainder of the financial year, as set out in the risks and opportunities table and potentially also in other areas. If none of the contingency was required, other things equal, the forecast deficit would be £77k.

- **FTP Demand Costs:** the report highlights an approved £3 million from ring-fenced reserves to assist with ongoing commitments to provide the capacity necessary to meet FTP demand.

3. Major Project and Investments

2026-27 Budget	2026-27 Forecast	Committed Spend to Date	Actuals to Date
£3.5m	£2.1m	£0.9m	£0.7m

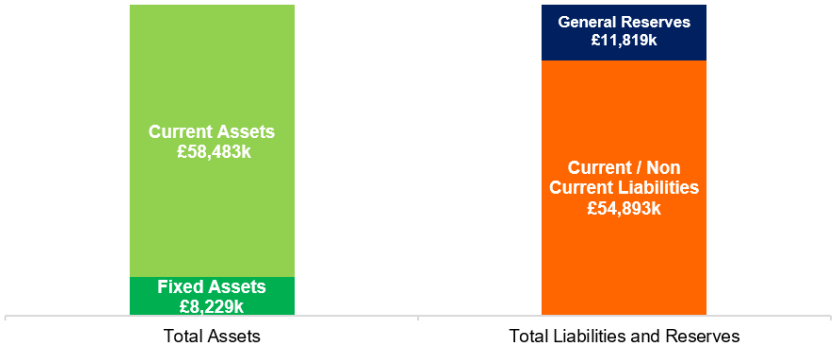
The finance report shows an investment budget of £3.5 million, which includes £980k in capital expenditure (capex) brought forward from last year. The latest forecast shows total spend will reduce to £2.1m for this financial year, with around 35% (£0.7m) already committed. As previously reported, this reduction is a consequence of a recent reprioritisation and rescheduling of deliverables from the investment programme.

4. Risks and Opportunities

- **Risks:** the report identifies several risks, including that benefits assumed in the budget from vacant roles do not fully materialise, increased data processing and cloud storage costs, an extension of finance consultants to support completion of various projects, and potential increase of case referral to external legal providers.

- **Opportunities:** these include potential business rates rebate from unused work area during the heating, ventilation and air conditioning (HVAC) installation project, reduced operational expenditure as a result of projects deferral due to reprioritisation of projects, potential upside from higher international application volumes than forecasted.

5. Balance Sheet and Reserves



- **Reserves:** General reserves stand at approximately £12 million, with realisable net assets of £10 million, representing just over two months of operating expenditure. Following the approved drawdown of reserves to support FTP demand activity, general reserves are forecast to reduce to approximately £9 million by the end of the financial year.

Conclusion
A mini forecast was undertaken as part of the September 2026 financial reporting process, focusing primarily on revised assumptions relating to payroll, partners, legal, and investment costs. The forecast now assumes a £212k deficit for 2026-27 (excluding FTP demand costs).

The overall position is tight but remains manageable, with a number of risks and opportunities to be managed and limited headroom to cover risks or take on any new commitments in addition to current priorities.

The Q2 forecast detailed review will reassess the key risks and opportunities, including vacancy-related and other savings. The outcome of this review may result in further changes to the full year forecast position.

Action required	The Committee is asked to review the information provided and seek clarification on any areas.
Previous consideration	Previous finance report (July 2026) provided to the People and Resources Committee (PRC) in September 2026
Next steps	Update to the Council on 3 December 2026.
Financial and resource implications	The implications are set out in the report
Associated strategic priority/priorities	Technology-enabled regulatory excellence and organisational sustainability.

Associated strategic risk(s)	SR08 - Financial Sustainability
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

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September 2026 Finance report

People and Resources Committee

12 November 2026

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- **Balance Sheet and Reserves**
- **Investment Portfolio**
- **Risks and Opportunities**

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Executive Summary

	September 2026 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Income	23,140	23,144	(4)	47,012	46,503	(509)
Total Expenditure	22,643	22,607	(36)	47,002	46,715	287
Surplus/(Deficit) - Excl. FTP Demand Costs	**497**	**537**	**(40)**	**10**	**(212)**	**(222)**
FTP Demand Costs	0	0	0	0	3,000	(3,000)
Surplus/(Deficit) - Incl. FTP Demand Costs	**497**	**537**	**(40)**	**10**	**(3,212)**	**(3,222)**

Note. To view the full year Budget profile for 2026-27, please refer to 'Appendix 6 – 2026–27 Budget Profile'.

'FTP Demand Costs' is funded from ring-fenced reserves.

September 2026 Year to Date

- **Surplus:** actual surplus of £497k is £40k less than the forecast (excluding FTP demand costs).
- **Income**: Actual income of £23.1 million is in line with forecast expectations.
- **Expenditure**: Actual expenditure of £22.6 million is closely aligned to forecast.

Budget vs Forecast (Full Year)

- A mini-forecast was undertaken as part of the September 2026 financial reporting process, focusing primarily on revised assumptions relating to payroll, partners, legal and investment costs. The forecast now assumes a £212k deficit for 2026-27 (excluding FTP demand costs) - £139k higher compared to previous forecast.
- The review identified an expected full-year reduction in staff costs (payroll and temporary staffing) of approximately £171k, which is a timing effect of vacancies, together with lower project-related expenditure resulting from the reprioritisation and deferral of investment activity.
- These savings are offset by increased Tribunal Services and legal costs, driven by a higher case to answer rate and higher interim order review activity than in previous years.
- **Income**: £509k adverse, driven by a rebasing of registration income following lower than anticipated 2025-26 year-end volume compared with the assumptions used during budget setting.
- **Expenditure**: £287k favourable, mainly due to payroll savings arising from unfilled vacant posts. This is partially offset by increase in temporary staff costs to cover vacancies and other staff absences and legal and tribunal services costs.

Note. A £3 million ring-fenced reserves has been approved by the Council to assist with ongoing commitments to ensuring timeliness of progressing FTP cases. This includes bringing in additional capacity into the team to help tackle continued rise in number of concerns raised about registrants (actual expenses will be reflected once incurred).

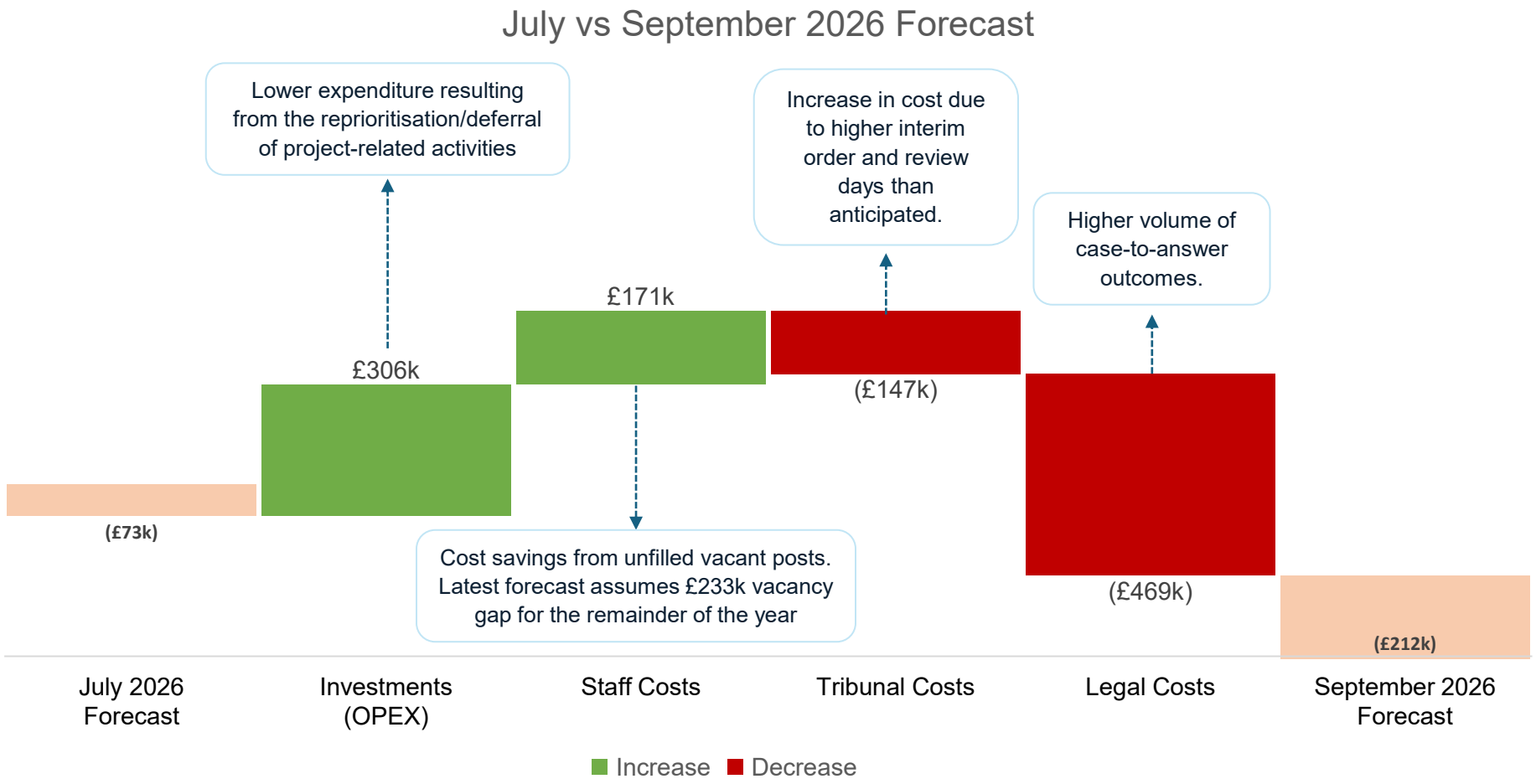
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Summary Figures – September 2026 (YTD)

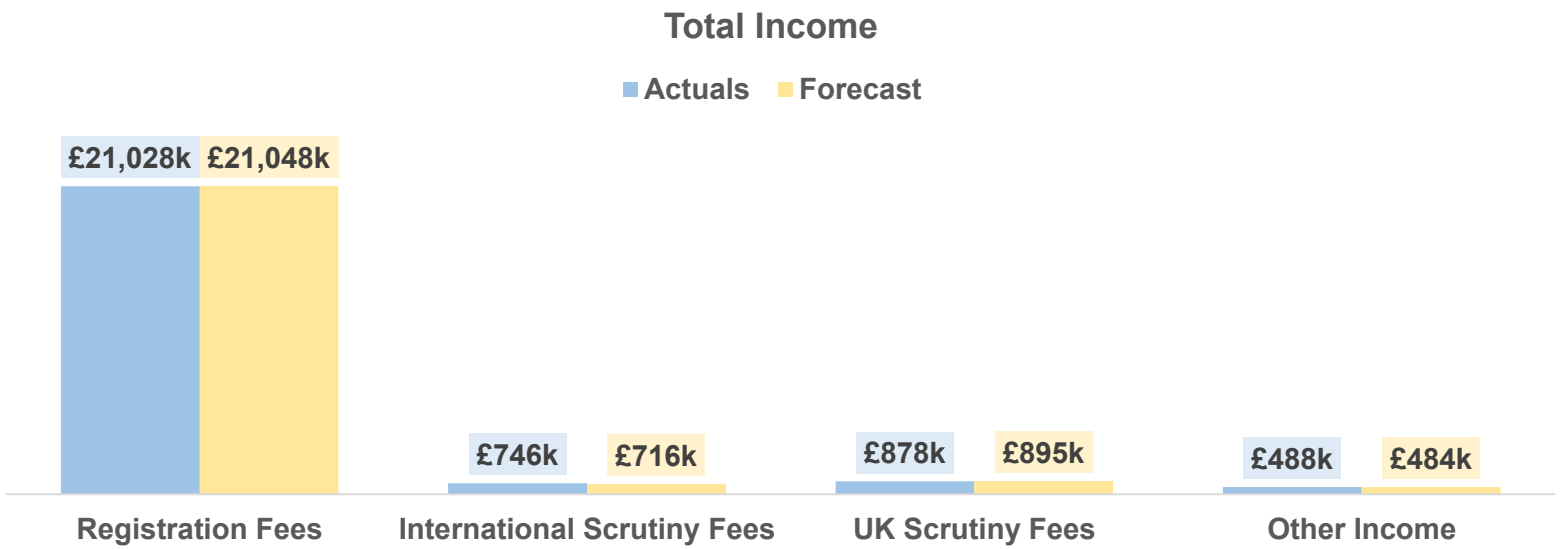
	September 2026 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Income	22,652	22,660	(8)	46,080	45,571	(509)
Grant Income	0	0	0	0	0	0
Other Income	488	484	4	932	932	0
Total Income	**23,140**	**23,144**	**(4)**	**47,012**	**46,503**	**(509)**
Payroll Costs	10,523	10,512	(11)	21,866	21,358	508
Other Staff Costs	652	613	(39)	791	1,269	(478)
Non-Payroll Costs	11,339	11,344	5	23,311	23,696	(385)
Total Operating Expenditure	**22,514**	**22,469**	**(45)**	**45,968**	**46,323**	**(355)**
Exceptional Costs	129	138	9	1,034	392	642
Total Expenditure	**22,643**	**22,607**	**(36)**	**47,002**	**46,715**	**287**
Surplus/(Deficit) - Excl. FTP Demand Costs	**497**	**537**	**(40)**	**10**	**(212)**	**(222)**
FTP Demand Costs	0	0	0	0	3,000	(3,000)
Surplus/(Deficit) - Incl. FTP Demand Costs	**497**	**537**	**(40)**	**10**	**(3,212)**	**(3,222)**

'Other Staff Costs' includes Temporary Staff, Training, Recruitment Fees and Other Employee Costs e.g. Life Assurance Costs.

Key Movements (July vs September Forecast)



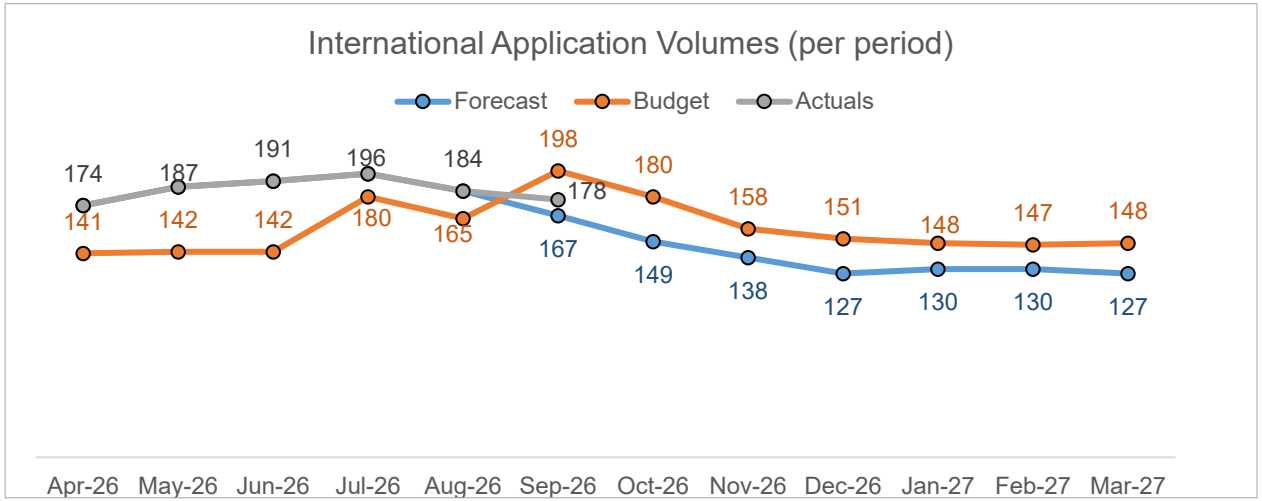
Total Income – September 2026 (YTD)

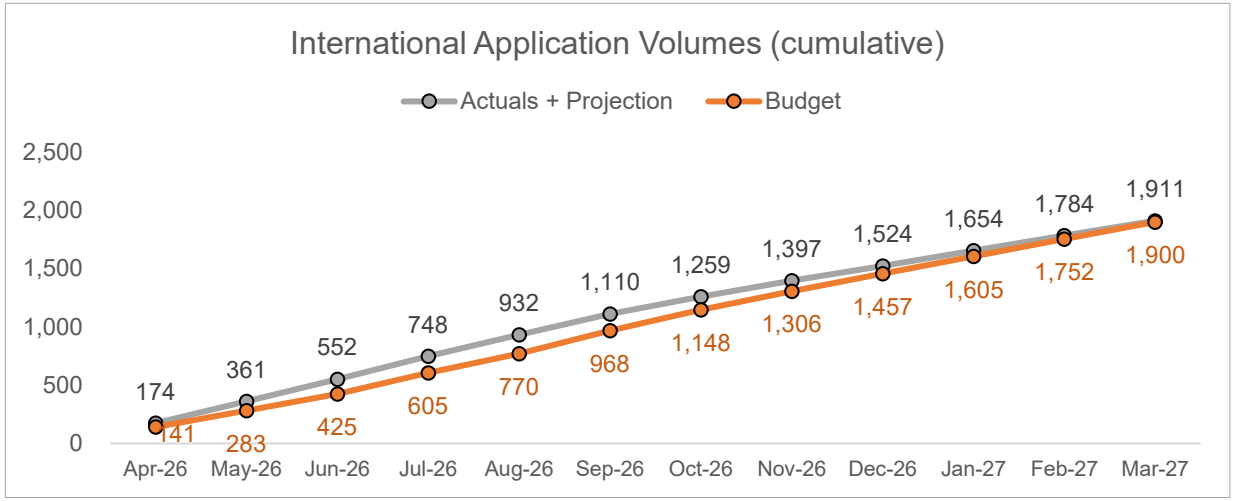


	September 2026 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Fees	21,028	21,049	(21)	43,151	42,740	(411)
International Scrutiny Fees	746	716	30	1,289	1,289	0
UK Scrutiny Fees	878	895	(17)	1,640	1,542	(98)
Other Income	488	484	4	932	932	0
Total Income	**23,140**	**23,144**	**(4)**	**47,012**	**46,503**	**(509)**

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International Income – September 2026 (YTD)

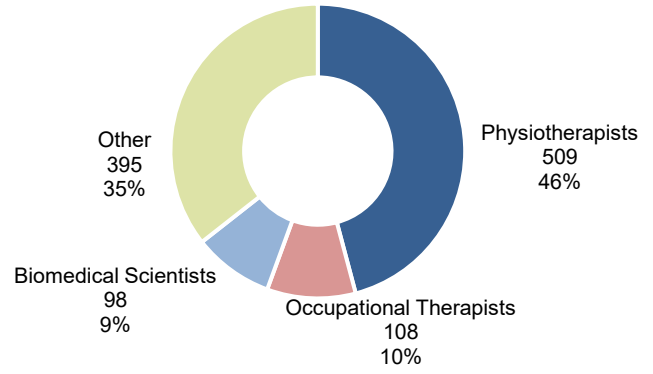




Note. 'Actuals + Projection' based on actual volumes for YTD plus budget for subsequent periods.

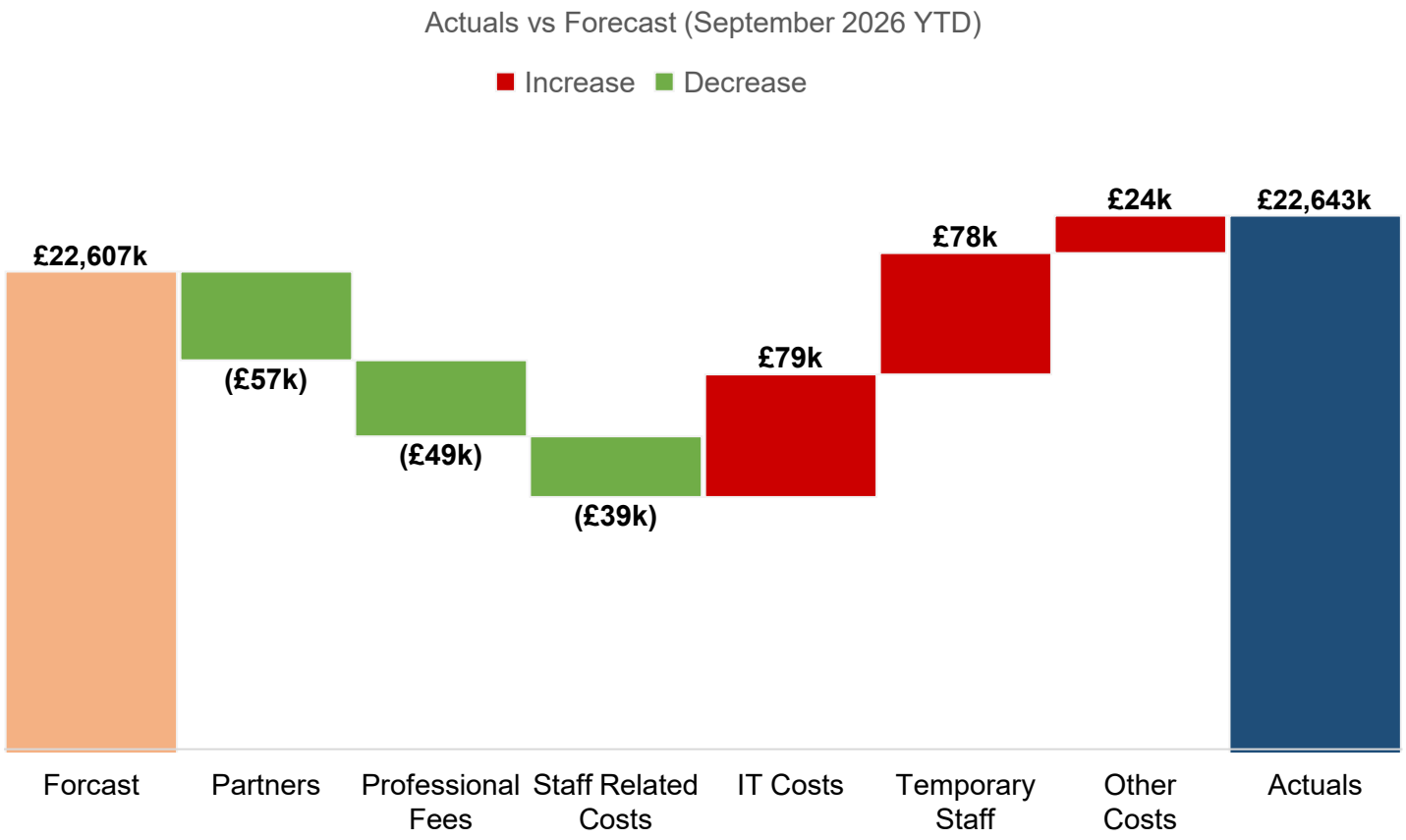
- **September 2026 Period Only:** Actual number of international applications of 178 which is slightly higher than the forecast of 167 applications.
- **September 2026 Full Year:** Actual number of applications is 1,110 applications which is 142 applications higher than budget of 968.

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).



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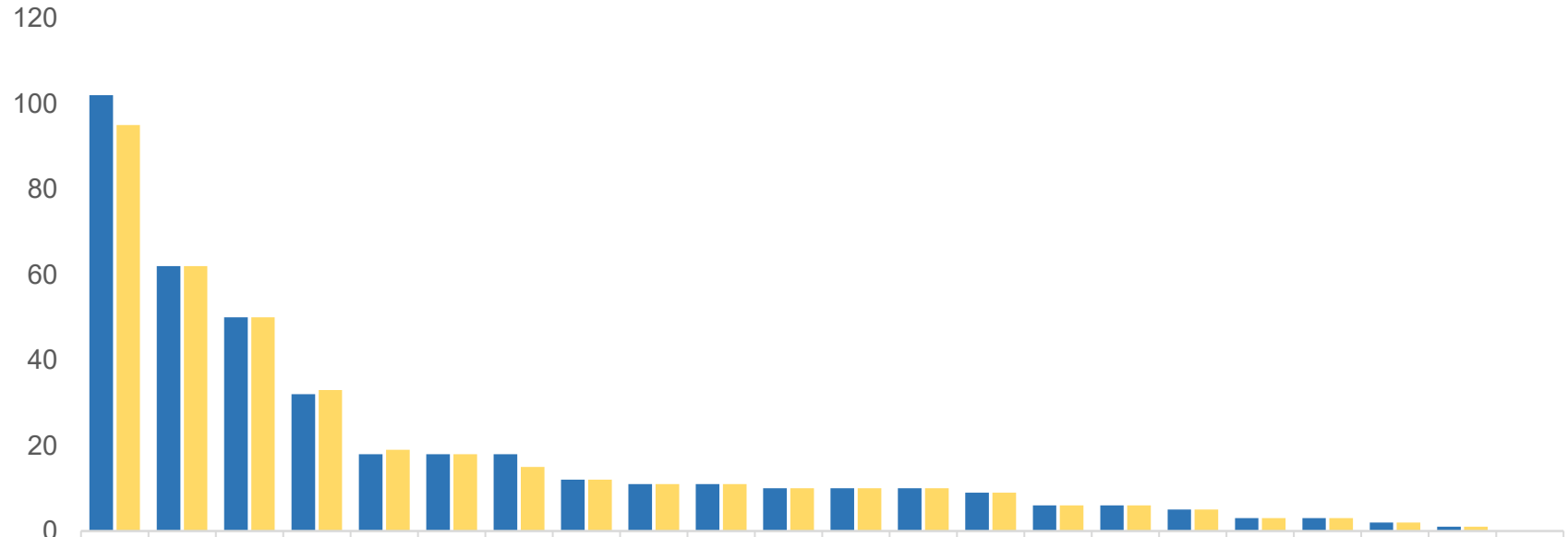
Expenditure – September 2026 (YTD) Actuals vs Forecast (by Category)



Total year to date expenditure of £22.6 million is closely in line with the forecast. Key variances include:

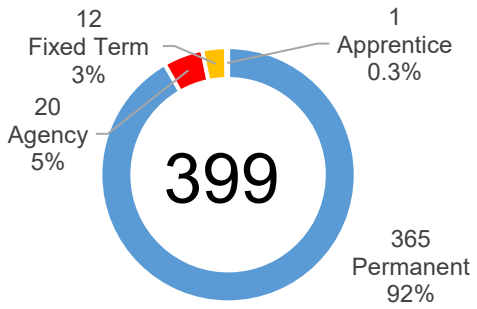
- **Partners:** **£57k** favourable mainly due to some partners training costs deferred to next year and timing of cost.
- **Professional Fees:** **£49k** favourable mainly due to timing of cost.
- **Staff Related Costs:** **£39k** favourable mainly due to timing of departmental and organisational training costs.
- **IT Costs:** **£79k** adverse mainly driven by an increase in data processing due to profession renewal cycle, and higher cloud storage due to organisational data growth.
- **Temporary Staff:** **£78k** adverse mainly due to temporary resources to cover vacancies and increased FTP demands.

Employee FTEs as at 30 September 2026



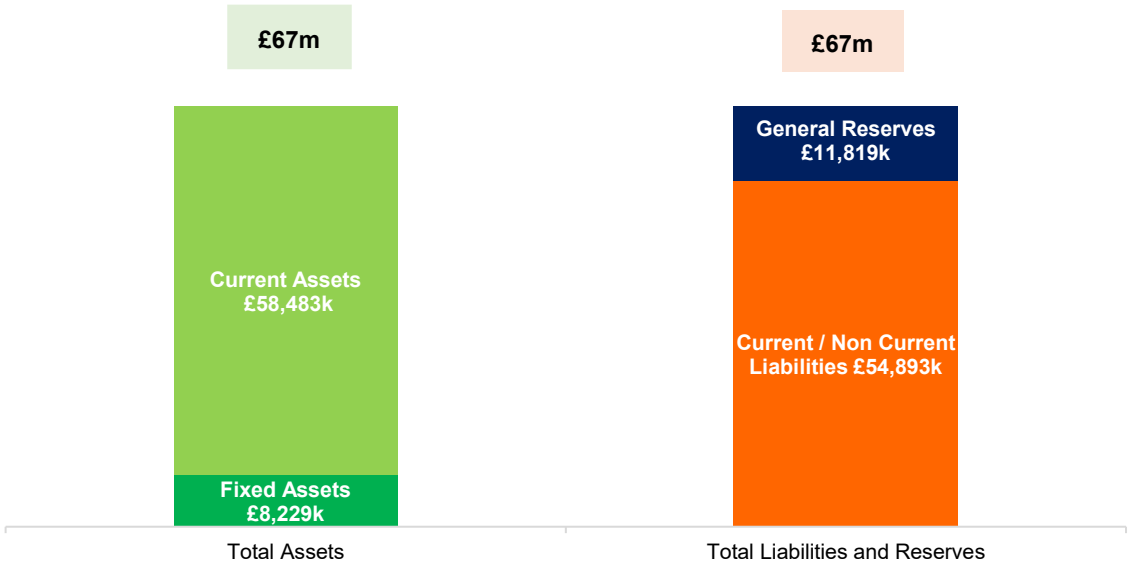
	CPQ	REG	ADP	LGL	ITD	FIN	HUM	COM	ASC	BUC	EDU	FAC	POL	FIE	PLT	DIA	CEO	SEC	PAR	CCO	RDP	Total FTE
Sep-26 Actuals	102	62	50	32	18	18	18	12	11	11	10	10	10	9	6	6	5	3	3	2	1	399
Sep-26 Forecast	95	62	50	33	19	18	15	12	11	11	10	10	10	9	6	6	5	3	3	2	1	391
Variance	(7)	0	0	1	1	0	(3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(8)

Actual FTE by Type



CPQ - Case Progression and Quality
REG - Registrations
ADP - Adjudication Performance
LGL - Legal Services
FIN - Finance and Commercial
ITD - IT and Digital Transformation
HUM - Human Resources
BUC - Business Change
COM - Communications
ASC - Assurance and Compliance
POL - Policy and Standards
EDU - Education
FAC - Facilities Management
FIE - FIE Team
DIA - Data Insight and Analytics
CEO - Chief Executive and Registrar
PLT - Professional and Upstream Regulation
CCO - Chair and Chief Executive Office
SEC - Governance
PAR - Partners
RDP - Regulatory Development and Performance

Balance Sheet and Reserves as at 30 September 2026



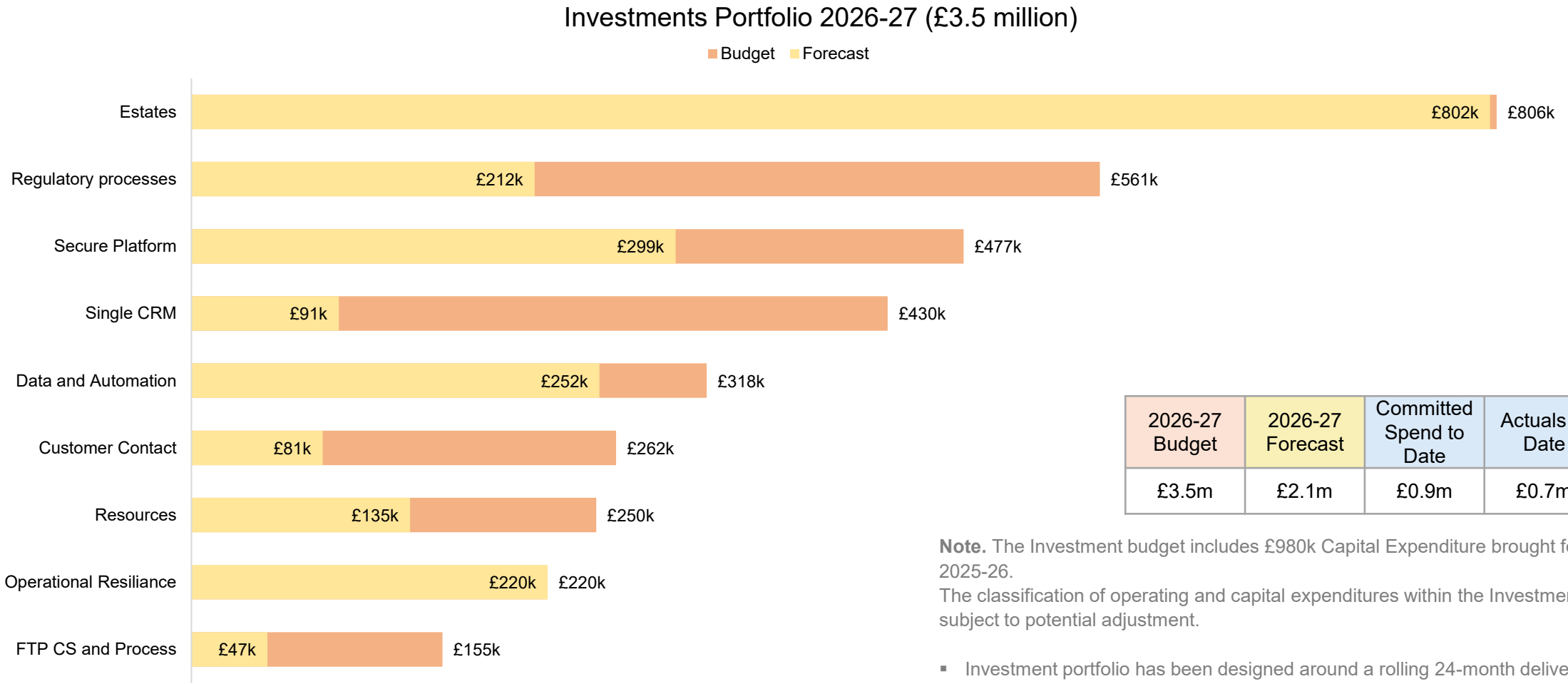
	30 September 2026 Actuals	30 September 2026 Budget	Variance
	£'000	£'000	£'000
GENERAL RESERVES	**11,819**	**11,859**	**(40)**
Realisable Net Assets	**9,553**	**8,814**	**740**

- **Current Assets:** mainly comprise cash and cash equivalents of around £29 million and account receivables of around £30 million.
- **Liabilities:** mostly relate to deferred income of around £51 million as a result of registrants paying their fees in advance.
- **General Reserves (or Net Assets):** approximately £12 million.
- **Positive Realisable Net Assets:** approximately £10 million, calculated by taking our reserves position of £12 million less our 'intangible assets' of around £2 million (representing just over two months of total operating expenditure).
- **FTP Demand Costs:** £3 million ring-fenced reserves has been approved by the Council to support ongoing commitments to improving the timeliness of FTP case progression. As a result, general reserves are forecast to reduce to round £9 million by the end of the financial year.

Note. The reserves policy requires us to hold positive Realisable Net Assets

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 2026-27



2026-27 Budget	2026-27 Forecast	Committed Spend to Date	Actuals to Date
£3.5m	£2.1m	£0.9m	£0.7m

Note. The Investment budget includes £980k Capital Expenditure brought forward from 2025-26.
The classification of operating and capital expenditures within the Investment portfolio is subject to potential adjustment.

- Investment portfolio has been designed around a rolling 24-month delivery period
- Portfolio includes ‘non project’ laptop costs of £220k and HVAC project of £806k

Risks and Opportunities

Risks

Low	Medium	High
Vacancy Gap: potential benefit assumed from vacant roles unlikely to materialise. (£233k)	**Departmental Training:** increase in training and employee development. (£47k)	**Microsoft ESA:** increase in data processing and cloud storage costs. (£90k)
Software Licensing: higher costs in relation to headcount level. (£100k)		**Registration Appeal Costs:** higher rates per case than budgeted. (£78k)
Consultancy costs: Extension of finance consultants to support completion of the deferred income project, direct debit automation, and contract management module implementation. (£70k)		
Legal Costs: potential increase in case referral to external legal providers. (£ - TBC)		

Opportunities

Low	Medium	High
Increase in International Income: additional application volumes. (£ - TBC)	**Business Rates (BR)** - potential to claim back some BR as a result of work area not used during the period of heating, ventilation and air conditioning (HVAC) project. (£ - TBC)	
Legal Costs: potential decrease in case referral to external legal providers. (£ - TBC)	**Investments:** reduction in operational expenditure resulting from the deferral of projects due to projects reprioritisation. (£85k)	

hcpc health & care professions council

September 2026 Finance Report

APPENDICES

Appendix 1 – Income and Expenditure (By Department)

	September 2026 YTD			Full Year			Full Year Forecast
	Actuals	Forecast	Variance	Budget	Forecast	Variance	Actuals
	£'000	£'000	£'000	£'000	£'000	£'000	%
Total Income	**23,140**	**23,144**	**(4)**	**47,012**	**46,503**	**(509)**	**50%**
Fitness to Practise	11,778	11,664	(114)	23,692	24,304	(612)	48%
IT and Digital Transformation	1,900	1,890	(10)	4,026	4,004	22	47%
Registrations	1,776	1,765	(11)	3,539	3,444	95	52%
Chief Executive and Registrar	973	970	(3)	1,920	1,945	(25)	50%
Finance and Commercial	954	971	17	1,747	1,837	(90)	52%
Human Resources	728	763	35	1,583	1,614	(31)	45%
Facilities Management	720	690	(30)	1,466	1,422	44	51%
Depreciation	516	520	4	1,188	1,152	36	45%
Communications	504	494	(10)	1,096	1,064	32	47%
Business Change	492	487	(5)	1,231	1,029	202	48%
Assurance and Compliance	433	427	(6)	786	837	(51)	52%
Policy and Standards	416	416	0	824	844	(20)	49%
Education	295	325	30	695	682	13	43%
Data Insight and Analytics	203	200	(3)	432	390	42	52%
Chair, Council and Committees	196	203	7	370	409	(39)	48%
Professional and Upstream Regulation	170	181	11	407	389	18	44%
Partners	156	190	34	407	429	(22)	36%
Governance	125	138	13	288	293	(5)	43%
Chair and Chief Executive Office	65	60	(5)	156	128	28	51%
Major Projects	61	62	1	570	234	336	26%
Regulatory Development and Performance	53	53	0	106	106	0	50%
Vacancy Gap Provision	0	0	0	(561)	(233)	(328)	0%
Total Operating Expenditure	**22,514**	**22,469**	**(45)**	**45,968**	**46,323**	**(355)**	**49%**
Contingency	0	7	7	750	135	615	0%
Other Exceptional Costs	129	131	2	284	257	27	50%
Total Expenditure	**22,643**	**22,607**	**(36)**	**47,002**	**46,715**	**287**	**48%**
Surplus/(Deficit) - Excl. Exceptional Legal Costs	**497**	**537**	**(40)**	**10**	**(212)**	**(222)**	
Exceptional Legal Costs	0	0	0	0	3,000	(3,000)	
Surplus/(Deficit) - Incl. Exceptional Legal Costs	**497**	**537**	**(40)**	**10**	**(3,212)**	**(3,222)**	

Appendix 2 – Income and Expenditure September 2026 (by Category)

hcpc health & care professions council

	September 2026 YTD			Full Year			
	Actuals	Forecast	Variance	Budget	Forecast	Variance	Full Year Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	Actuals
Total Income	**23,140**	**23,144**	**(4)**	**47,012**	**46,503**	**(509)**	**50%**
Payroll	10,523	10,512	(11)	21,866	21,358	508	49%
Legal Costs	4,913	4,895	(18)	9,635	10,091	(456)	49%
Partners	2,581	2,638	57	5,294	5,436	(142)	47%
IT Costs	1,287	1,208	(79)	2,576	2,555	21	50%
Professional Fees	1,062	1,111	49	2,381	2,278	103	47%
Depreciation	516	520	4	1,188	1,152	36	45%
Temporary Staff	358	280	(78)	112	587	(475)	61%
Staff Related Costs	294	333	39	679	682	(3)	43%
Office Services	205	205	0	456	455	1	45%
Property Costs	200	201	1	449	425	24	47%
Other Costs	200	235	35	1,288	646	642	31%
Utilities	163	166	3	371	368	3	44%
Corporation Tax	118	113	(5)	224	219	5	54%
Travel & Subsistence	88	68	(20)	233	178	55	49%
Communication Costs	81	62	(19)	171	172	(1)	47%
Council Committee	54	60	6	79	113	(34)	48%
Total Expenditure	**22,643**	**22,607**	**(36)**	**47,002**	**46,715**	**287**	48%
Surplus/(Deficit) - Excl. FTP Demand Costs	**497**	**537**	**(40)**	**10**	**(212)**	**(222)**	
FTP Demand Costs	0	0	0	0	3,000	(3,000)	
Surplus/(Deficit) - Incl. FTP Demand Costs	**497**	**537**	**(40)**	**10**	**(3,212)**	**(3,222)**	

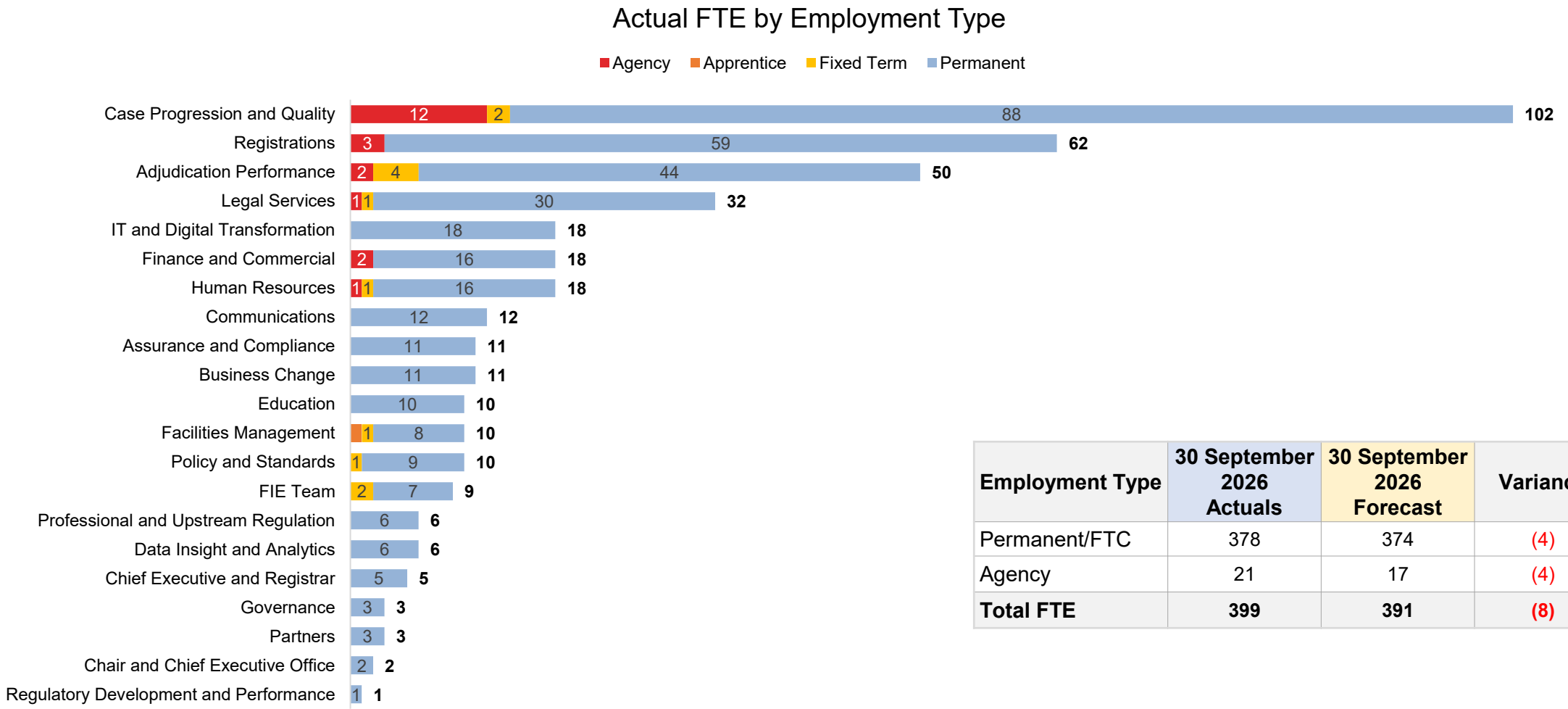
Note. 'Other Costs' includes Bank Charges and Contingency. 'Staff Related Costs' includes training, recruitment fees and life assurance costs.

Appendix 3 – Key Contracts (as at 30 September 2026)

Department	Contract Title/Name	Description of service	Contract Value	Contract Start Date	Contract Length	Supplier	Procurement Route
Fitness to Practice	Provision of Legal Services	Provision of legal services Fitness to Practise case preparation and presentation	£10,000,000	01/07/2026	24 months	Capsticks	Public Tender
Fitness to Practice	Provision of Legal Services	Provision of legal services Fitness to Practise case preparation and presentation	£7,000,000	01/07/2026	24 months	Blake Morgan	Public Tender
Governance	Provision of Legal Services	Provision of legal services for public law and regulatory advice	£1,856,000	01/04/2026	24 months	Capsticks	Public Tender
Information Technology	Network Transformation Project	Lot 1 - Discovery and Design Lot 2 - Decommission and Implementation	£366,858	13/07/2026	TBC	6DG	Public Tender

Note. List of key contracts above £100k

Appendix 4 – FTEs (as at 30 September 2026)



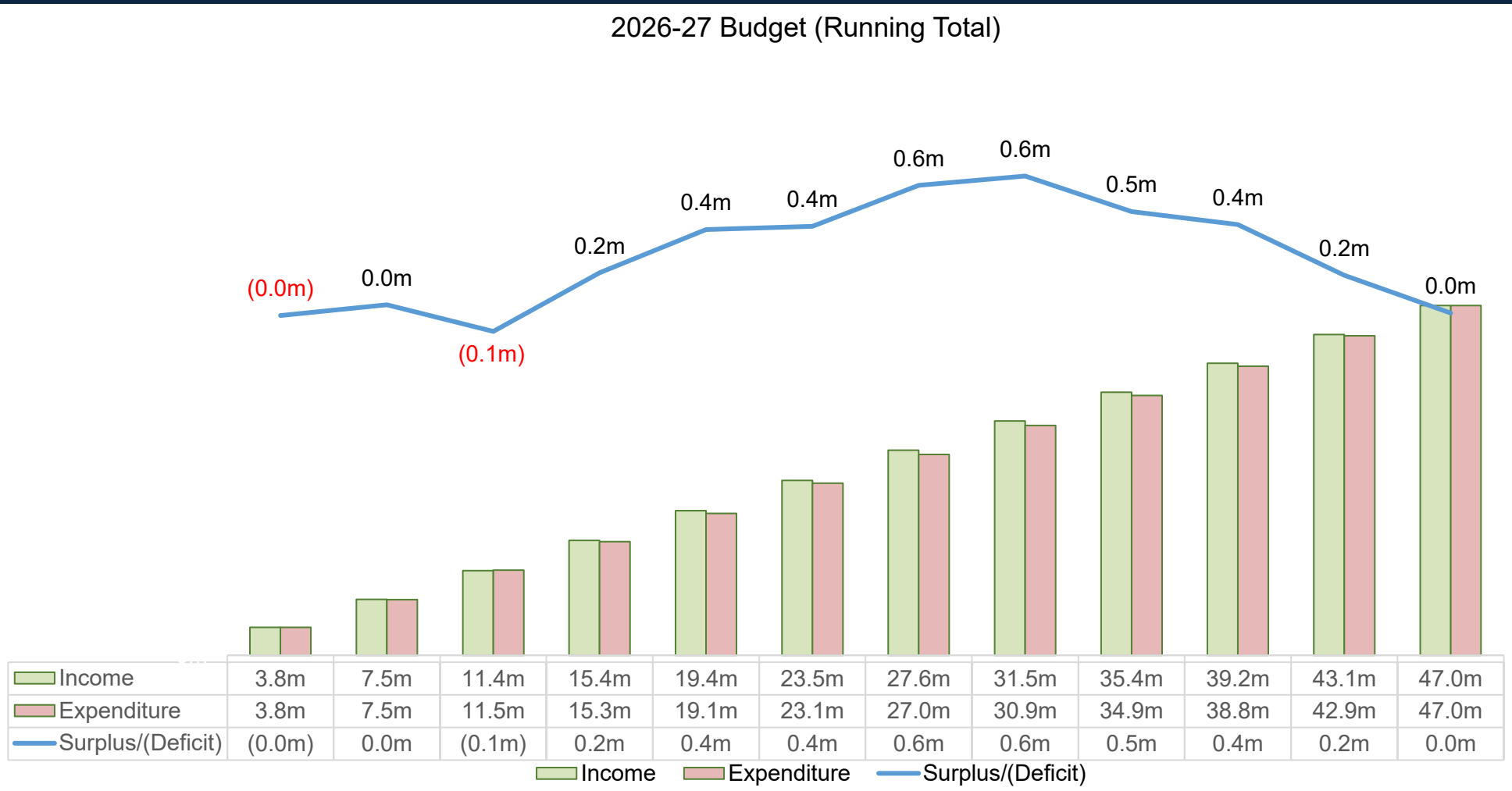
Employment Type	30 September 2026 Actuals	30 September 2026 Forecast	Variance
Permanent/FTC	378	374	(4)
Agency	21	17	(4)
Total FTE	**399**	**391**	**(8)**

Appendix 5 – Contingency (as at 30 September 2026)

Description	£'000
2026-27 General Contingency Budget	**354**
FIE team contract change	(240)
Assurance and Compliance rework	(54)
Policy and Standards workforce planning recalculation	(48)
Contingency increase	57
Total contingency as at 30 June 2026	**69**
Council Board appointment and Artificial Intelligence Consultancy	(47)
Partners training delivered by Capsticks	(22)
Total contingency as at 31 July 2026	**0**
Contingency increase	150
Partners – tribunal costs	(150)
Total contingency as at 30 September 2026	**0**

Description	£'000
Frontloading Contingency	**400**
17 Temporary staff (Regulatory Investigators)	(270)
Senior HR Advisor	(35)
Contingency increase	40
Total Contingency as at 30 June 2026	**135**

Appendix 6 – 2026–27 Budget Profile



Income	3.8m	7.5m	11.4m	15.4m	19.4m	23.5m	27.6m	31.5m	35.4m	39.2m	43.1m	47.0m
Expenditure	3.8m	7.5m	11.5m	15.3m	19.1m	23.1m	27.0m	30.9m	34.9m	38.8m	42.9m	47.0m
Surplus/(Deficit)	(0.0m)	0.0m	(0.1m)	0.2m	0.4m	0.4m	0.6m	0.6m	0.5m	0.4m	0.2m	0.0m

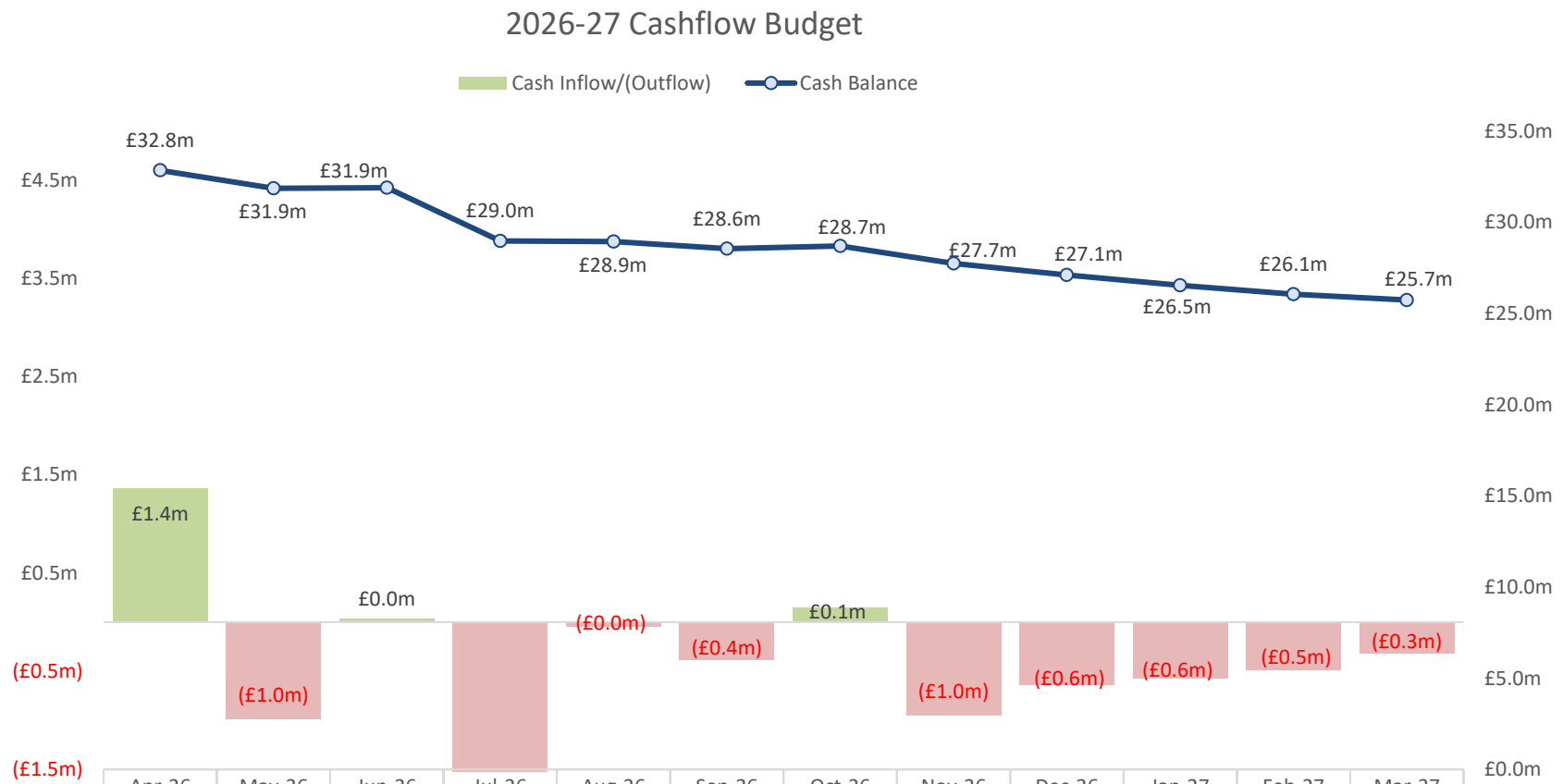
Appendix 7 – Balance Sheet (as at 30 September 2026)

hcpc health & care professions council

	30 September 2026 Actuals	30 September 2026 Forecast	Variance	31 March 2027 Forecast
	£'000	£'000	£'000	£'000
Property, Plant & Equipment	5,963	6,093	(130)	6,426
Intangible Assets	2,266	3,046	(780)	3,733
Total Fixed Assets	8,229	9,139	(910)	10,158
Current Assets				
Trade and Other Receivables	29,932	31,313	(1,381)	27,677
Cash and Cash Equivalents	28,551	28,913	(363)	25,734
Total Current Assets	58,483	60,226	(1,743)	53,411
Total Assets	**66,712**	**69,365**	**(2,653)**	**63,569**
Current Liabilities				
Deferred Income	50,602	52,622	2,021	50,824
Trade and Other Payables - other liabilities	4,140	4,733	593	4,483
Total Current Liabilities	54,742	57,355	2,613	55,307
Non Current Liabilities	152	152	0	152
Total Liabilities	**54,893**	**57,507**	**2,613**	**55,459**
NET ASSETS	**11,819**	**11,858**	**(40)**	**8,110**
Opening General Reserves	11,322	11,322	0	11,322
Surplus/(Deficit)	497	537	(40)	(3,212)
TOTAL RESERVES	**11,819**	**11,859**	**(40)**	**8,110**

Realisable Net Assets	**9,553**	**8,814**	**740**	**4,378**

Appendix 8 – Cashflow Forecast (as at 30 September 2026)



	Apr-26 Actual	May-26 Actual	Jun-26 Actual	Jul-26 Actual	Aug-26 Actual	Sep-26 Actual	Oct-26 Forecast	Nov-26 Forecast	Dec-26 Forecast	Jan-27 Forecast	Feb-27 Forecast	Mar-27 Forecast
Cash Inflow/(Outflow)	£1.36m	(£0.98m)	£0.04m	(£2.92m)	(£0.04m)	(£0.38m)	£0.14m	(£0.95m)	(£0.64m)	(£0.57m)	(£0.48m)	(£0.32m)
Cash Balance	£32.84m	£31.86m	£31.89m	£28.98m	£28.93m	£28.55m	£28.69m	£27.74m	£27.11m	£26.54m	£26.05m	£25.73m