

# Finance Report

20 November 2024



## 1. Executive Summary

1.1 The latest end of year forecast position as at the end of September is an additional deficit of £124k. The overall expected deficit across the whole of the PSA for 2024/25 is £332k. The figure of £332k consists of a £431k deficit in Regulatory Activity, £59k surplus in Accredited Registers and £40k income related to the General teaching Council for Scotland project.

1.2 The main drivers for the additional end of year forecast deficit in Regulatory Activity are:

- £309k increase in S29 legal costs. These costs have increased since the first half of 2023/24 due to the higher number of cases and increased legal costs. The legal costs budget overspend are therefore not unexpected as the budget was set at £369k (in July 2023) before the significant increase in costs over the last year. Section 29 activity in 2024/25 is similar to 2023/24 and therefore the budget is insufficient (to address this, the indicative budget for 2025/26 has been set at £657k; an additional £288k compared to 2024/25).
- Website development costs (project delayed from 2023/24) including the project manager position. It has previously been agreed that these costs are funded from reserves.
- Costs associated with implementation of the new HR and Payroll System. This project was delayed from last year therefore most of the costs were incurred this year.
- These are counteracted by: greater investment income; anticipated underspends in staff costs; and significant savings in Board recruitment costs.

## 2. 2024/25 Income and Expenditure Corporate Summary

2.1 This report includes the latest end of year forecast.

Table 1

	<b>2023/24 Actual</b> <small>Previous year comparison</small>	<b>2024/25 Budget</b>	<b>2024/25 End of year forecast</b>	<b>Forecast /Budget variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fees Income	4,637	4,869	4,869	-
Operating Income	332	127	308	181
Accredited registers	674	691	697	6
GTC(S) income	0	0	92	92
<b>Total Income</b>	<b>5,643</b>	<b>5,687</b>	<b>5,966</b>	<b>279</b>
Staff costs	3,804	4,022	3,994	28
Administration costs	1,702	1,671	2,036	(365)
Accredited registers costs	184	202	216	(14)
GTC(S) Expenditure	0	0	52	(52)
<b>Total expenditure</b>	<b>5,690</b>	<b>5,895</b>	<b>6,298</b>	<b>(403)</b>
<b>Surplus/ (deficit)</b>	<b>(47)</b>	<b>(208)</b>	<b>(332)</b>	<b>(124)</b>

### 3. Sectoral summary - Regulatory Activity

#### 3.1 Income and expenditure breakdown.

Table 2

Income and expenditure	2023/24 Actual Previous year comparison	2024/25 Budget	2024/25 End of year forecast	Forecast /Budget variance
	£'000	£'000	£'000	£'000
<b>Income</b>				
Fee Income from regulators	4,637	4,869	4,869	0
<b>Operating Income</b>				
S29 cost recoveries	276	119	202	83
Investment interest	50	8	100	92
Conferences income	6	0	6	6
<b>Total Income</b>	<b>4,969</b>	<b>4,996</b>	<b>5,177</b>	<b>181</b>
<b>Staff costs</b>	<b>3,400</b>	<b>3,615</b>	<b>3,572</b>	<b>43</b>
Recruitment costs	42	15	30	(15)
Training and Conferences	50	73	69	4
HR and payroll costs	61	14	66	(52)
Staff travel	10	10	7	3
Occupancy costs	278	324	324	0
Audit costs	63	68	68	0
IT costs	129	136	130	6
Board appointments	0	100	55	45
Board remuneration/expenses	129	145	130	15
Depreciation/Capital costs	75	50	50	0
Conferences	18	45	20	25
Commissioned Policy advice and research	63	75	75	0
Comms	5	45	51	(6)
Other policy costs	84	109	181	(72)
Direct S29 legal costs and case review	654	369	678	(309)
Other costs	149	93	102	(9)
<b>Total admin costs</b>	<b>1,702</b>	<b>1,671</b>	<b>2,036</b>	<b>(365)</b>
<b>Surplus/(deficit)</b>	<b>(133)</b>	<b>(290)</b>	<b>(431)</b>	<b>(141)</b>

3.2 £15k overspend in recruitment costs are due to a large proportion of staff being recruited from specialist recruitment agencies

3.3 £52k overspend in HR and payroll costs are due to the delayed (from 23/24) implementation of the new HR and payroll and payroll IT system and additional Legal HR costs.

3.4 £72k overspend in other policy costs largely due to website development costs (project delayed from 2023/24) – already committed from Reserves. £43k of the project manager costs relating to the same project is included in the staff line.

Detailed costs for the project are as follows:

Total forecast expenditure for the project	£126,258
Total spend 2023/24	£16,640
Total spend 2024/25	£39,602
Total expenditure to the rest of the project	£70,016

3.5 £309k overspend in direct legal costs is due to increased number of Section 29 appeals and higher legal costs.

#### 4. Sectoral summary – Accredited Registers

Table 3

Income and expenditure	2023/24 Actual Previous year comparison	2024/25 Budget	2024/25 Forecast	Forecast /Budget variance
	£'000	£'000	£'000	£'000
Registers income	674	691	697	6
Staff costs	404	407	422	(15)
Comms costs	30	43	43	0
Overheads	149	149	160	(11)
Other	5	10	13	(3)
<b>Surplus/(deficit)</b>	<b>86</b>	<b>82</b>	<b>59</b>	<b>(23)</b>

#### 5. Staff costs

Table 4

Income and expenditure	2023/24 Prev year comparison	2024/25 Budget	2024/25 Forecast	Forecast /Budget variance
	£'000	£'000	£'000	£'000
Salaries	2,956	3,115	3,025	90
Social security	333	366	340	26
Pension	505	541	529	12
Temp Agency	10	0	100	(100)
<b>Total staff costs</b>	<b>3,804</b>	<b>4,022</b>	<b>3,994</b>	<b>28</b>

## 6. Capital

Table 5

Capital Expenditure	2023/24 Actual Prev year comparison	2024/25 Budget	2024/25 Forecast	Forecast /Budget variance
	£'000	£'000	£'000	£'000
Intangible assets	0	0	0	0
IT Equipment	24	40	40	0
F&F	19	10	10	0
<b>Total Capital costs</b>	<b>43</b>	<b>50</b>	<b>50</b>	<b>0</b>

## 7. Statement of Financial Position

Table 6

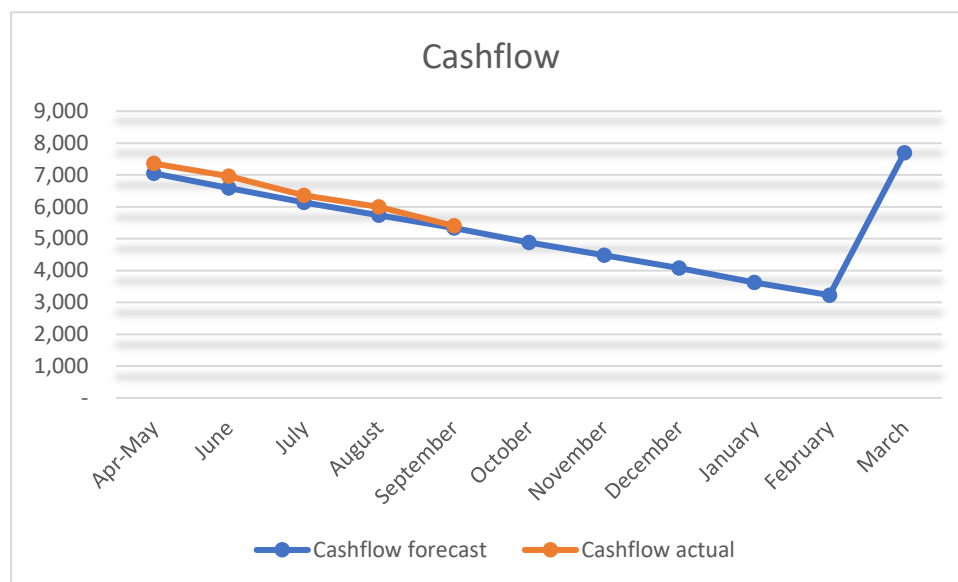
	<b>2023/24 Actual</b> Prev year comparison	<b>2024/25 Budget</b>	<b>2024/25 Forecast</b>	<b>Forecast /Budget variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Intangible assets	92	92	92	0
Property, plant & equipment	68	68	68	0
Right of use asset – property lease	635	475	475	0
<b>Total</b>	<b>795</b>	<b>635</b>	<b>635</b>	<b>0</b>
Trade and other receivables	374	554	554	0
Cash and cash equivalents	7,907	7,699	7,575	(124)
<b>Total assets</b>	<b>8,281</b>	<b>8,253</b>	<b>8,129</b>	<b>(124)</b>
Trade and other payables	(5,981)	(6,225)	(6,225)	0
Lease liability	(183)	(202)	(202)	0
Provisions	(23)	(23)	(23)	0
<b>Total</b>	<b>(6,187)</b>	<b>(6,450)</b>	<b>(6,450)</b>	<b>0</b>
Lease liability	(534)	(291)	(291)	0
<b>Net assets</b>	<b>2,355</b>	<b>2,147</b>	<b>2,023</b>	<b>(124)</b>
<b>Reserves</b>				
Restricted	807	889	906	17
Unrestricted	1,548	1,258	1,117	(141)
<b>Total reserves</b>	<b>2,355</b>	<b>2,147</b>	<b>2,023*</b>	<b>(124)</b>

\* Required reserves (according to the policy) for 2024/25 are £1.29m (0.86m restricted and 0.43m unrestricted)

## 8. Cashflow

Table 7

Cash and investments as at 01/04/2024	£'000 £ 7,907	£'000 £7,907
<i>Income</i>	<i>Projected (Full year)</i>	<i>Actual (Year to date)</i>
Fees income	4,869	0
Accredited registers	691	295
Interest	8	69
Section 29	119	102
Other		17
<b>Total Income</b>	<b>5,687</b>	<b>483</b>
<i>Outgoings</i>		
Payroll	(4,022)	(2,125)
Administration costs	(1,873)	(866)
<b>Total Outgoings</b>	<b>(5,895)</b>	<b>(2,991)</b>
	<b>31/3/2025</b>	<b>30/09/2024</b>
<b>Cash and investments</b>	<b>7,699</b>	<b>5,399</b>



The required reserves for 2024/25 are £1.29m (£0.86m restricted and £0.43m unrestricted)



## 9. Financial Risks and Opportunities

### Risks

- S29 direct legal costs could increase further due to higher number of appeals.

### Opportunities

- Savings have been made in some administrative cost areas.
- S29 cost recoveries are projected to increase in line with higher number of successful appeals
- Forecasted profit from GTC(S) is about £40k which will increase unrestricted reserves