

## 1. Executive Summary

- 1.1 The latest overall forecast position for year end is a deficit of £335k. This represents a decrease of £95k since Month 8 report. The deficit consists of a £378k deficit in Regulatory Activity and £43k surplus in Accredited Registers. The budgeted deficit for Regulatory Activity was £200k (£100k returned to regulators and £100k website development), so the end of year forecast deficit is £135k more than planned.
- 1.2 The main drivers for the additional end of year forecast deficit are:
- £317k increase in S29 legal costs. These costs have increased due to the higher number of cases and subsequent increased legal costs. There is a possibility that income from S29 recoveries will be greater than current costs recoveries, which is a natural consequence of increased costs, however we are unable to quantify this at this point.
  - This is counteracted by anticipated underspends in costs such as training, IT costs that have reduced due to moving to the cloud, and lower policy development-consumer research costs.
  - The Website development project is delayed with most of the cost including project manager position falling into 24/25 now so we no longer need to include those costs in the 23/24 forecast.

## 2. 2023/24 Income and Expenditure Corporate Summary

2.1 This report includes the latest end of year forecast.

Table 1

	<b>2022/23 Actual</b> <small>Previous year comparison</small>	<b>2023/24 Budget</b>	<b>2023/24 End of year forecast</b>	<b>Forecast /Budget variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fees Income	4,559	4,637	4,637	-
Operating Income	99	148	215	67
Accredited registers	578	671	672	1
<b>Total Income</b>	<b>5,236</b>	<b>5,456</b>	<b>5,524</b>	<b>68</b>
Staff costs	3,615	3,724	3,734	(10)
Administration costs	1,607	1,590	1,898	(308)
Accredited registers	180	235	227	8
<b>Total expenditure</b>	<b>5,402</b>	<b>5,549</b>	<b>5,858</b>	<b>(310)</b>
<b>Surplus/ (deficit)</b>	<b>(166)</b>	<b>(93)</b>	<b>(335)</b>	<b>(242)</b>

### 3. Sectoral summary - Regulatory Activity

#### 3.1 Income and expenditure breakdown.

Table 2

Income and expenditure	2022/23 Actual Previous year comparison	2023/24 Budget	2023/24 End of year forecast	Forecast /Budget variance
	£'000	£'000	£'000	£'000
<b>Income</b>				
Fee Income from regulators	4,559	4,637	4,637	0
<b>Operating Income</b>				
S29 cost recoveries	89	143	169	21
Investment interest	10	5	40	35
Conferences income	0	0	6	6
<b>Total Income</b>	<b>4,658</b>	<b>4,785</b>	<b>4,852</b>	<b>67</b>
<b>Staff costs</b>	<b>3,276</b>	<b>3,295</b>	<b>3,332</b>	<b>(37)</b>
Recruitment costs	14	32	37	(5)
Training and Conferences	42	75	52	23
HR and payroll costs	20	27	76	(49)
Staff travel	4	10	12	(2)
Occupancy costs	466	331	355	(24)
Audit costs	61	72	72	0
IT costs	124	151	131	20
Board appointments	64	0	0	0
Board remuneration/expenses	139	130	127	3
Depreciation/Capital costs	100	50	65	(15)
Conferences	50	60	15	45
Policy development	26	50	65	(15)
Public affairs	0	15	15	0
Publications	24	21	10	11
Direct S29 legal costs and case review	365	371	688	(317)
Other costs	108	195	178	(17)
<b>Total admin costs</b>	<b>1,607</b>	<b>1,590</b>	<b>1,898</b>	<b>(308)</b>
<b>Surplus/(deficit)</b>	<b>(225)</b>	<b>(100)</b>	<b>(378)</b>	<b>(278)</b>

- 3.2 £37k increase in staff costs are due an additional post in Standards and Policy; some are offset by savings made by the Regulation and Accreditation restructure. The increase is less than previously projected due to delay with website project and associated delay in recruiting a project manager.
- 3.3 £49k overspend in HR and payroll costs are partly due to implementation costs for the new payroll and HR system which is expected to be fully functioning by the end of April 2024.
- 3.4 £23k forecast underspend in training and conferences is due to reduced training requests and therefore reduced costs.
- 3.5 £24k overspend in occupancy costs is due to additional services such as cleaning and recycling.
- 3.6 £20k underspend in IT costs is due to costs reduction associated with move to the cloud.
- 3.7 £45k underspend in policy conferences is due to planned lower costs for the academic conference.
- 3.8 £317k 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	2022/23	2023/24	2023/24	Forecast	Forecast /Budget variance
	Actual Previous year comparison	Budget	Forecast		
	£'000	£'000	£'000	£'000	£'000
Registers income	578	671	672	1	
Staff costs	339	429	402	27	
Comms costs	6	43	43	0	
Overheads	165	179	170	9	
Other	9	13	14	(1)	
<b>Surplus/(deficit)</b>	<b>59</b>	<b>7</b>	<b>43</b>	<b>36</b>	

#### 5. Staff costs

Table 4

Income and expenditure	2022/23	2023/24	2023/24	Forecast	Forecast /Budget variance
	Prev year comparison	Budget	Forecast		
	£'000	£'000	£'000	£'000	£'000
Salaries	2,725	2,807	2,928	(121)	
Social security	333	337	340	(3)	
Pension	509	580	464	116	
Temp Agency	48	0	2	(2)	
<b>Total staff costs</b>	<b>3,615</b>	<b>3,724</b>	<b>3,734</b>	<b>(10)</b>	

## 6. Capital

Table 5

Capital Expenditure	2022/23 Actual Prev year comparison	2023/24 Budget	2023/24 Forecast	Forecast /Budget variance
	£'000	£'000	£'000	£'000
Intangible assets	109	0	0	0
IT Equipment	36	40	30	10
F&F	5	10	20	(10)
<b>Total Capital costs</b>	<b>150</b>	<b>50</b>	<b>50</b>	<b>0</b>

## 7. Statement of Financial Position

Table 6

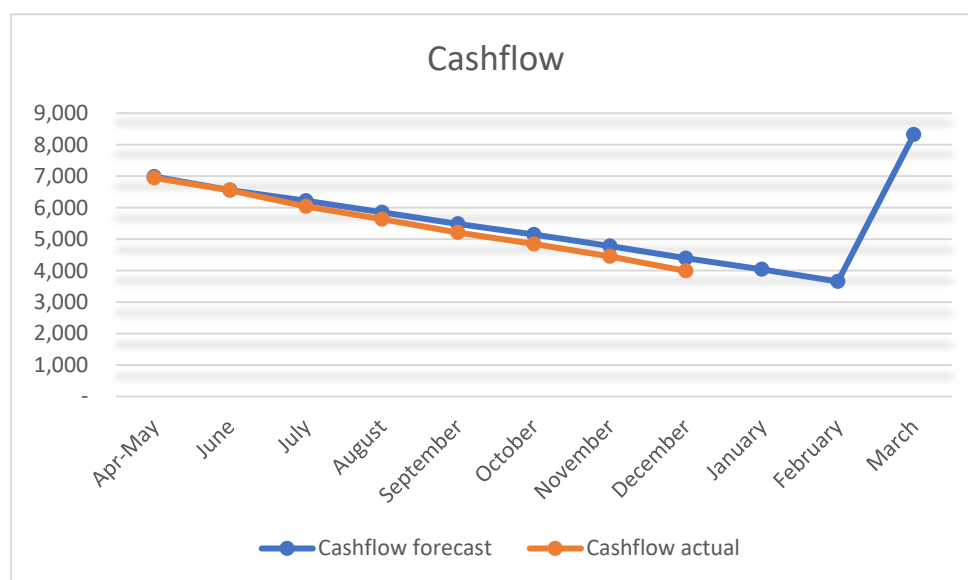
	2022/23 Actual Prev year comparison	2023/24 Budget	2023/24 Forecast	Forecast /Budget variance
	£'000	£'000	£'000	£'000
Intangible assets	144	144	144	0
Property, plant & equipment	53	53	53	0
Right of use asset – property lease	795	635	635	0
<b>Total</b>	<b>992</b>	<b>832</b>	<b>832</b>	<b>0</b>
Trade and other receivables	403	403	403	0
Cash and cash equivalents	7,508	8,321	8,074	(247)
<b>Total assets</b>	<b>7,911</b>	<b>8,724</b>	<b>8,477</b>	<b>(247)</b>
Trade and other payables	(5,686)	(6,467)	(6,454)	13
Lease liability	(62)	(184)	(184)	0
Provisions	(13)	(13)	(21)	(8)
<b>Total</b>	<b>(5,761)</b>	<b>(6,664)</b>	<b>(6,659)</b>	<b>5</b>
Lease liability	(740)	(583)	(583)	0
<b>Net assets</b>	<b>2,402</b>	<b>2,309</b>	<b>2,067</b>	<b>(242)</b>
<b>Reserves</b>				
Restricted	721	728	764	36
Unrestricted	1,681	1,581	1,303	(278)
<b>Total reserves</b>	<b>2,402</b>	<b>2,309</b>	<b>2,067*</b>	<b>(242)</b>

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

## 8. Cashflow (up to 31 December 2023)

Table 7

Cash and investments as at 01/04/2023	£'000 £ 7,508	£'000 £7,508
<i>Income</i>	<i>Projected (Full year)</i>	<i>Actual (Year to date)</i>
Fees income	4,864	227
Accredited registers	610	190
Interest	5	32
Section 29	143	125
Other		12
<b>Total Income</b>	<b>5,622</b>	<b>586</b>
<i>Outgoings</i>		
Payroll	(3,295)	(2,796)
Administration costs	(1,514)	(1,311)
<b>Total Outgoings</b>	<b>(4,809)</b>	<b>(4,107)</b>
	<b>31/3/2024</b>	<b>31/12/2023</b>
<b>Cash and investments</b>	<b>8,321</b>	<b>3,987</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.
- Regulation and Accreditation directorate restructure has delivered staff costs savings that offset other temporary staff costs overspend.
- The forecast costs for the implementation of the new Payroll and HR IT system are maximum. We will only be charged for training days actually used which may reduce the actual spend.