

Council

Meeting Date	16 October 2025
Title	Finance Report – August 2025
Author(s)	James Afolabi, Financial Planning & Analysis Manager. Busola Akinlabi, Financial Analyst and Alan Keshtmand, Head of Finance & Commercial
Executive Sponsor	Alastair Bridges, Executive Director of Resources

Executive Summary

	August 2025 Year to Date (YTD)			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Income	17,445	17,612	(167)	45,516	44,485	(1,031)
Total Expenditure	17,127	17,291	164	45,336	44,473	863
Surplus/(Deficit) – Excluding Exceptional Legal Costs	318	321	(3)	180	12	(168)
Exceptional Legal Costs	115	115	0	1,500	1,500	0
Surplus/(Deficit) – Including Exceptional Legal Costs	203	206	(3)	(1,320)	(1,488)	(168)

1. Financial Performance (year-to-date)

- **Surplus:** actual position for the year to date stands at £318k surplus, which is in line with the forecast surplus of £321k (when excluding exceptional legal costs funded from reserves).
- **Income:** actual income of £17.4 million is £167k adverse compared to forecast of £17.6 million.
- **Expenditure:** actual expenditure of £17.1 million is £164k lower than the forecast of £17.3 million.

2. Full-year Forecast vs Budget

- **Surplus:** breakeven position of £12k, which is £168k lower than the budgeted surplus of £180k (when excluding exceptional legal costs funded from reserves).
- **Income:** adverse variance of £1.0 million is mainly due to a decrease in international applications income of £2.2 million (from budget of 7,500 to forecast of 3,900), which is partially offset by the 6% increase in income fees of £1.2 million (effective from 29 April 2025).
- **Expenditure:** forecast of £44.5 million is £863k lower than budget. Key drivers include the decrease in direct costs associated with lower international applications and lower payroll costs. **Note.** Forecast includes contingency fund of £275k.

3. Major Project and Investments

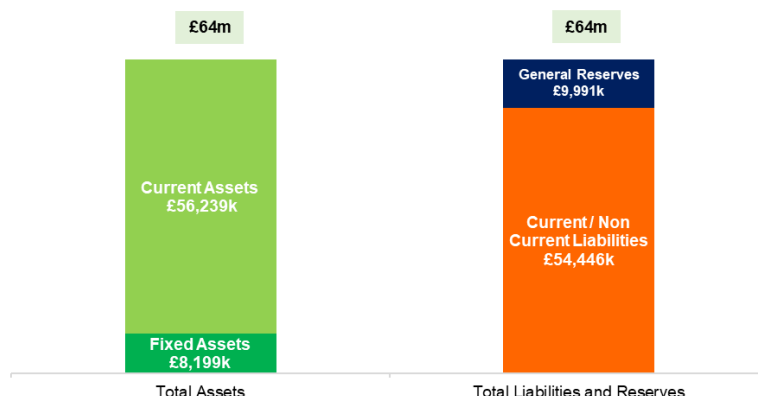
2025-26 Budget	2025-26 Forecast	Committed Spend to Date	Actuals to Date
£2.3m	£1.8m	£0.6m	£0.3m

The finance report highlights the full year budget of £2.3 million (includes £579k carried over from previous year) reducing by £500k to a forecast of £1.8 million, mainly due to the deferral of the international assessment programme.

4. Risks and Opportunities

- **Risks:** several key risks, including a further decline in international income (lower volumes than forecast) and potential increase in IT costs (mostly software licences).
- **Opportunities:** potential upside from cost efficiencies related to the associated direct costs of international applications, additional rental income and discontinuation of policy research.

5. Balance Sheet and Reserves



- **Reserves:** General reserves stand at approximately £10 million, with realisable net assets of £7.3 million, representing just over two months of operating expenditure.

6. Employee FTEs

Employment Type	31 August 2025 Actuals	31 July 2025 Forecast	Variance
Permanent/FTC	367	394	27
Agency	8	4	(4)
Total FTE	375	398	23

The report highlights a shortfall in FTEs when compared to the forecast, particularly within Case Progression and Quality and Communication departments. There is a slight increase in FTEs in the Legal Services department due to ongoing exceptional legal cases.

Conclusion

The surplus position for August 2025 year to date (excluding exceptional legal costs) reflects an improvement compared to previous months actuals. We currently hold a modest unallocated corporate contingency of £275k; however, the overall financial position remains constrained, with several risks requiring close management, particularly around the continued decline in international applications.

Annexes

The updated financial regulations and reserves policy are annexed to the financial report for the Council's approval as follows:

- Annex 1: Financial regulations
- Annex 2: Reserves policy

Action required	<p>The Council is asked to review the information provided and seek clarification on any areas.</p> <p>The Council is asked to approve the updated financial regulations and reserves policy</p>
Previous consideration	Previous finance report (May 2025 actuals) provided to Council in July 2025.
Next steps	Reforecasting exercise will commence in October – this will include restating forecasted international application volumes from 3,900 to 2,900. Updated forecast figures will be included in September 2025 Finance Report.
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

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Executive Summary

	August 2025 Year to Date (YTD)			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Income	17,445	17,612	(167)	45,516	44,485	(1,031)
Total Expenditure	17,127	17,291	164	45,336	44,473	863
Surplus/(Deficit) – Excluding Exceptional Legal Costs	318	321	(3)	180	12	(168)
Exceptional Legal Costs	115	115	0	1,500	1,500	0
Surplus/(Deficit) – Including Exceptional Legal Costs	203	206	(3)	(1,320)	(1,488)	(168)

Note. To view the full year Budget profile for 2025-26, please refer to 'Appendix 7 – 2025–26 Budget Profile'.
'Exceptional Legal Costs' is funded from ring-fenced reserves.

August 2025 Year to Date

- Surplus of **£318k** compared to the forecast surplus of **£321k** (when excluding exceptional legal costs funded from reserves).
- **Income:** Actual income of £17.4m is **£167k** adverse compared to forecast of £17.6m is mainly attributable to continued decline in international application volumes, with actuals at 1,470 compared to forecast of 1,572.
- **Expenditure:** Actual expenditure of £17.1m is **£164k** favourable compared to forecast of £17.3m, mainly due to unfilled vacant posts in Fitness to Practise (FTP).

Budget vs Forecast (Full Year)

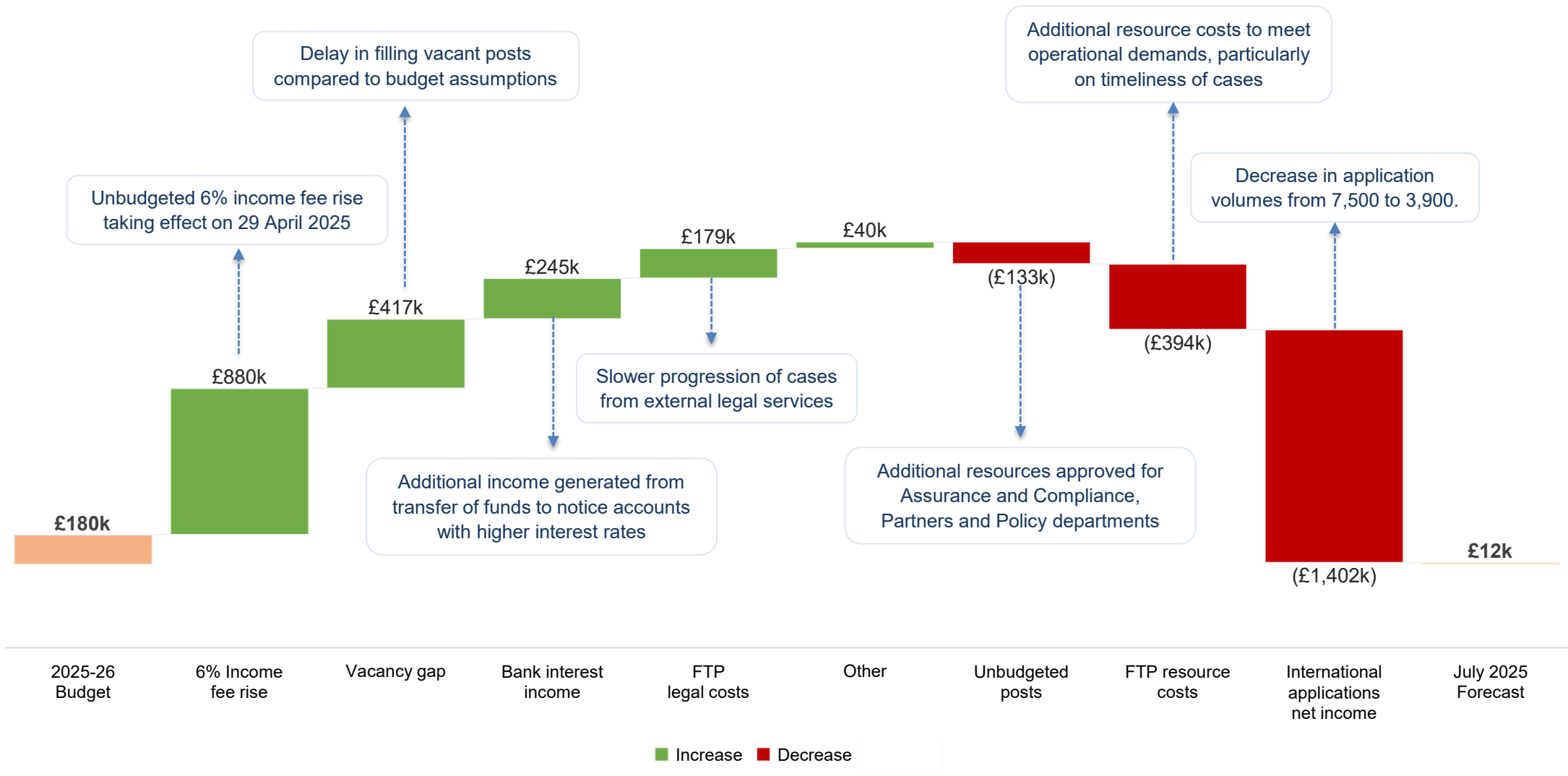
- Following a detailed Q1 financial review and discussions with budget holders, the full year forecast indicates a small surplus of £12k (includes contingency of £275k).
- **Income:** **£1.0m** adverse, driven by lower international applications, with volumes reduced from 7,500 to 3,900 (based on the last six months from February 2025). Partly offset by higher registration income from the 6% fee rise and increased bank interest.
- **Expenditure:** **£863k** favourable, mainly due to lower direct costs from reduced international applications and lower payroll costs from unfilled vacant posts.

Summary Figures – August 2025 (YTD)

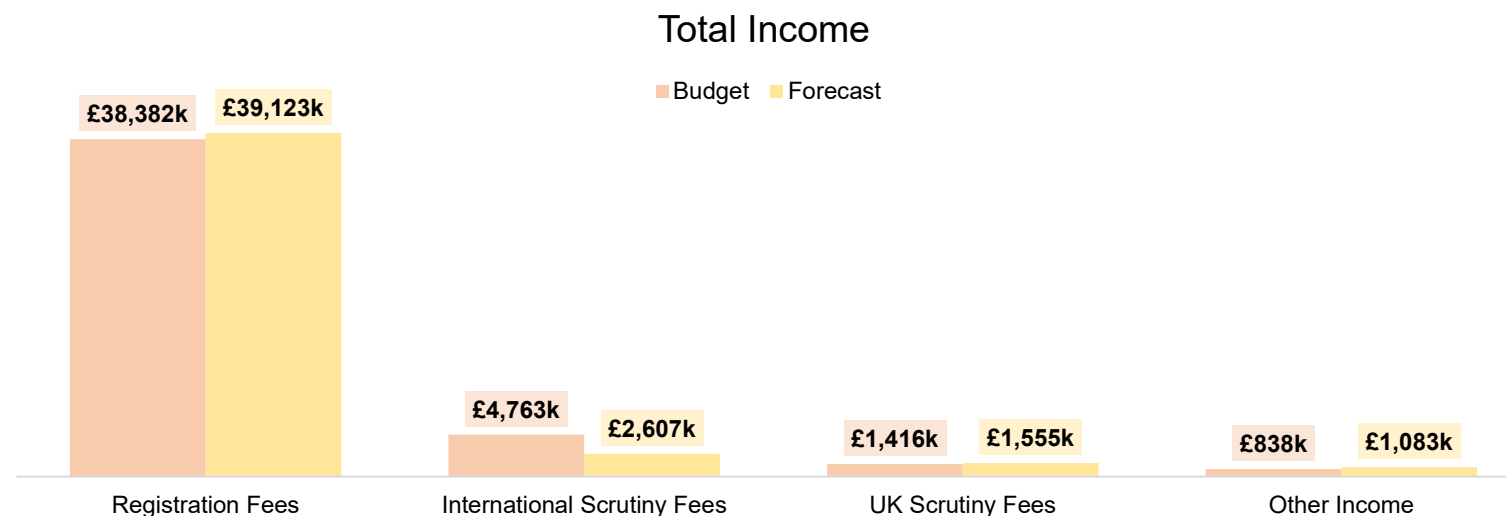
	August 2025 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Income	16,986	17,104	(118)	44,561	43,285	(1,276)
Grant Income	49	49	0	117	117	0
Other Income	410	459	(49)	838	1,083	245
Total Income	17,445	17,612	(167)	45,516	44,485	(1,031)
Payroll Costs	7,862	7,951	89	20,168	19,834	334
Other Staff Costs	307	343	36	1,052	876	176
Non-Payroll Costs	8,859	8,894	35	23,360	23,178	182
Total Operating Expenditure	17,028	17,188	160	44,580	43,888	692
Exceptional Costs	99	103	4	756	585	171
Total Expenditure	17,127	17,291	164	45,336	44,473	863
Surplus/(Deficit) – Excluding Exceptional Legal Costs	318	321	(3)	180	12	(168)
Exceptional Legal Costs	115	115	0	1,500	1,500	0
Surplus/(Deficit) – Including Exceptional Legal Costs	203	206	(3)	(1,320)	(1,488)	(168)

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

Key Movements (2025-26 Budget vs July Forecast)



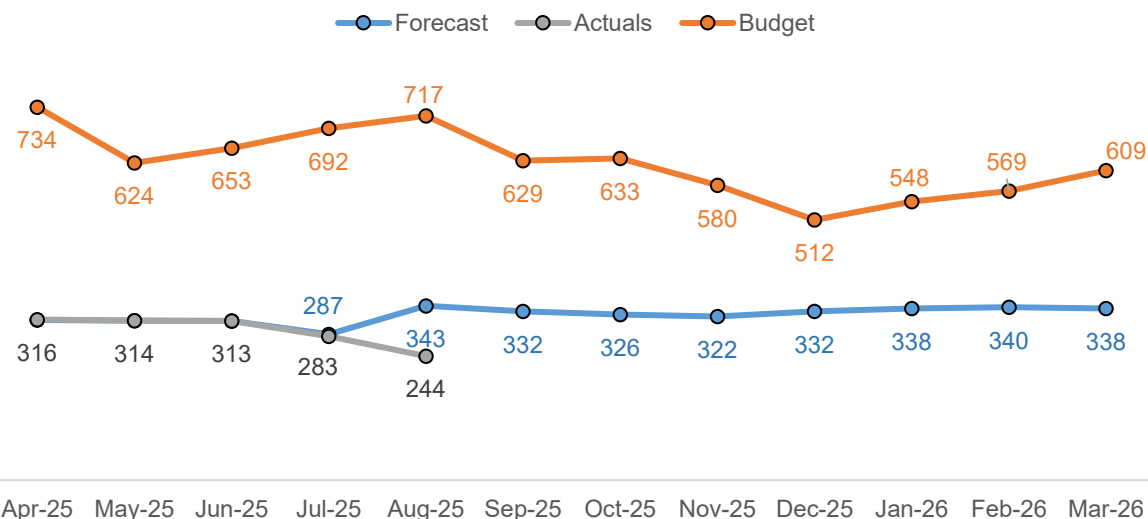
Total Income – Full Year Budget vs July Forecast



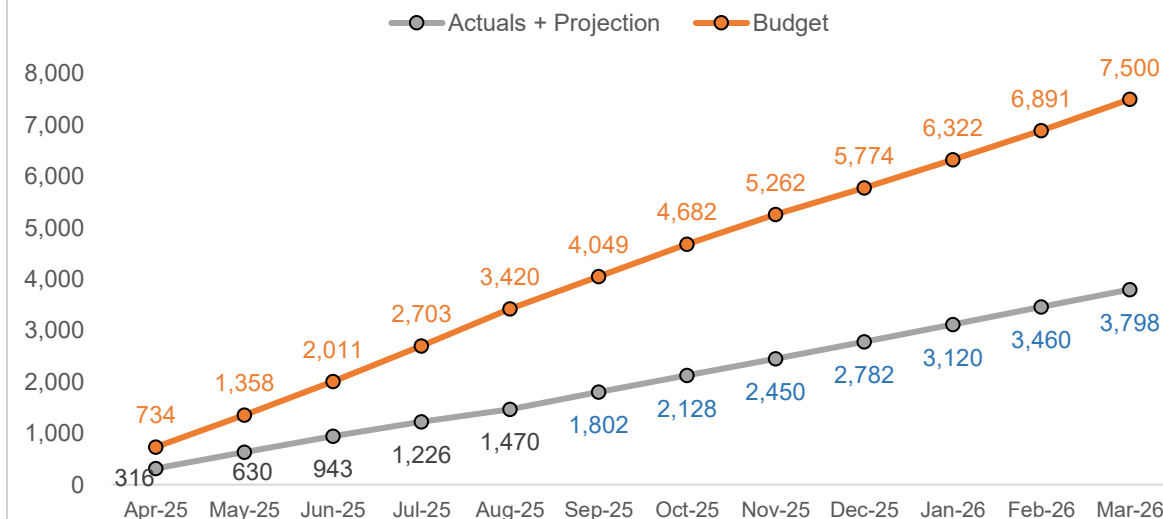
	August 2025 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Fees	15,309	15,327	(18)	38,382	39,123	741
International Scrutiny Fees	964	1,040	(76)	4,763	2,607	(2,156)
UK Scrutiny Fees	713	737	(24)	1,416	1,555	139
Other Income	410	459	(49)	838	1,083	245
Grant Income	49	49	0	117	117	0
Total Income	17,445	17,612	(167)	45,516	44,485	(1,031)

International Income – August 2025 (YTD)

International Application Volumes (per period)



International Application Volumes (cumulative)

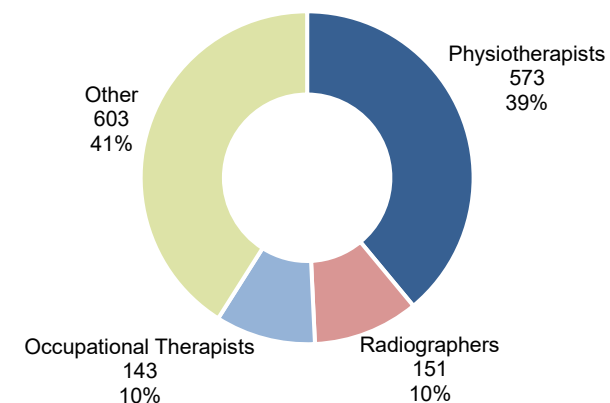


Note. 'Actuals + Projection' based on actual volumes for YTD plus forecast for subsequent periods.

- **August 2025 Period Only:** Actual number of international applications of 244, which is below the forecast of 343. This marks another consecutive month where actual volumes have fallen short of budget and forecast expectations.
- **August 2025 YTD:** 1,470 applications to date (average of 294 applications per month).
- **Full Year Forecast:** Based on the downward trend in international applications, the recent forecast was adjusted down to 3,900 compared to the budget figure of 7,500.

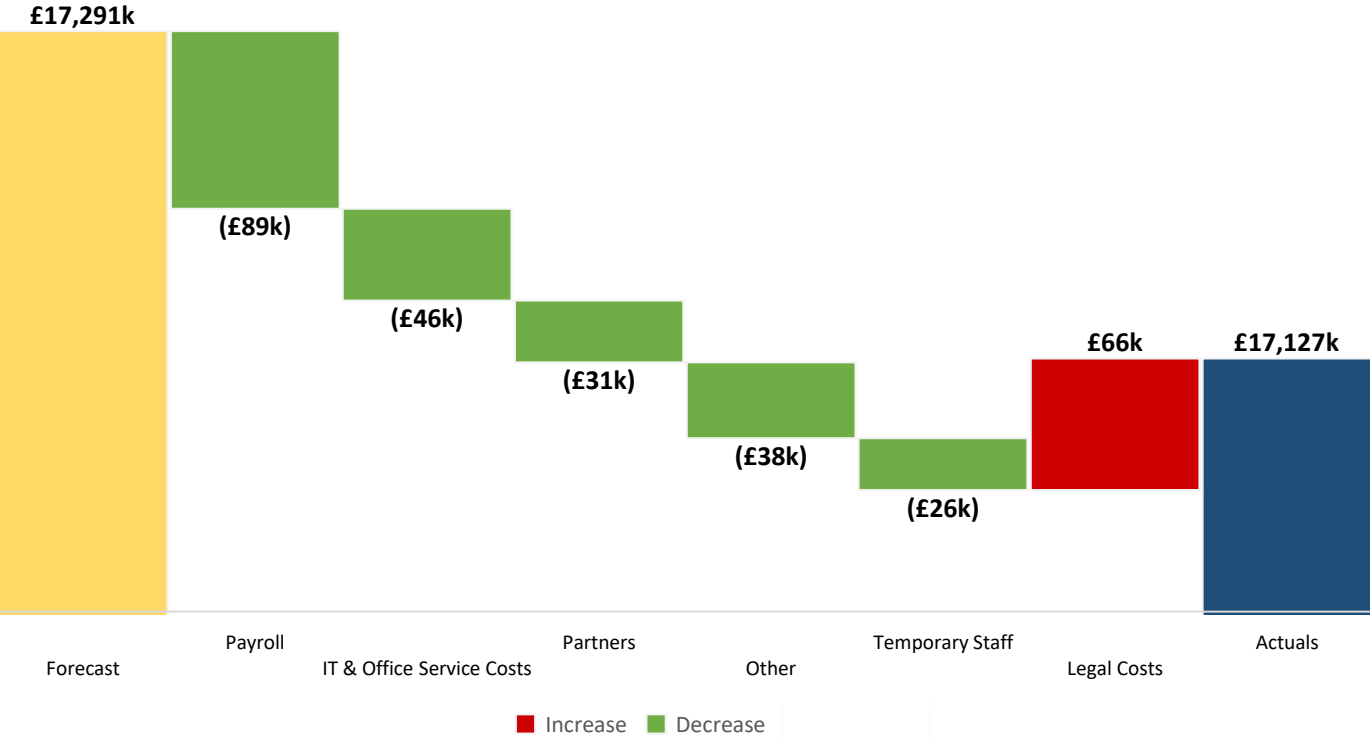
Financial vs Operational Reporting: There will be a slight difference in the reported volumes of international applications, related to recognising applications based on received payments (financial) versus the number of applications processed (operational).

International Application volumes (By Profession)



Expenditure – August 2025 (YTD) Actuals vs Forecast (by Category)

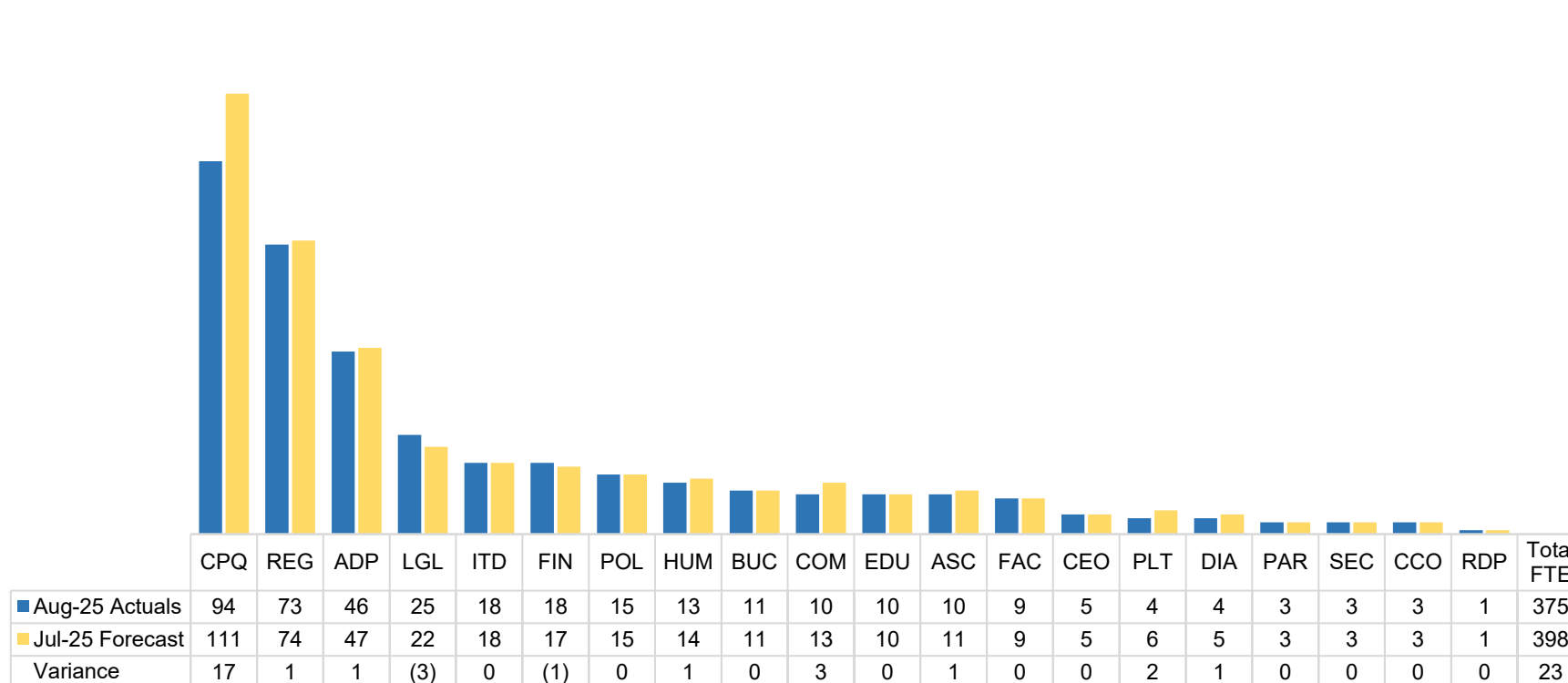
Actuals vs Forecast (August 2025 YTD)



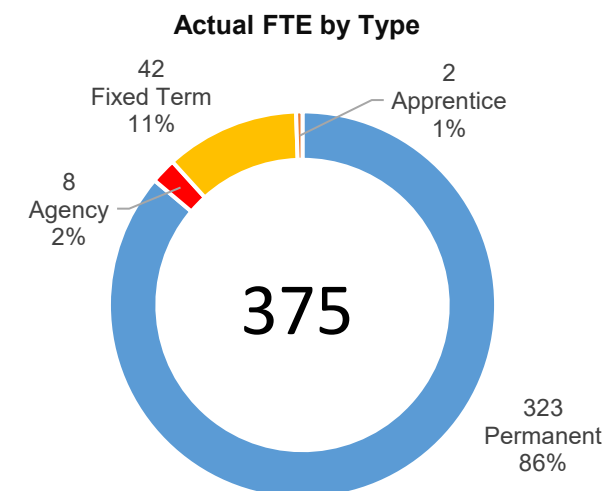
- Total year to date expenditure of £17.1m is **£164k** favourable compared to forecast, with key variances as follows:
- **Payroll:** **£89k** favourable mainly due to unfilled vacant posts for ‘Case Manager’ positions in FTP.
 - **IT & Office Services Costs:** **£46k** favourable due to timing of costs.
 - **Partners Costs:** **£31k** favourable mainly due to decrease in direct costs associated with international application volumes.
 - **Temporary Staff:** **£26k** favourable due to delay in recruiting the specialist legal position within FTP.
 - **Legal Costs:** **£66k** adverse mainly related to higher general legal advice costs, mostly as a result of timing.

Note.
Key variances above £20k.
To view the full year forecast, please refer to ‘Appendix 2 – Income and Expenditure August 2025 YTD (by Category)’.

Employee FTEs as at 31 August 2025

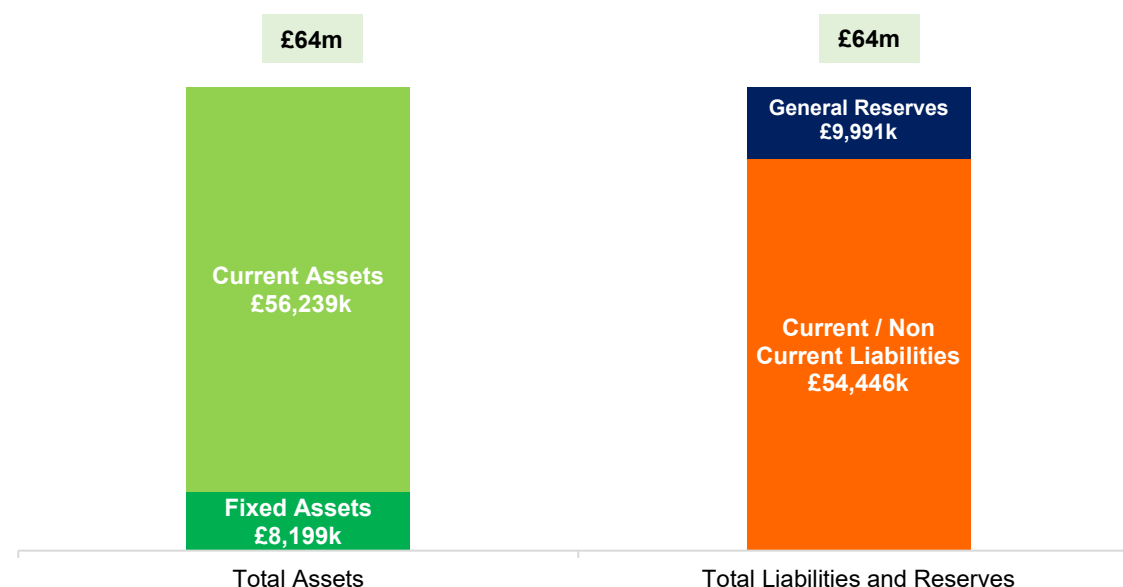


- **Case Progression and Quality:** actual FTEs below forecast, mainly due to unfilled vacant posts for 'Case Manager' positions.
- **Communications:** actual FTEs below forecast, primarily due to unfilled vacant posts for 'Communications Officer', 'Media Communications Officer' and 'Public Affairs and Stakeholder Officer' positions.
- **Legal Services:** actual FTEs above forecast, due to ongoing investigative work on exceptional legal cases funded from ring-fenced reserves.



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

Balance Sheet and Reserves as at 31 August 2025



- **Current Assets:** mainly comprise cash and cash equivalents of around £27m and account receivables of around £30m.
- **Liabilities:** mostly relate to deferred income of around £50m as a result of registrants paying their fees in advance.
- **General Reserves (or Net Assets):** approximately £10m.
- **Positive Realisable Net Assets:** approximately £7.3m, calculated by taking our reserves position of £10m less our 'intangible assets' of around £2.7m (representing just over two months of total operating expenditure).

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

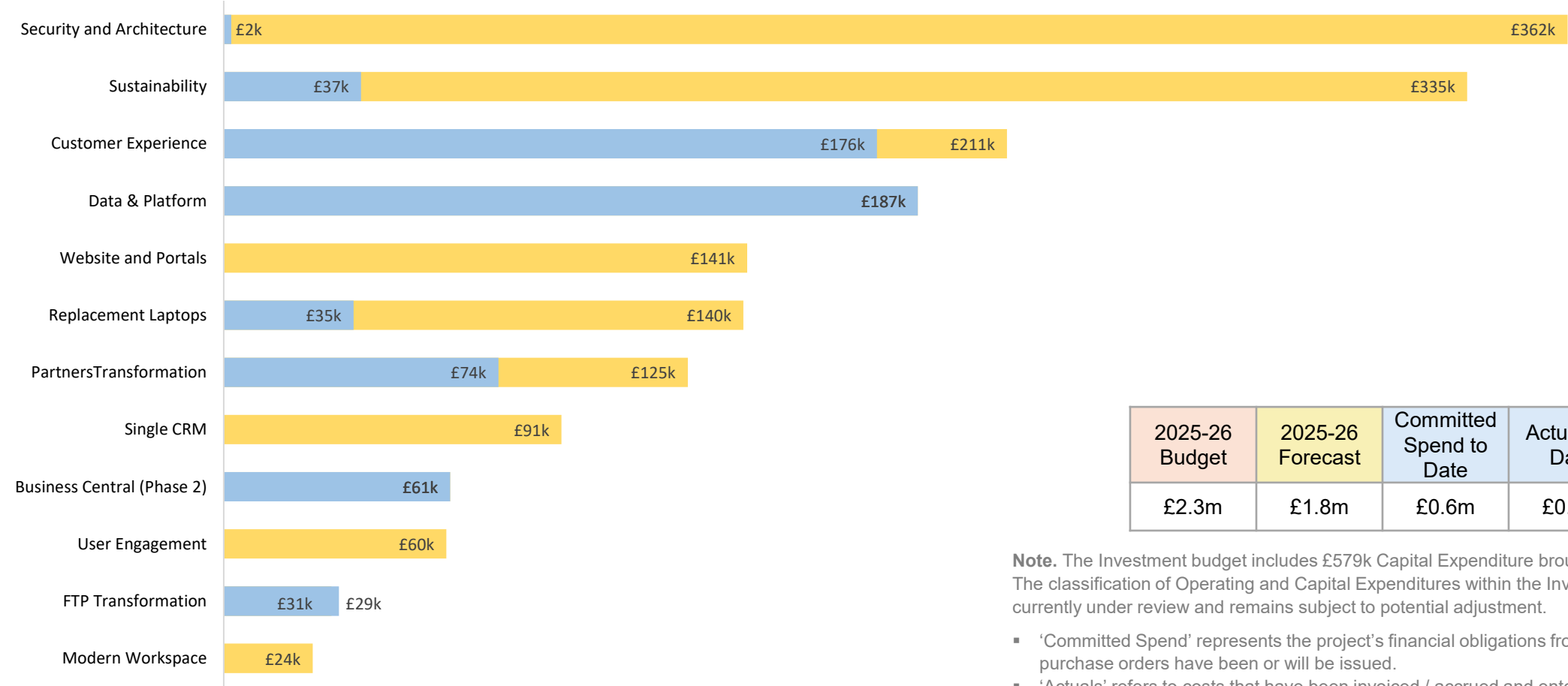
	31 August 2025 Actuals	31 August 2025 Forecast	Variance
	£'000	£'000	£'000
General Reserves	9,991	9,994	(3)
Realisable Net Assets	7,310	7,428	(118)

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 unforecast increases in expenditure and/or losses in income.

Investments Portfolio 2025-26

Investments Portfolio 2025-26

Forecast Committed Spend



2025-26 Budget	2025-26 Forecast	Committed Spend to Date	Actuals to Date
£2.3m	£1.8m	£0.6m	£0.3m

Note. The Investment budget includes £579k Capital Expenditure brought forward from 2024-25. The classification of Operating and Capital Expenditures within the Investment Portfolio is currently under review and remains subject to potential adjustment.

- 'Committed Spend' represents the project's financial obligations from agreed contracts, where purchase orders have been or will be issued.
- 'Actuals' refers to costs that have been invoiced / accrued and entered into our financial records.

Risks and Opportunities

Risks

Low	Medium	High
	SMS Verification: additional costs as a result of SMS traffic volume (£70k)	Decrease in International Income: further decline if volumes fall below forecast average (£500k)
		Microsoft ESA: increase in renewal cost for Microsoft enterprise subscription from January 2026 (£60k)
		Redaction Software Licence Costs: redaction software to remove sensitive information from FTP cases bundles and Governance documents (£35k)

Opportunities

Low	Medium	High
Investment Income: additional income from utilising favourable rates by transferring funds to our notice accounts	FTP Vacancies: further phasing from delays in recruitment for roles across FTP	Registrations: cost efficiencies through reducing operational requirements associated with international applications (£100k)
Legacy telephony contract: decrease in telephony costs as we move to new provider (£30k)	SMS Verification: recoup some excess costs resulting from SMS pumping through cyber security insurance (£70k)	Test of Competence: deferral of costs related to the phasing of implementing additional assessment criteria and reviews (£20k)
	Cleaning Services: potential savings from changes to office cleaning frequency (£30k)	Policy Research: discontinuation of the professional boundaries research (£55k)
	Additional Rental Income: rental of office and hearing room space to other organisations	

Note. Low/Medium/High Risk categories relate to the likelihood of the risk or opportunity materialising.

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APPENDICES

Appendix 1 – Income and Expenditure (By Department)

	August 2025 YTD			Full Year 2025-26			Full Year Forecast	Notes
	Actuals	Forecast	Variance	Budget	Forecast	Variance	Actuals	
	£'000	£'000	£'000	£'000	£'000	£'000	%	
Total Income	17,445	17,612	(167)	45,516	44,485	(1,031)	39%	
Fitness to Practise	8,366	8,477	111	21,737	21,954	(217)	38%	1
IT and Digital Transformation	1,704	1,726	22	4,210	4,168	42	41%	
Registrations	1,623	1,619	(4)	4,832	4,053	779	40%	7
Chief Executive and Registrar	781	784	3	1,801	1,881	(80)	42%	2
Finance and Commercial	728	727	(1)	1,751	1,751	0	42%	
Facilities Management	502	524	22	1,389	1,321	68	38%	4
Human Resources	444	465	21	1,412	1,386	26	32%	
Depreciation	395	394	(1)	1,144	1,074	70	37%	6
Communications	365	375	10	1,068	1,070	(2)	34%	
Policy and Standards	357	364	7	957	988	(31)	36%	
Business Change	334	339	5	851	861	(10)	39%	
Assurance and Compliance	309	302	(7)	699	752	(53)	41%	3
Education	249	249	0	609	609	0	41%	
Chair, Council and Committees	152	151	(1)	354	345	9	44%	
Professional and Upstream Regulation	142	139	(3)	418	348	70	41%	5
Data Insight and Analytics	133	131	(2)	306	295	11	45%	
Major Projects	117	121	4	230	221	9	53%	
Governance	113	87	(26)	292	267	25	42%	
Partners	107	105	(2)	259	283	(24)	38%	
Chair and Chief Executive Office	64	66	2	158	158	0	41%	
Regulatory Development and Performance	43	43	0	103	103	0	42%	
Total Operating Expenditure	17,028	17,188	160	44,580	43,888	692	39%	
Contingency	0	0	0	455	275	180	0%	
Other Costs	99	103	4	301	310	(9)	32%	
Total Expenditure	17,127	17,291	164	45,336	44,473	863	39%	
Surplus/(Deficit) – Ex. Exceptional Costs	318	321	(3)	180	12	(168)	2650%	

Exceptional Legal Costs	115	115	0
Surplus/(Deficit) – In. Exceptional Costs	203	206	(3)

Note: 'Other Costs' include Corporation Tax and Transformation Costs.
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1,500	1,500	0
(1,320)	(1,488)	(168)

Budget vs Forecast

- Note 1: (Fitness to Practise) £217k** adverse variance due to:
 - Additional resources required to meet increased operational demands, particularly in improving the timeliness of FTP investigations.
 - This is offset by a decrease in legal cost due to revised case referrals as a result of resource constraints with our legal provider.
- Note 2: (Chief Executive and Registrar) £80k** adverse variance due to release of vacancy gap built in the budget.
- Note 3: (Assurance and Compliance) £53k** adverse variance mainly attributed to additional posts approved after budget was finalised. This was funded by general contingency.
- Note 4: (Facilities Management) £68k** favourable variance due to unfilled vacant post as well as reduced repairs and maintenance costs than originally anticipated.
- Note 5: (Depreciation) £70k** favourable variance due to timing of capitalised costs (budget phased equally across the year).
- Note 6: (Professional and Upstream Regulation) £70k** favourable variance due to timing of recruiting a new Head of Professional and Upstream Regulation.
- Note 7: (Registrations) £779k** favourable variance is mainly attributable to lower direct costs associated with the decrease in international applications (assessors fees and test of competence).

Appendix 2 – Income and Expenditure August 2025 YTD (by Category)

	August 2025 YTD			Full Year			Full Year Forecast
	Actuals	Forecast	Variance	Budget	Forecast	Variance	% of Actuals
	£'000	£'000	£'000	£'000	£'000	£'000	%
Total Income	17,445	17,612	(167)	45,516	44,485	(1,031)	39%
Payroll	7,862	7,951	89	20,168	19,834	334	40%
Legal Costs	3,744	3,678	(66)	9,682	9,529	153	39%
Partners	1,903	1,934	31	5,800	5,223	577	36%
IT Costs	1,170	1,192	22	2,624	2,867	(243)	41%
Professional Fees	992	1,001	9	1,670	2,438	(768)	41%
Depreciation	395	394	(1)	1,144	1,074	70	37%
Staff Related Costs	163	173	10	596	618	(22)	26%
Property Costs	153	163	10	423	396	27	39%
Temporary Staff	144	170	26	456	258	198	56%
Utilities	132	130	(2)	341	335	6	39%
Office Services	118	142	24	649	422	227	28%
Other Costs	105	109	4	1,192	831	361	13%
Corporation Tax	99	103	4	201	210	(9)	47%
Communication Costs	69	72	3	143	201	(58)	34%
Travel and Subsistence	61	57	(4)	225	190	35	32%
Council Committee	17	22	5	22	47	(25)	36%
Surplus/(Deficit) - Excluding Exceptional Legal Costs	318	321	(3)	180	12	(168)	2,650%
Exceptional Legal Costs	115	115	0	1,500	1,500	0	
Surplus/(Deficit) - Including Exceptional Legal Costs	203	206	(3)	(1,320)	(1,488)	(168)	

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

Appendix 3 – Balance Sheet (as at 31 August 2025)

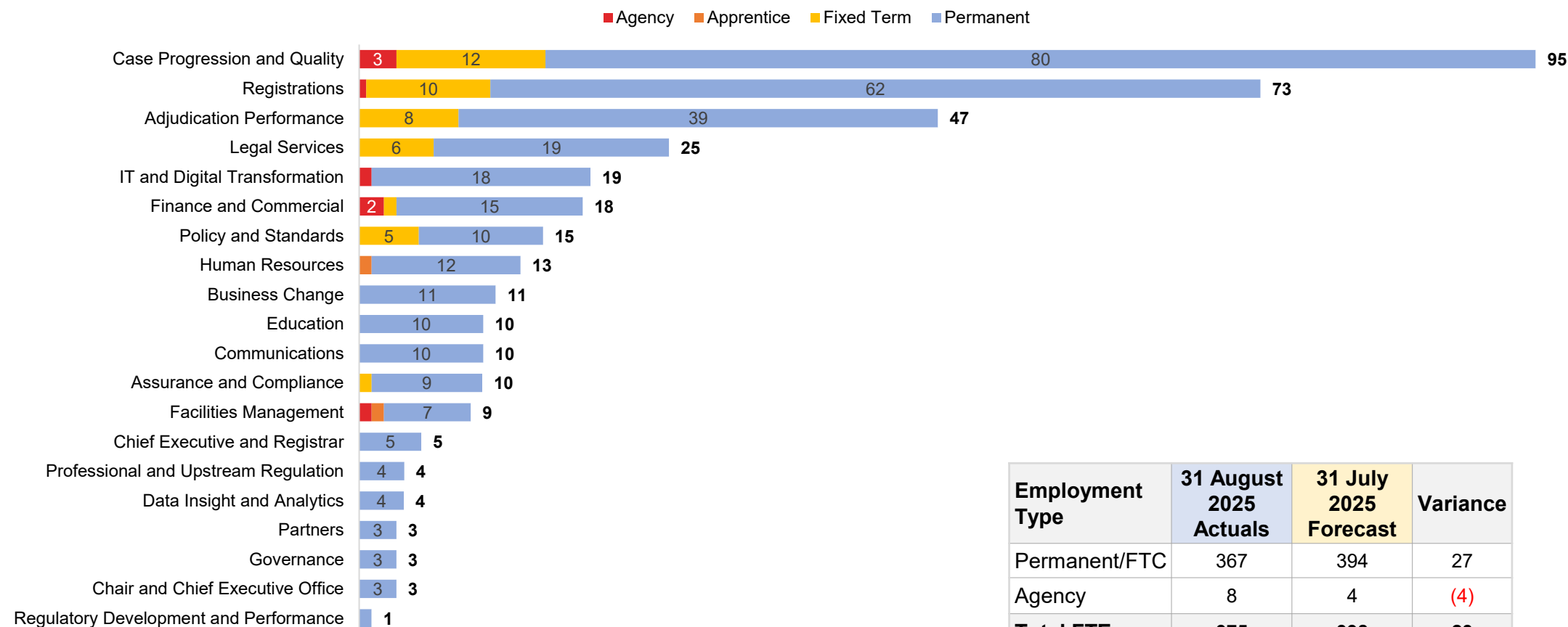
	31 August 2025 Actuals	31 August 2025 Forecast	Variance	31 March 2026 Forecast
	£'000	£'000	£'000	£'000
Property, Plant & Equipment	5,518	5,501	17	6,008
Intangible Assets	2,681	2,566	114	3,034
Total Fixed Assets	8,199	8,068	131	9,042
Current Assets				
Trade and Other Receivables	29,668	30,675	(1,007)	24,920
Cash and Cash Equivalents	26,571	25,450	1,120	24,973
Total Current Assets	56,239	56,125	114	49,893
Total Assets	64,437	64,192	245	58,935
Current Liabilities				
Deferred Income	49,881	49,878	(3)	45,628
Trade and Other Payables - other liabilities	4,462	4,216	(246)	5,004
Total Current Liabilities	54,343	54,094	(248)	50,632
Non-Current Liabilities	104	104	0	104
Total Liabilities	54,446	54,198	(248)	50,736
NET ASSETS	9,991	9,994	(3)	8,199
Opening Reserves	7,788	7,788	(0)	7,788
Ring-fenced Reserves	1,885	1,885	0	399
Surplus/(Deficit)	318	321	(3)	12
GENERAL RESERVES	9,991	9,994	(3)	8,199
Realisable Net Assets	7,310	7,428	(118)	5,165

Appendix 4 – Key Contracts (as at 31 August 2025)

Department	Contract Title/Name	Description of service	Contract Value	Contract Length	Supplier	Procurement Route
Information Technology	Cloud-based telephony platform and customer contact solution	Implementation of a new cloud-based telephony and customer contact solution to replace existing telephony platform.	£236,000	36 months	Kocho	Direct Award
Information Technology	Provision of S4 Object Storage	130TB committed data storage capacity	£75,000	24 months	Exponential-e Ltd	Contract Renewal
Facilities Management	Cleaning Services	Comprehensive cleaning services for all used facilities within the HCPC main office	£211,000	36 months	Apollo Cleaning	Public Tender
Finance	Insurance Agreement	General insurance contract covering property, liability, professional indemnity, travel and engineering	£98,000	12 months	Lockton	Contract Extension
Finance	Workday Adaptive Planning – Software Licences	Annual subscription cost to use the Adaptive Planning tool. Licence fees cover access for authorised users, ongoing software updates, security and technical support as part of the SaaS (Software-as-a-Service) model.	£77,000	36 months	Workday	Direct Award
Finance	Implementation of Workday Adaptive Planning Application	Implementation of financial planning and analysis (FP&A) application to improve management reporting and enhance financial planning	£76,000	12 months	ICit Business Intelligence	Direct Award

Appendix 5 – FTEs (as at 31 August 2025)

Actual FTE by Employment Type



Employment Type	31 August 2025 Actuals	31 July 2025 Forecast	Variance
Permanent/FTC	367	394	27
Agency	8	4	(4)
Total FTE	375	398	23

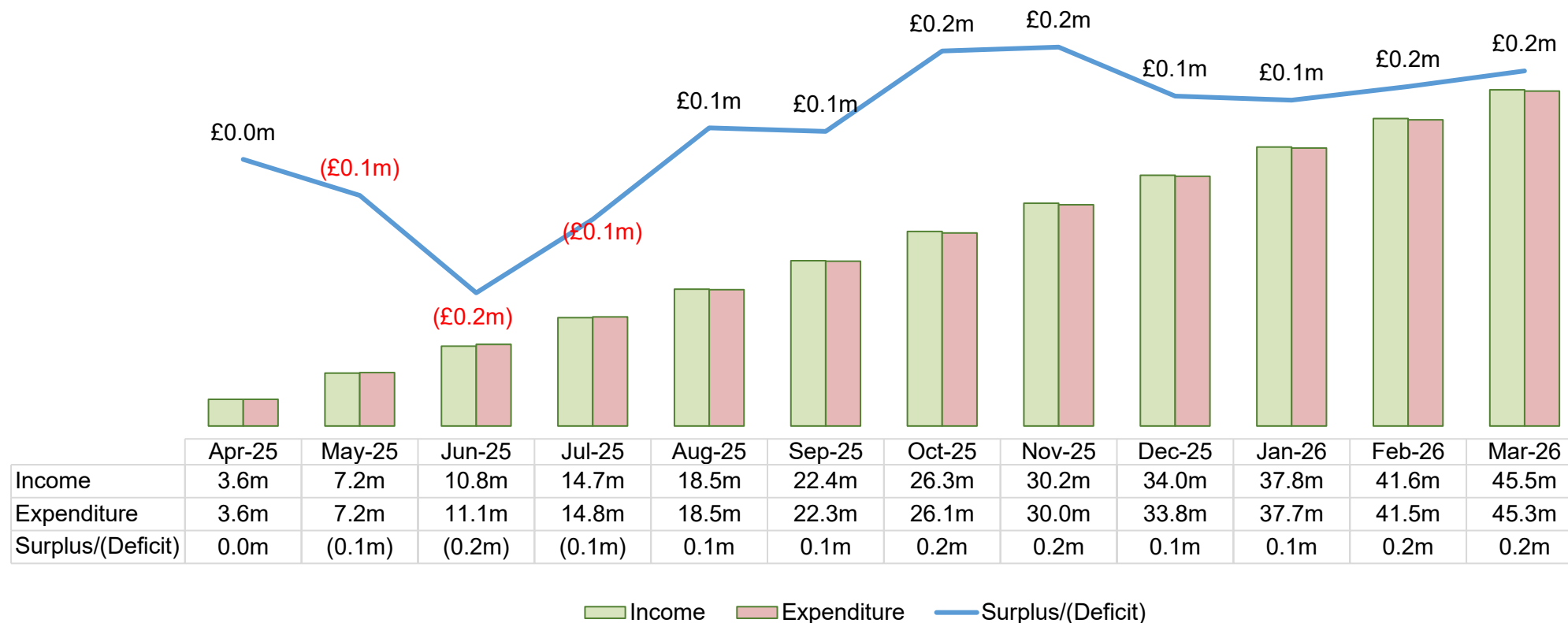
Note. Actual FTE is a snapshot in time, whereas Forecasted FTE is based on an annual view. For example, if an employee was hired on a 6-month contract at the beginning of the financial year, forecasted FTE would be shown as 0.5, however, Actuals will be shown as 1.0.

Appendix 6 – Contingency (as at 31 August 2025)

Description	£'000
2025-26 Budget Contingency	455
Additional resource requirements for Assurance and Compliance, Partners and Policy departments	(115)
FTP resource and operational build-up to address BAU activities and case timeliness	(215)
Contingency increase	150
Total Contingency Available	275

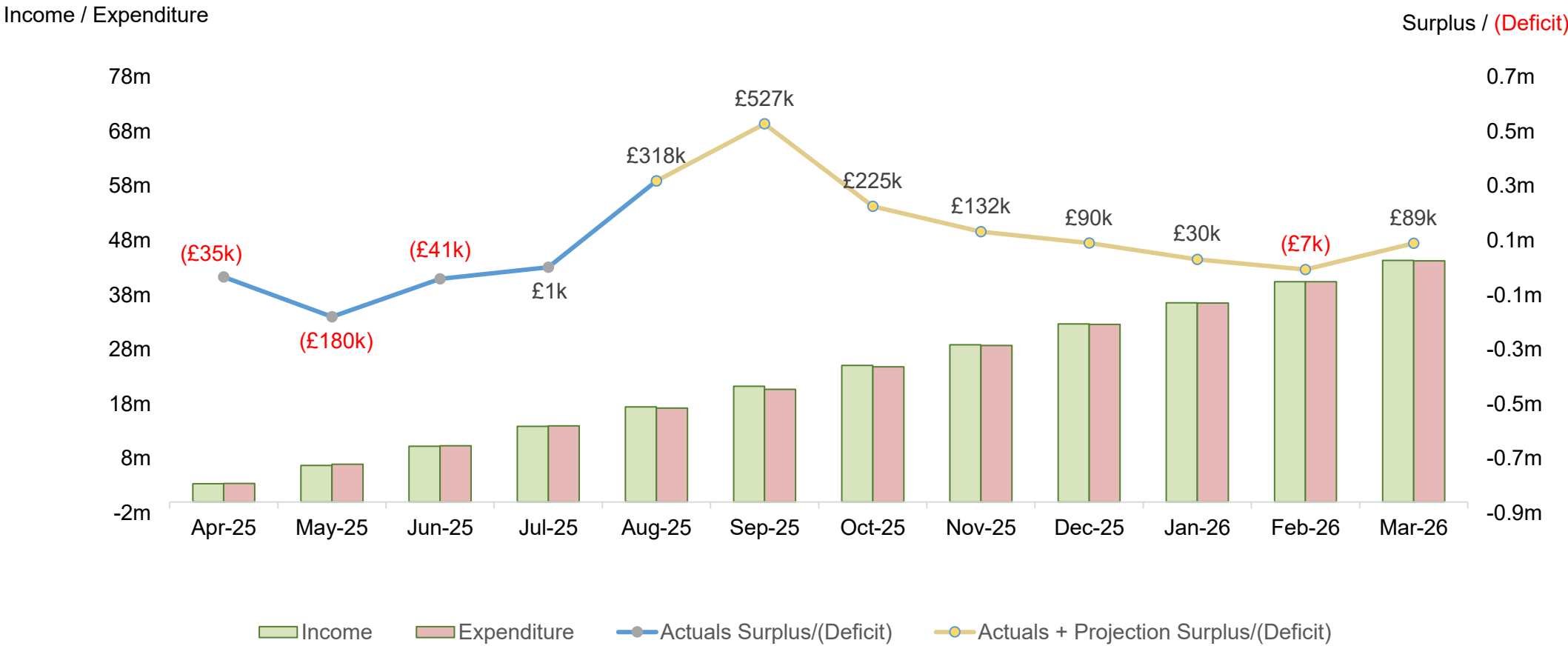
Appendix 7 – 2025–26 Budget Profile

2025-26 Budget (Running Total)



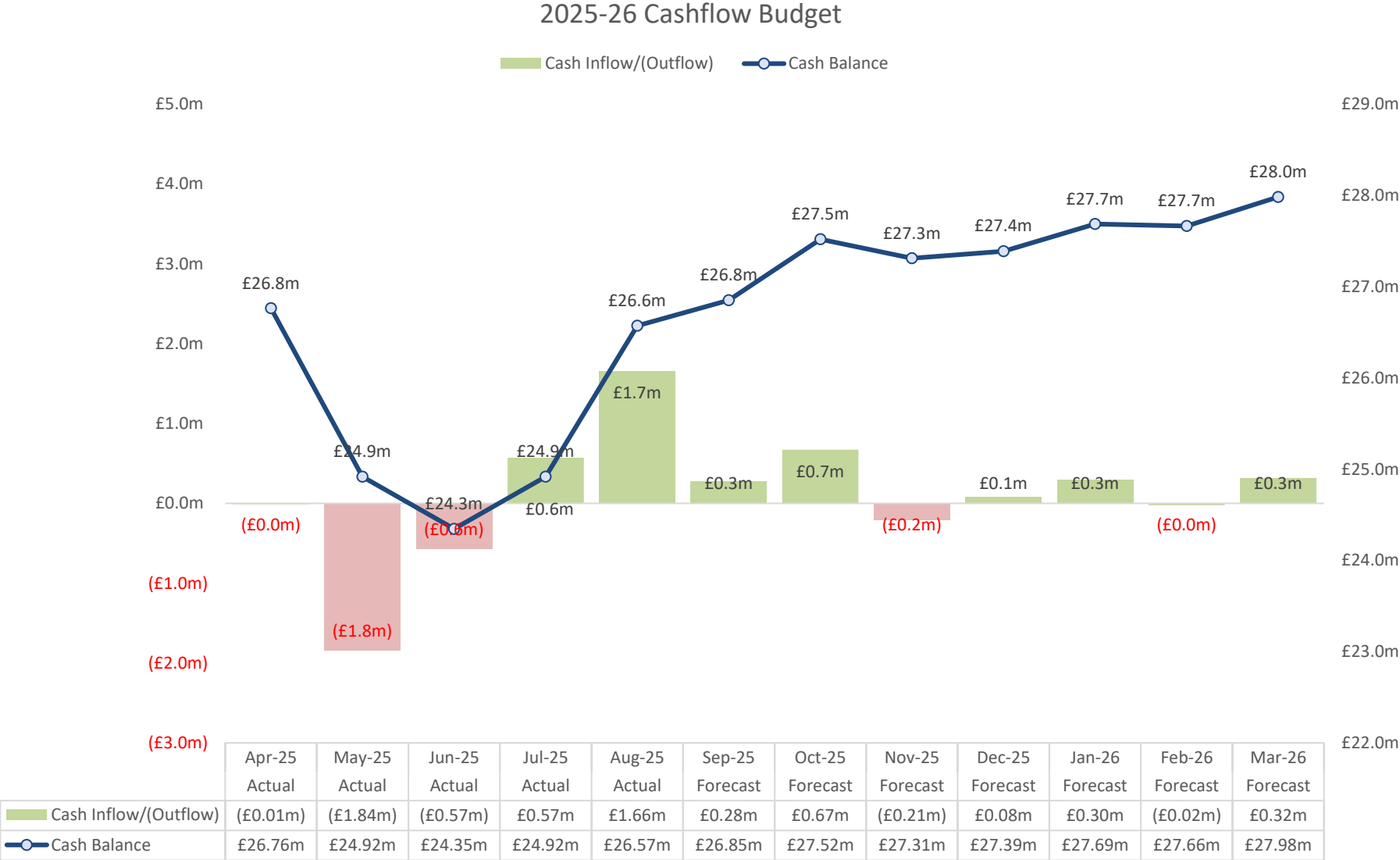
Appendix 8 – 2025-26 Full Year Projection (By Period)

2025-26 Forecast (Running Total)



Note. Actual + Projection is based on actual for YTD plus forecast for subsequent periods. Surplus/Deficit figures excludes exceptional legal costs funded from reserves.

Appendix 9 – Cashflow Forecast (as at 31 August 2025)



Appendix 10 – Investment Portfolio Glossary

Programme	Description of Programme
Security and Architecture	Migration of data centre services to the cloud and the retirement of remaining on-premises technology.
Sustainability	Implementation of boiler and air conditioner replacements.
Customer Experience	Implementation of improved FTP telephony service and migration towards omni-channel customer contact centre approach.
Data & Platform	Implementation of data models for FTP, Registrations, Education, Finance and HR to improve standards, undertake proof of concepts for self-service reporting and establishing a common data dictionary.
Website and Portals	Implementation of new platform to enable improvement to the application portal required by the new international assessment model. This includes building integration between HCPC website and dynamics, defining improvements to the new website, upgrading/re-platforming HCPC website and changing management support.
Replacement Laptops	Purchase of new laptops to cater for existing and new employees.
Partners Transformation	Implementation of worker status for partners and improvement of quality through changes to the partners operating model.
Single CRM	Implementation to enable migration to a single improved CRM platform which will initially cover stakeholders and complaints.
Business Central (Phase 2)	Improvement of financial processes and systems including improved AI tools and more efficient deferred income module
User Engagement	Stakeholder perception and user research
FTP Transformation	Improvement of FTP operating model which will help reduce reliance on legal providers.
Modern Workspace	Design, start file shares to Cloud migration

Council

Meeting Date	16 October 2025
Title	Financial Regulations Update
Author(s)	Alan Keshtmand, Head of Finance and Aihab Al Koubaisi, Financial Controller
Executive Sponsor	Alastair Bridges, Executive Director of Resources
Executive Summary Overview <p>The HCPC financial regulations outline the financial governance principles and responsibilities, ensuring accountability and effective financial management and form part of the Council's Code of Corporate Governance. These regulations guide Council members, the Executive Leadership Team (ELT), budget holders and all HCPC employees involved in financial management, aligning the HCPC's financial practices with its regulatory and operational objectives.</p> <p>The HCPC's financial regulations were last updated and approved by the Council in December 2024. At that time the proposed changes to the budget approval process sought to clarify the threshold at which Council approval was required. The changes were approved and provided ELT with greater authority to manage line-item budgets within set parameters, with Council approval required for exceeding aggregate financial limits. This was intended to provide flexibility while maintaining oversight. However, the revised wording unintentionally introduced ambiguity into the regulations and in practice would result in Council approval being required for any amount exceeding aggregate financial limits - even for an amount as low as £1.</p> <p>This ambiguity became apparent when the ELT considered the additional investment into Fitness to Practise services in July 2025. In light of this, it is proposed that the threshold at which Council approval is required reverts to the original threshold in place prior to December 2024 and that where a singular, unplanned event would result in a financial impact (capital or operational expenditure) that exceeds 1% of the total aggregate expenditure budget for the year (approximately £400k-£450k, contingent on the budgeted spend for the year), the Chief Executive, on advice from the Executive Director of Resources, will inform and seek approval, as appropriate, from the Council.</p> <p>The financial regulations will be reviewed by the Council every three years, or more frequently if appropriate due to changes in circumstances.</p>	

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee considered the proposed changes to the financial regulations at its meeting on 18 September 2025 and after further consideration of the rationale for the proposed amendments, agreed to recommend the updated financial regulations to Council for approval.

Purpose

The financial regulations set out to maintain financial integrity, detailing roles, responsibilities and policies across budgeting, procurement, financial planning and reporting. They integrate the HCPC's organisational values and principles of public service ethics.

Key Sections

1. Financial management and delegations

- The Council oversees the HCPC's financial sustainability, approving the financial strategy, budgets and policies for investment and reserves.
- The Executive Director of Resources, Head of Finance and Commercial and budget holders have clearly defined responsibilities for managing funds, maintaining internal controls and ensuring compliance.

2. Financial controls and procedures

- Standard operating and budgetary controls include procurement processes, purchase order requirements, expenditure approvals, payroll and supplier payments.
- The updated regulations reinforce the need for clear financial accountability through the allocation of income and expenditure across cost centres, as well as adherence to the procurement policy.

3. Financial planning, budgeting and reporting

- Budgets are aligned with organisational strategy and are reviewed annually. Multi- year budgeting is part of business planning, with emphasis on first-year financials and contingency measures for demand-driven regulatory functions.
- Monthly management accounts and quarterly reports are prepared, providing an overview of actuals vs. budget/forecast and are presented to the Council and Council committees for review.

4. Risk management and audit requirements

- Risk is managed in line with the HCPC risk management policy, with internal and external auditors having access to all relevant records for transparency.
- The Comptroller and Auditor General retains authority to review HCPC accounts under public service standards.

5. Investment cases

- The 2024 regulations emphasise structured project management for major organisational changes, requiring summary and full investment cases based on project cost, scope and impact on stakeholders.

6. Ethical standards and compliance

- Adherence to the HCPC code of conduct and public life principles is required for all financial management activities. Disclosure requirements are clearly stated for conflicts of interest, gifts and hospitality.

Differences between the revised version of the financial regulations and the previous version (December 2024):

Section 5.6 – Budget Approval Process

The previous version stated that Council approval was required for proposals exceeding the aggregate budgeted spend. The revised version now provides that approvals are given by the Executive Leadership Team, after adhering to the procurement process and to guidance of the Authority for Financial Commitments Table in Annex 1, with changes captured in the revised forecast. All budget revisions are reported to the Council during the quarterly meetings as part of the finance report. Council approval will be sought, as appropriate, if a singular, unplanned event would result in a financial impact (capital or operational expenditure) that exceeds 1% of the total aggregate expenditure budget for the year.

Authority for Financial Commitments Table in Annex 1

The Authority for Financial Commitments table has been updated per our revised Procurement Policy which came into effect in June 2025.

Conclusion and recommendations

The Council is asked to approve the updated financial regulations.

Action required	The Council is asked to approve the updated financial regulations.
Previous consideration	People and Resources Committee (PRC) – 19 September 2025 Audit and Risk Assurance Committee (ARAC) – 18 September 2025 The financial regulations were last approved by the Council on 5 December 2024.
Next steps	The updated financial regulations will be published on the HCPC intranet. The HCPC Code of Corporate Governance will also be updated to reflect the revisions. Review the regulations in September 2028.

Financial and resource implications	Ensuring the financial regulations are adhered to by the organisation.
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	The equality impacts were considered when updating the financial regulations.
Other impact assessments	Not applicable
Reason for consideration in the private session of the meeting (if applicable)	Not applicable

FINANCIAL REGULATIONS FOR THE HEALTH AND CARE PROFESSIONS COUNCIL

Status of document:	Final
Version:	21.0
Approved by:	Executive Leadership Team (ELT) Council
Date of approval:	05 December 2024 TBC
Effective from:	05 December 2024 TBC
Owners:	Alastair Bridges, Executive Director of Resources Alan Keshtmand, Head of Finance and Commercial
Authors:	Alan Keshtmand, Head of Finance and Commercial Aihab Al Koubaisi, Financial Controller
Next policy review date:	November 2028 7

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1. Financial management overview

Financial responsibilities

- 1.1. The Health and Care Professions Council (HCPC) was established under section 60 of the Health Act 1999. As a regulator of health and care professions in the UK, the HCPC's role is to protect the public. The Council has ultimate responsibility for ensuring that the HCPC is financially sound and that there is effective financial management in place.
- 1.2. The Chief Executive was appointed as the HCPC's Accounting Officer by the Privy Council and is accountable for the stewardship of the HCPC's resources.

Purpose and scope of financial regulations

- 1.3. The purpose of the financial regulations is to:
 - ensure that high standards of financial integrity are maintained at all times
 - outline the financial responsibilities of HCPC employees¹, and the policies adopted by the HCPC to fulfil its financial control and legal obligations
 - provide high level principles that guide planning and managing the HCPC's finances and the proper use of resources and stewardship of assets.
- 1.4. The financial regulations are part of our governance arrangements and are supported by a range of policies, procedures and guides. If any instance of conflict or ambiguity arises between the financial regulations and supporting documents, the financial regulations take precedence.

Approval and review of financial regulations

- 1.5. The financial regulations are set and approved by the Council and are consistent with the financial strategy². They are reviewed by the Council every three years and more frequently should circumstances require. In line with good practice, the appropriate operational managers should regularly update the supporting documents.
- 1.6. The financial regulations apply to all HCPC employees. They are available on the intranet. Failure to comply with the financial regulations or

¹ The regulations apply to the Council and Committee members, permanent and fixed-term employees and temporary, interim, agency and contracted workers.

² Financial Strategy: [hcpc-uk.org/globalassets/meetings-attachments3/finance-and-resources-committee/2013/march/enc-09---financial-strategy/](https://www.hcpc-uk.org/globalassets/meetings-attachments3/finance-and-resources-committee/2013/march/enc-09---financial-strategy/)

instructions issued under them, may result in disciplinary action. All employees are responsible for understanding their responsibilities under these regulations and complying with them. Managers are responsible for ensuring that employees they manage receive appropriate training on the regulations, understand them and comply with them.

- 1.7. On joining the HCPC, the Executive Leadership Team (ELT), who report directly to the Chief Executive, must sign a budget delegation letter confirming that they have read the financial regulations and understand and accept their responsibilities.
- 1.8. It is not possible to cover every eventuality within these financial regulations. Where a particular circumstance is not specifically referred to and there is any doubt as to the correct course of action, guidance should be sought in the first instance from the Head of Finance and Commercial.

2. Codes of behaviour in financial management

- 2.1. In addition to the financial regulations, the Nolan principles of public life³ apply to our financial management.
- 2.2. 'The Seven Principles of Public Life' are ethical standards that are expected of those working in public services, such as the HCPC and are as follows:
 - Selflessness - to act solely in terms of the public interest.
 - Integrity - to avoid placing ourselves under any obligation to people or organisations that might try inappropriately to influence us in our work. Not to act or take decisions in order to gain financial or other material benefits for ourselves, our family or our friends. To declare and resolve any interests and relationships.
 - Objectivity - to act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
 - Accountability - to be accountable to the public for our decisions and actions and to submit ourselves to the scrutiny necessary to ensure this.
 - Openness - to act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.
 - Honesty - to be truthful.
 - Leadership - to exhibit these principles in our own behaviour. To actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

³ The Seven Principles of Public Life: [The Seven Principles of Public Life - GOV.UK](https://www.gov.uk/government/publications/the-seven-principles-of-public-life)

- 2.3. Alignment with the HCPC's values - based on the HCPC's people strategy⁴, the values outlined for the organisation are 'Fair', 'Compassionate', 'Inclusive' and 'Enterprising'. These values guide the HCPC's approach to regulatory responsibilities and workforce practices and reflect commitments such as transparency, respect, collaboration and a proactive, innovative mindset in service delivery and team culture.

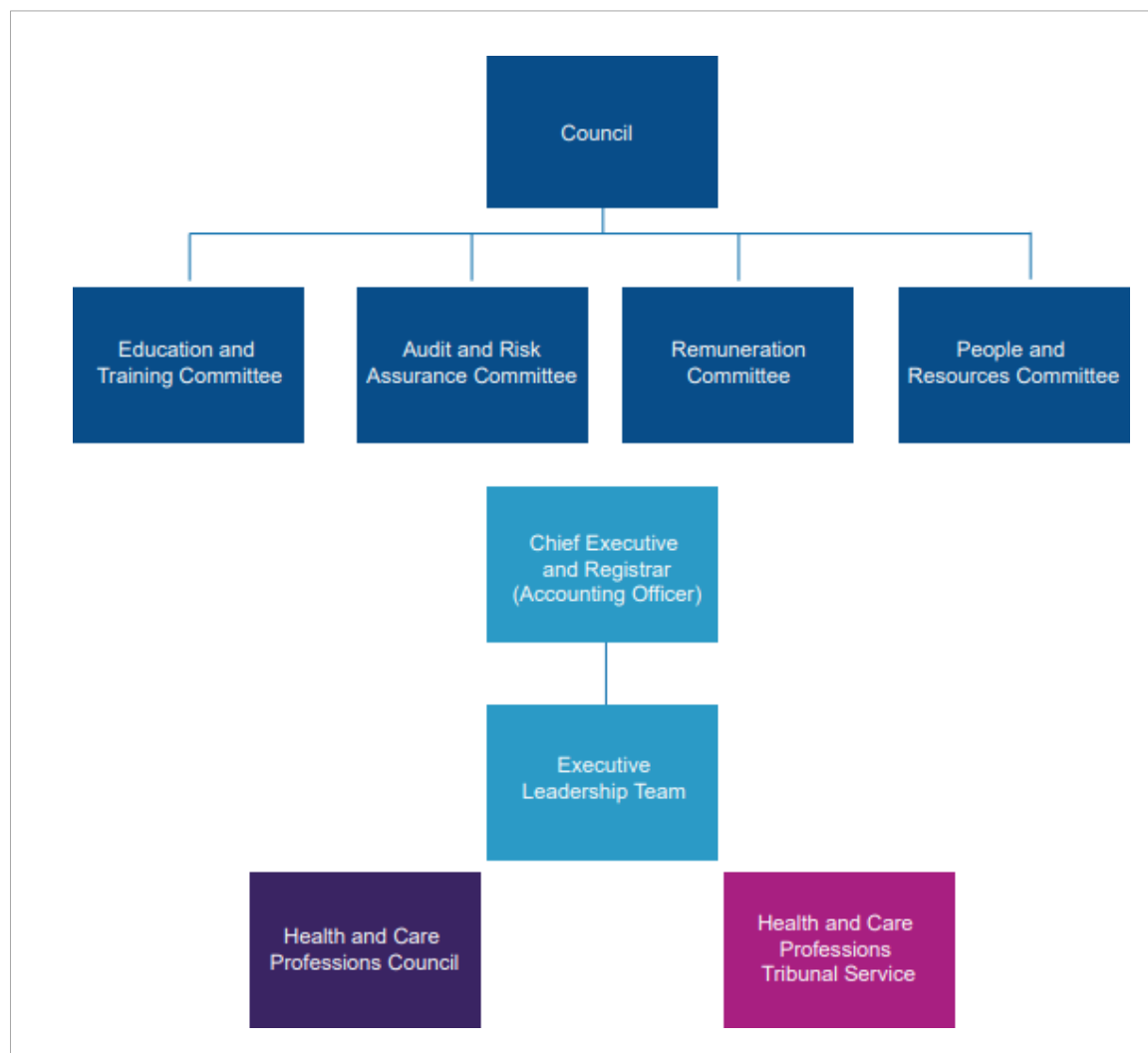
3. Financial management framework

Financial delegations

- 3.1. Council responsibilities: the Council is ultimately responsible for the financial stability and integrity of the HCPC. It exercises financial control through strategic approvals, such as defining the financial control framework, overseeing reserves, investments and procurement policies and regularly reviewing financial reports.
- 3.2. Statutory duties: under the Health Professions Order 2001 (the Order), the Council is responsible for specific financial activities including setting fees, maintaining accounts, publishing annual accounts and appointing external auditors.
- 3.3. The scheme of financial delegation is represented in the diagram below⁵.

⁴ People Strategy: prod.hcpc-uk.org/globalassets/resources/reports/hcpc-people-strategy-2021-2026.pdf

⁵ Annual Report and Accounts (page 51): [HCPC annual report and accounts 2023-24](#)



Governance and committees

- 3.4. The Order, Standing Orders of the Council and Scheme of Delegation that set out the powers and functions of the Council and the standing orders of committees are available on the HCPC's website⁶.
- 3.5. Audit and Risk Assurance Committee (ARAC): oversees the HCPC's audit processes and risk management practices.
- 3.6. People and Resources Committee (PRC): monitors financial planning and long-term financial sustainability.

Executive financial responsibilities

- 3.7. Chief Executive and Accounting Officer: the Chief Executive, appointed by the Privy Council as the Accounting Officer, is accountable for managing the HCPC's resources, adhering to the financial framework and fulfilling the HCPC's statutory obligations.

⁶ Scheme of Delegation: <https://www.hcpc-uk.org/globalassets/about-us/who-we-are/council-and-committees/code-of-corporate-governance/scheme-of-delegation.pdf>

- 3.8. Executive Director of Resources: accountable for implementing Council-approved financial policies, maintaining internal financial controls, providing financial guidance and preparing necessary financial reports. Ensures adherence to best practices and professional standards in financial management.
- 3.9. Head of Finance and Commercial: responsible for implementing Council-approved financial policies, maintaining internal financial controls, providing financial guidance and preparing necessary financial reports. Accountable for preparing management accounts, conducting quarterly reviews, budget preparation, medium-term financial projections and preparing annual accounts.

Delegated authority and budget responsibilities

- 3.10. Delegation of Authority: only those with delegated authority may commit the HCPC to financial or contractual expenditures, adhering to the financial limits detailed in Annex 1. No purchase orders or financial commitments should be initiated without prior approval from an authorised individual.
- 3.11. Budget management: budget holders are responsible for ensuring funds are used appropriately, aligning with departmental and organisational goals and adhering to financial regulations as well as the Procurement Policy⁷. Decisions on spending should be justifiable to registrants as responsible use of funds⁸.
- 3.12. Signatories: the Finance and Commercial department maintains a database of authorised signatories and individuals with delegated authority must be active users of the electronic finance and purchasing system to approve expenditures.

4. Financial controls and procedures

Operational and budget controls

- 4.1. The Head of Finance and Commercial is accountable for implementing and managing systems to:
 - Order goods and services
 - Process payments to creditors, allowances and expenses
 - Collect and deposit all income owed to the HCPC
 - Manage and protect the HCPC's assets until disposal
 - Administer taxes and make necessary payments to authorities

⁷ [Procurement manual](#)

⁸ [Regularity, Propriety and Value for Money](#)

- 4.2. The HCPC's accounting systems must allocate income and expenses accurately to facilitate statutory account preparation. Whenever possible, items of income and expenditure should be assigned to relevant cost centers.
- 4.3. Registration fees: all registration fees charged to HCPC registrants are defined in the Health and Care Professions Council (Registration and Fees) Rules 2003⁹ and must be accurately recorded within the Registration system.
- 4.4. Fees for additional services: while the HCPC generally does not charge for additional services, any fees must align with the HCPC's objectives and ensure that registrant funds are not used to subsidise unrelated activities. If a service is requested by another organisation, individuals should consult with the Finance and Commercial department to determine if a fee should be charged.
- 4.5. Payroll oversight: payroll costs are managed through the HCPC's budget-setting process, as well as strict procedures for hiring and setting compensation for employees and temporary workers. In collaboration with the Head of HR, the Head of Finance and Commercial oversees systems for the timely and accurate payment of salaries, wages and pensions.
- 4.6. Expenditure authorisation: employees are required to obtain approval from an authorised budget holder before committing the HCPC's funds for any goods or services.

Procurement and contractual commitments

- 4.7. Procurement compliance: all goods and services must be procured in line with the Procurement Policy. Only the ELT, following authority thresholds set in Annex 1, can enter into contracts on behalf of the HCPC.
- 4.8. Budget holder responsibilities: before approving contracts or requisitions, budget holders must ensure that the expenditure is necessary, represents good value and adheres to Procurement Policy guidelines. Each contract or requisition should be clear and detailed, specifying deliverables, prices and deadlines. Documentation of compliance must accompany the requisition in the purchasing system.

Purchase orders and supplier payments

- 4.9. Purchase order creation and compliance: an approved purchase requisition generates a purchase order, forming a binding agreement with the supplier, who will invoice against it.

⁹ [consolidated-registration-and-fees-rules.pdf](#)

- 4.10. Goods and service receipt: budget holders are responsible for confirming that goods or services meet expectations before 'receiving' the purchase order. This action authorises payment to the supplier.

Corporate credit card usage

- 4.11. Corporate credit cards may be issued to employees for specific business needs, subject to ELT approval and Finance guidance. Cardholders must adhere to the Corporate Credit Card policy¹⁰ and use cards only for approved purposes, avoiding circumvention of standard expenditure controls.

Travel and subsistence

- 4.12. Employees must follow the expenses policy for any travel and accommodation expenses. Travel, subsistence and allowance claims are processed in line with the HCPC's expenses policy¹¹. The following approval protocols apply based on the claimant and nature of the claim:
- Employee claims: authorised by the claimant's line manager or designated departmental reviewer.
 - Executive Directors or Chief Executive (domestic limits): self-authorised for claims up to £500 within the UK, with annual audits for policy compliance.
 - Executive Director claims (exceeding domestic limits or international travel): authorised by the Chief Executive or another Executive Director and the Head of Finance and Commercial.
 - Chief Executive claims (exceeding domestic limits or international travel): authorised by the Chair of the Council and the Head of Finance and Commercial.
 - Council Members' claims: authorised by the Head of Governance or relevant budget holder.
 - HCPC Partners' claims: authorised by the relevant budget holder.

¹⁰ Credit Card Policy: [G:\Finance\ Policies & Procedures\Finance Policies\Current policies\Credit Card Policy\Company Credit Card Policy.docx](#)

¹¹ [Expenses Policy for Employees \(sharepoint.com\)](#)

Capital expenditure

- 4.13. Capital expenditure follows the same processes as operational expenses, including budget, procurement and ordering approvals.
- 4.14. Fixed assets, which are defined annually in accounting policies by the Audit Risk and Assurance Committee, include equipment, furniture and property and are recorded in a fixed asset register managed by the Head of Finance and Commercial.
- 4.15. Disposals of assets require approval based on the net book value: if below £5,000, approval from the Head of Finance and Commercial is sufficient; if over £5,000, authorisation from the Executive Director of Resources or ELT is required.

Treasury and cash management

- 4.16. Banking arrangements: the Executive Director of Resources and the Head of Finance and Commercial oversee the HCPC's banking arrangements.
- 4.17. Approval for financial transactions:
 - Bank loans/overdrafts: Council approval is required for any bank loan or overdraft facility.
 - Leases: leases of land and buildings must be approved by the Council. Leases for office equipment require approval from the Executive Director of Resources.
 - Borrowing arrangements: Council approval is required for any borrowing arrangements by the HCPC.
- 4.18. Bank mandate: the Executive Director of Resources and Head of Finance and Commercial are responsible for approving the bank mandate, detailing individuals authorised to approve bank payments. To maintain appropriate segregation of duties, those approving payments must not have administrative access to the finance system.
- 4.19. Payment procedures: payment runs follow defined procedures and payment authorisers must review required evidence before approval.
- 4.20. Payment methods: the HCPC only accepts electronic payments - registrants' fees are made through HCPC Online, direct debit or debit/credit card. The HCPC does not accept payments via cheque or cash. All payments must be made electronically.
- 4.21. Debt recovery and write-offs: the Chief Executive holds full authority to pursue debt recovery, including the initiation of legal action when

necessary. The Executive Director of Resources is permitted to write off irrecoverable debts up to and not exceeding £10,000. The Chief Executive is permitted to write off irrecoverable debts exceeding £10,000. All debts exceeding £10,000 are reported to ARAC.

- 4.22. Losses and special payments: the HCPC report on all losses and special payments such as fruitless claims including cancellation payments to partners attending hearings and travel expenses incurred but not used, constructive losses, claims waived and abandoned and ex gratia payments to the Department of Health and Social Care (DHSC) as part of the annual return to the DHSC per HM Treasury's guidance on Managing Public Money. Losses and special payments exceeding £300,000 are also reported in HCPC's annual report.
- 4.23. Special severance payments: special severance payments to employees are reported to remuneration committee.

5. Financial planning, budgeting and reporting

- 5.1. The financial strategy and annual budgets are aligned with the HCPC's corporate strategy¹², ensuring sufficient resources for delivering objectives while maintaining financial sustainability and value for money.
- 5.2. The Council is responsible for approving the financial strategy (including fee policy), investment policy, reserves policy, the corporate strategy and the annual budget, with reviews occurring annually and updates every five years.

Budget process

- 5.3. Multi-year budgeting: budgets are created with a strong focus on the first year and are part of the annual business planning and budget setting process.
- 5.4. Budget approval: annual budgets detail overall income, expenditure (both operational and capital), allocations to departments, the annual registration fee and impact on reserves.
- 5.5. Budget holder responsibilities: budget holders are tasked with spending their budgets effectively, aiming for a tolerance of plus or minus 5%. However, demand led regulatory functions, for example Fitness to Practise hearing costs, should normally not be limited solely in order to remain within budget.
- 5.6. Budgets are fixed once approved. Any revisions are recorded outside the original budget, through the forecasting process.
- 5.7. The ELT has authority to move funds between budget line items. If a budget holder wishes to make a commitment that would result in their budget being exceeded, they must follow the approval process from

the ELT, together with the procurement policy guidelines (see Annex 1: Authority for financial commitments).

5.8. Following approval from the ELT, the changes will be captured in the revised forecast. All budget revisions are reported to Council during the quarterly Council meetings as part of the finance report.

5.9. If a singular, unplanned event would result in a financial impact (capital or operational expenditure) that exceeds 1% of the total aggregate expenditure budget for the year, the Chief Executive, on advice from the Executive Director of Resources, will inform and seek approval, as appropriate, from the Council.

~~Budget revisions: budgets are fixed, revisions however, are captured outside of the original budgets via forecasts. The ELT has authority to move funds between budget line items, but the Council's approval is required for proposals exceeding aggregate budgeted spend or for any change involving core business or capital expenditure. If budget holders wish to make a commitment that would lead to their budgeted spend being exceeded, the budget holder must follow the approval process from the ELT. Following approval from ELT, the changes will be captured in the revised forecast.~~

¹² Corporate Strategy 2021-2026: <https://www.hcpc-uk.org/globalassets/about-us/what-we-do/corporate-strategy/hcpc-corporate-strategy-2021-2026.pdf>

Investments for major projects

5.9.5.10. Project management: significant changes are managed using a project methodology supported by the Business Change team. This is monitored through a Change & Benefits Forum as part of the overall governance framework, which will provide an opportunity to define its role and responsibilities.

5.10.5.11. Summary investment case approval: required for projects costing between £100,000 and £250,000 that were not previously budgeted or projects that significantly affect registrants or the public.

5.11.5.12. Full investment case approval: required for projects over £250,000 or with substantial impact on registrants or the public or if requested by the Council after reviewing the summary investment case.

5.12.5.13. Council approval process: The Council must approve the investment case before project initiation and re-approval is necessary if there are changes to the project's scope, budget or timeline.

Management accounts and forecasts

5.13.5.14. Monthly management accounts are prepared for all areas of activity, with forecasts updated monthly for significant movements and detailed reforecasts carried out quarterly. Management accounts will compare actual costs against budget and forecast on a department-by-department and spend category basis.

5.14.5.15. Summarised management accounts will be presented to the People and Resources Committee and the Council, including comparison of actual income and expenditure to budget and forecast and explanation for significant variances. The Council may request additional reports as required.

5.15.5.16. Budget holders are responsible for reviewing management accounts and understanding the causes of variances to budget/forecast and being able to explain those variances to their manager or the Council as appropriate.

6. Other requirements

Risk management

- 6.1. The Council has a risk management policy and framework¹³. Budget holders must manage financial risks in accordance with the framework.

Audit requirements

- 6.2. Access to the HCPC's premises and to all assets, records, documents and correspondence relating to financial and other transactions must be provided and explanations given when required, to external auditors for the purpose of examining the HCPC's accounts and to the internal auditor concerning any matter under examination.
- 6.3. Authority of internal and external auditors - in order to perform their functions, the internal and external auditors have authority to:
- enter, at a reasonable time, any HCPC premises or land;
 - have access to records, documents and correspondence relating to any transaction of the HCPC;
 - review any relevant activity of the HCPC;
 - require and receive such explanations as are necessary concerning any matter under examination; and
 - require any HCPC Council member, employee or contractor to produce any asset under his or her control for which the HCPC is responsible.
- 6.4. Comptroller and Auditor General
- Article 46 of the Health Professions Order 2001¹⁴ provides that the HCPC's accounts shall be subject to examination by the Comptroller and Auditor General.
 - For the purposes of such examination, the Comptroller and Auditor General may inspect the HCPC's accounts and any records relating to them. Notwithstanding that power and the powers available under the National Audit Act 1983¹⁵, the Comptroller and Auditor General shall have the same authority as the internal and external auditors specified in paragraph 6.3 above.

¹³ [HCPC Operational Risk Management Guide](#)

¹⁴ Health Professions Order 2001: <https://www.hcpc-uk.org/globalassets/resources/legislation/hcpc---consolidated-health-professions-order-2001.pdf?v=638400741870000000>

¹⁵ National Audit Act 1983: <https://www.legislation.gov.uk/ukpga/1983/44/contents>

Disclosure of interests and gifts

- 6.5. We are committed to transparency and openness in the conduct of our affairs.
- 6.6. Disclosure requirements for the Council and non-Council committee members are specified in the HCPC's code of conduct for members. The Head of Governance maintains the register of interests of Council and Committee members and the ELT.
- 6.7. Employees must declare any interests they may have in matters they are dealing with in the course of their work at the HCPC to their ELT member, where appropriate, must not be involved in matters in which they have an interest.
- 6.8. Employees taking part in tendering are required to make a conflict of interest declaration to the Head of Governance.
- 6.9. Employees must report all gifts and significant hospitality offered to them in the course of their duties, including those that they decline. Gifts and hospitality are recorded on the gift and hospitality register held by Governance and may be published.

Fraud, bribery, corruption and whistleblowing

- 6.10. Employees must report any suspicions they might have of fraudulent or corrupt behaviour to the Head of Governance, Executive Director of Resources, ELT or senior manager as appropriate.
- 6.11. The anti-bribery and fraud policy¹⁶ and the whistleblowing policy¹⁷ (public interest disclosure policy) are available on the intranet.

Insurance

- 6.12. Budget holders should promptly notify the Head of Finance and Commercial of new or changing insurance requirements and of loss, liability, damage or an event that is likely to lead to an insurance claim.

Training and supervision

- 6.13. The Head of Finance and Commercial is responsible for providing financial training to all relevant employees and ensuring that guides to financial procedures are available.
- 6.14. Managers are responsible, within their areas, for the effective operation of financial procedures and delivery of financial responsibilities.

¹⁶ Anti-bribery and fraud policy: <https://www.hcpc-uk.org/globalassets/about-us/who-we-are/council-and-committees/code-of-corporate-governance/15.-anti-bribery-and-fraud-policy-13-march-2024.pdf>

¹⁷ Whistleblowing policy: <https://hcpcuk.sharepoint.com/howwework/Pages/Whistleblowing-policy.aspx>

Annex 1 - Authority for financial commitments

Aggregate Contract Value (incl. VAT)	Route to market	Who runs the tender? (incl. evaluation and supplier debriefing)	Should opportunity be formally advertised?	Type of agreement required?	Who must approve the contract award?	Who signs the contract?		Contract award notice needed?	Time needed to conduct process?	What to do with the contract?	Who is responsible for contract management?
						Contract listed within budget?	Method of acceptance / commitment authorisation				
£0 to £10,000	One written formal quote	Budget holder or nominated person	Not required	Only Purchase Order Terms	Budget Holder	N/A ¹²	Budget Holder	N/A	Allow 2 weeks	N/A	Budget holders in collaboration with Procurement
£10,001 – £30,000	Three formal written quotes		Optional			Yes	Contract signed by Budget Holder		Allow 4-8 weeks		
						No	Contract signed by Executive Director				
£30,001 – £100,000	RFQ or RFP or mini tender process	Budget holder or nominated person in collaboration with Procurement		If the contract value is greater than £10K (incl. VAT), a signed contract agreement is mandatory	Based on contract value (ELT Member or Tender Panel)	Yes	Contract signed by Executive Director		Allow 8-10 weeks	All signed contracts and attached documents are to be provided to Procurement	
						No	Contract signed by CEO				
£100,001 – £214,904	Competitive public tender or use of public framework agreement		Yes – Contracts Finder (or Find a Tender Service) or contact Procurement		Must align with Financial Regulations and financial approval thresholds.	Yes	Contract signed by CEO	Yes – Contracts Finder (or Find a Tender Service) or contact Procurement	Allow 10-12 weeks	Hard copies to Commercial Business Partnering Manager or electronic copies to procurement@hcpc-uk.org	
						No	Contract signed by CEO, after approval from the Chair				
Above £214,904	Use of framework agreement or formal written public tender in compliance with the Procurement Act 2023	Procurement in collaboration with budget holder				N/A ¹³	Contract signed by CEO, after approval from the Chair		Allow 6-12 months depending on complexity of requirement		
Aggregate-Contract-Value (Incl. VAT)		Method-of-Selection			Authorisation-Level		Contract-Budgeted?		Method-of-Acceptance		

£0—£9,999	Competition with evidence of comparison of at least two suppliers, or a use of mini-tender process.	Budget holder, Head of Finance and Commercial, Executive Director	Not contingent on budget	Approved PO
£10,000—£25,000			Yes	Contract signed by Budget Holder
			No	Contract signed by Executive Director
£25,001—£100,000	A competitive process with at least three written quotes, or a public tender, or use of a public framework agreement	Tender Panel makes final selection and to be approved by the relevant Executive Director	Yes	Contract signed by Executive Director
			No	Contract signed by the Chief Executive
£100,001—£250,000	A competitive public tender, or use of a public framework agreement	Tender Panel makes final selection and to be approved by the relevant Executive Director.	Yes	Contract signed by the Chief Executive
			No	Contract signed by the Chief Executive after obtaining the approval from the Chair of the Council
£250,001 and above	Use of a framework agreement, or formal written public tender in compliance with the UK Public Sector Procurement Regulations	Legal advice required if a framework agreement is not used.	Not contingent on budget	Authorised by the Chief Executive with approval of the Chair

Council

Meeting Date	16 October 2025
Title	Reserves Policy Update
Author(s)	Alan Keshtmand, Head of Finance and Aihab Al Koubaisi, Financial Controller
Executive Sponsor	Alastair Bridges, Executive Director of Resources
Executive Summary <p>Overview</p> <p>The reserves policy was last updated in February 2024, and we are not proposing any significant changes to the policy at this time. As a reminder, the main points from the reserves policy are set out below:</p> <ul style="list-style-type: none"> • The HCPC's policy is to maintain at least positive net realisable assets (refers to a situation in which an organisation's assets, when sold or converted into cash, exceed its liabilities, i.e. the organisation has more valuable assets than it owes in debts). • The policy seeks to build on this further by setting an aspiration to maintain reserves at three months of operating expenditure to help mitigate financial risks to our financial viability and ability to fulfil our statutory responsibilities (recently reported reserves position showed positive net realisable assets of just over £7.3 million, which equated to approximately 2 months of operating expenditure). • The reserves policy is reviewed annually and forms part of the HCPC's corporate governance framework. <p>Changes</p> <p>We are not proposing any significant changes to the last updated reserves policy of February 2024. We have incorporated the feedback from the Audit and Risk Assurance Committee on updating paragraph 4.3 of the policy to make the reserves definitions clearer and including only the types of reserves the HCPC holds. We have also made stylistic changes to paragraph 2.1 to avoid duplication.</p>	

Conclusion and recommendations The Council is asked to approve the reserves policy.	
Action required	The Council is asked to approve the reserves policy.
Previous consideration	People and Resources Committee (PRC) – 19 September 2025 Audit and Risk Assurance Committee (ARAC) – 18 September 2025 The last reserves policy was approved by the Council on 20 March 2024.
Next steps	The next review of the policy is due in September 2026. The feasibility of an earlier review will be considered through discussion with the Chair of the Audit and Risk Assurance Committee.
Financial and resource implications	Ensuring the reserves policy is adhered to by the organisation.
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	The equality impacts were considered when updating the reserves policy.
Other impact assessments	Not applicable
Reason for consideration in the private session of the meeting (if applicable)	Not applicable

RESERVES POLICY

1. Introduction

- 1.1 Financial reserves are funds that an organisation sets aside from its income and any surplus to cover unexpected events and financial challenges and for other specific purposes. Reserves are held in various forms, including cash, investments or other easily accessible assets. Financial reserves contribute to an organisation's financial stability and resilience. The objective of a reserves policy is to establish guidelines and principles for managing financial reserves in a responsible and transparent manner.

2. Principles and objectives of the HCPC's reserves policy

- 2.1 The HCPC has adopted the following principles to underpin its reserves policy:

- **Financial viability:** the HCPC must be financially viable for us to fulfil our statutory responsibilities; this requires us to maintain an adequate level of financial reserves to withstand unexpected financial challenges or shortfalls in income and mitigate risks, in addition to having sufficient funds to support our operational activities. In setting the level of our reserves to ensure financial viability we need to have regard to the requirement in our legislation to meet our costs out of income from registrants' fees.¹
- **Proportionality:** our reserves should be proportionate to need and be affordable within our funding base, without putting patient safety at risk. Setting reserves too low increases the likelihood that, if an unexpected financial event occurs, fees would have to be increased beyond planned levels, which increases uncertainty for registrants. If reserves were too high, that could attract challenge: hence our commitment to transparency about the management of our reserves and how we use them.
- **Risk management:** identify and mitigate financial risks that could impact our ability to fulfil our regulatory responsibilities [to](#)
- **Flexibility:** enable flexibility in addressing unforeseen risks and challenges without compromising fulfilment of our statutory and quality of service responsibilities.
- **Transparency and accountability:** ensure transparency in how reserves are managed and allocated in fulfilling our statutory duties.
- **Enable strategic investments:** enable us to invest in improvements that will generate benefits for public safety and in the quality of service we provide to registrants, as well as securing a financial return on our reserves, consistent with

¹ The Health Professions Order 2001, Article 45

the risk appetite and approach set out in our investment policy, with any returns reinvested into fulfilling our regulatory functions.

3. HCPC Reserves Policy

- 3.1 The HCPC's policy is to maintain at least positive net realisable ~~net~~ assets, defined as total net assets less the value of intangible assets. We aspire to increase reserves to a level beyond that, proportionate to the risks and opportunities that we face, and in step with progress against our wider financial sustainability strategy, having regard to a benchmark for total reserves defined as the equivalent of three months of operating expenditure, in line with wider norms across the economy.
- 3.2 As financial circumstances can change over time, we review our reserves policy annually to ensure it continues to be appropriate to our circumstances.
- 3.3 The reserves policy forms part of the HCPC's corporate governance framework. It is also consistent with HM Treasury's guidance for the financial management of public bodies². The National Audit Office (NAO) and Parliament need to be assured that the HCPC can continue to deliver its statutory regulatory functions; our reserves policy contributes to providing this assurance.

4. Background

- 4.1 When setting medium term financial plans we consider the level of reserves in light of the principles and policy set out above. We set out income and expenditure plans on a three-year cycle, including any action necessary to replenish the reserves if they are projected to fall too low.
- 4.2 In accounting terms, we recognise reserves on the Statement of Financial Position as part of equity or net assets. Reserves represent the retained earnings or accumulated funds that have been set aside for general purposes. The total value of reserves equals the value of the net assets in the Statement of Financial Position.

- 4.3 General Reserves can be categorised into different types based on their intended purpose and usage, including:

- ~~**General Reserves:** These are reserves that are not earmarked for any specific purpose. General reserves provide flexibility and act as a financial cushion to address unforeseen expenses or operational needs.~~
- **Free Reserves (Positive Net Realisable Assets):** These are reserves that are not earmarked for any specific purpose~~a subset of general reserves~~ and represent the surplus that can be used for discretionary purposes, such as reinvesting in the organisation. Free reserves are the retained earnings that are not legally or contractually tied to specific obligations, liabilities or capital requirements.

² <https://www.gov.uk/government/publications/managing-public-money>

- **Revaluation Reserve:** This is the accumulated amount resulting from the revaluation of certain assets or liabilities, such as property, plant, equipment or investments. The revaluation reserve is used to record the increase in the value of these assets due to changes in market conditions or other factors.
- ~~**Revenue Reserves:** Revenue reserves are accumulated from surplus revenues and can be used to support ongoing operations, address budgetary shortfalls or fund strategic initiatives.~~
- **Specific Provision Designated Reserves:** These reserves are created to account for specific potential expenses, losses or obligations and help ensure that funds are available when specific financial obligations arise.
- ~~**Investment Reserves:** Investment reserves are funds set aside for investment purposes with the goal of generating returns that can support financial sustainability.~~

4.4 General reserves and cash are both important financial components, but serve different purposes and are treated differently in accounting terms. While general reserves provide financial stability and flexibility for various purposes, cash represents the immediate liquidity and resources available for day-to-day operations and transactions.

Appendix – Interim Reserves Policy and Mitigations

The policy aims to ensure that the organisation has sufficient working capital to meet day-to-day running costs after considering the long-term commitments and potential risks.

We were not compliant with our reserves policy as of 31 March 2023. This year-end position was impacted by several one-off factors, including a provision for potential legal liabilities, and FTP legal costs brought forward. But even after allowing for these factors we were still around £1 to 1.5m adrift against the policy, which is fundamentally a product of our fee income shortfall.

At its meeting on 14 June 2023, the Audit and Risk Assurance Committee (ARAC) discussed an interim approach to our reserves in view of the current non-compliance with the policy. ARAC noted several mitigating factors for the risks created by this non-compliance:

- The HCPC's significant cash balance, relating to the fees renewal cycle for individual professions.
- The HCPC's statutory status, which creates an ongoing requirement for the HCPC as an organisation to provide the regulatory functions for which we are statutorily responsible.
- The level of demand from international applicants, giving a contribution to corporate overheads and the bottom line after direct costs.
- The improvements in financial management that the HCPC has recently made, including setting a balanced budget for 2023/24 and developing a balanced draft budget for 2024/25.
- The development of a financial sustainability strategy, including the current fees review; establishing medium-term projections as a framework for financial planning; the intention to move to more regular fee reviews in future; and the hope that regulatory reform will in future enable us to secure changes to our fee-setting powers.
- A continued programme of cash-generating efficiencies, including investment in further system and process improvements, subject to capital affordability.

These mitigations give assurance that the HCPC remains financially viable and a going concern, while highlighting the importance of continued strong financial management and regular fees reviews to address our funding gap.