
Summary Finance Report - April 2024

Executive Summary

This is a high-level report for April 2024, the first period of the 2024-25 financial year and is mostly a projection of our financial position, which is comprised of actuals and estimates compared to budgeted spend. This is due to prioritisation of ongoing year-end activities as well as embedding Business Central, our new finance system, that recently went live on 12 April 2024.

The aim is to present the finance report for May 2024 year to date (YTD) once we have gone through a full month-end close using our new finance system, which will be towards the end of June 2024.

High-level figures

- Actual total income was £3.3 million compared to the budget of £3.1 million, resulting in a positive income variance of £169,000. This was mainly due to higher international application volumes.
- Total expenditure was £3.3 million, slightly over the budgeted £3.2 million, primarily driven by additional resource costs in the Fitness to Practise directorate and associated costs of international applications.
- The overall deficit for April was (£26,000) against a budgeted deficit of (£113,000), giving us a favourable variance of £87,000.

A modest surplus of £186,000 is projected for the year-end, assuming realistic international application volumes and unavoidable costs.

Previous consideration	The Committee receives a finance report at each meeting.
Decision	The Committee is asked to note the report.
Next steps	An update will be provided to the Council in the Finance Report presented at its next meeting on 18 July 2024.
Strategic priority	Strategic priority 5: Build a resilient, healthy, capable and sustainable organisation
Financial and resource implications	As set out in the paper.

EDI impact and
Welsh Language
Standards
Author(s)

No direct implications.

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1. Key Messages

This is a high-level report for April 2024, the first period of the 2024-25 financial year and is mostly a projection of our financial position, which is comprised of actuals and estimates compared to budgeted spend. This is due to prioritisation of ongoing year-end activities as well as embedding Business Central, our new finance system, that recently went live on 12 April 2024.

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2.1 High-Level Figures

	Actuals April 2024	Budget April 2024	Variance
	£'000	£'000	£'000
Total Income	3,266	3,096	169
Total Expenditure	(3,292)	(3,209)	(82)
Surplus/(Deficit)	(26)	(113)	87

2.2 Summary Income & Expenditure Statement

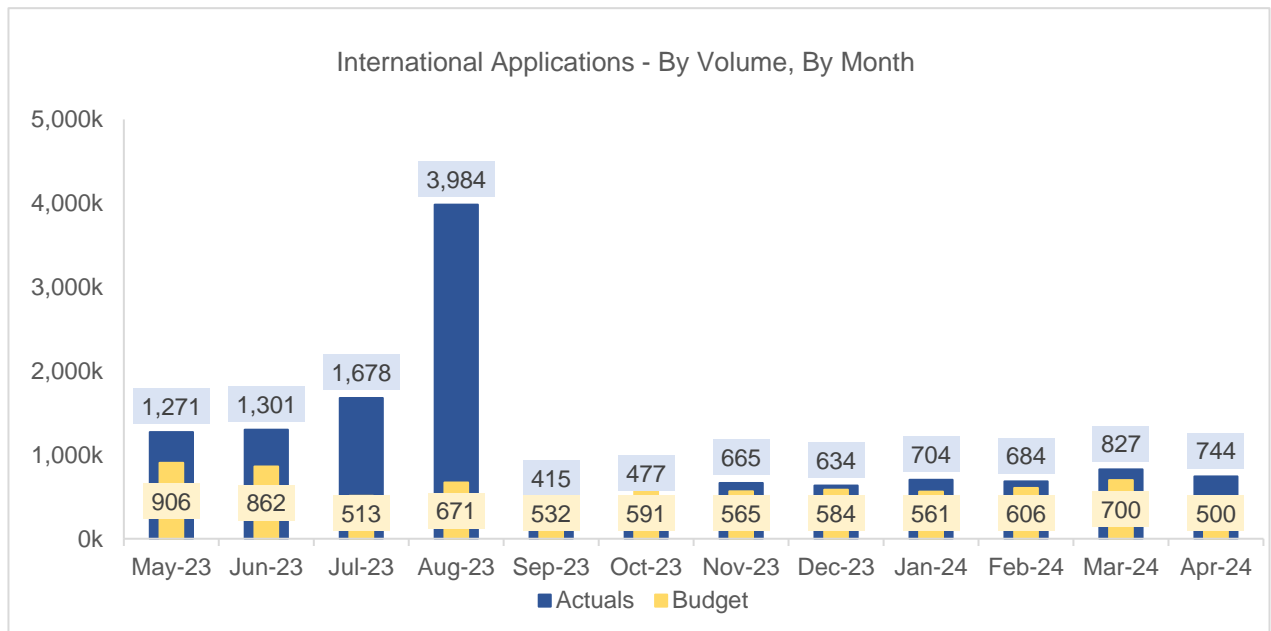
	Actuals April 2024	Budget April 2024	Variance
	£'000	£'000	£'000
Registration Income	2,711	2,793	(82)
International Income	465	250	215
Other Income	90	53	37
Total Income	3,266	3,096	169
Fitness to Practise	1,584	1,529	(55)
Registrations	357	297	(60)
Human Resources	88	106	18
Governance	36	52	16
Other Departments	1,227	1,225	(2)
Total Expenditure	3,292	3,209	(82)
Surplus/(Deficit)	(26)	(113)	87

2.3 Key Drivers of Variance

- Additional Income of **£169,000**: Mostly due to higher international application volumes with actuals of 744 compared to the budget of 500 applications for the month of April. This was partially offset by a decrease in renewals and registration fee income.
- Increased Expenditure of **(£82,000)**: Split between (1) additional resource costs in the Fitness to Practise (FTP) directorate due to agency staff covering unfilled budgeted vacancies and (2) associated costs of international applications for international assessors' fees and bank charges.

3. International Applications

- As per the graph below, actual international applications for April 2024 are 744 compared to the budget of 500.
- Over the past six months, international applications have been averaging around 710 each month, which, if we use as a baseline, means a projected full year total of around 8,500 applications. This would exceed our budget assumption of 6,000 applications by 2,500, equating to over a 40% increase.
- The volume of international applications for the period of May 2024 is similar to April with estimated applications at 758.



Note. Although associated costs of international applications are covered by the international scrutiny fees, when including indirect costs in the form of internal staff time, overtime in handling increased volumes, recruitment of additional fixed term contractors and operational improvement workstreams, we are looking at an overall cost-neutral position.

4. Ongoing Key Risks

Key risks and liabilities that we have not been able to provide for in the 2024-25 budget, including:

- NMC Case – Partners Worker Status: potential historic liabilities for holiday pay and pension contributions.
- Partners Target Operating Model – linked to NMC case and the need to manage our partners more effectively, both in terms of our contractual obligations and our systems and processes. High-level estimates range from between £200,000 and £500,000.
- Fitness to Practise – initial figures for April and May 2024 indicate we are over payroll budget due to the use of agency staff to cover delays in filling key posts. The variance is relatively small as a proportion of the total FTP budget and we will actively manage the position over the coming period. There may also be a theoretical risk of legal cost pressures from increases in case referrals compared to budget assumptions for 2024-25 in view of the wider trend experienced in the previous year, although instructions to our legal advisers are so far within budget assumptions (82/84).

5. Year-End Projection vs Budget

	Full Year Projection	Full Year Budget	Variance
	£m	£m	£m
Total Income	42.2	40.4	1.8
Total Expenditure	(40.7)	(40.2)	(0.5)
Surplus/(Deficit)	1.5	0.2	1.3

- Assuming international applications continue based on April 2024 volumes and all other costs remaining as per the budget, we would be looking at a projected surplus of around £1.5 million. Monthly rolling forecasts will provide more accurate projections as part of future reporting.
- A modest surplus of £0.2 million is anticipated for the year-end as per the 2024-25 budget. This considers realistic and prudent assumptions on international application volumes of 6,000, unavoidable costs and FTP caseload volumes, including the number of new referrals and case progressions for the year.