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Title: Accredited Registers 2025/26 Business Plan

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Paper for Approval

Open paper

How does this work contribute to Strategic Plan 2023-26:

Describes how we will achieve AR objectives for 2025/26 as set in the Strategic Plan



1. Issue

- 1.1 This paper submits the *AR Business Plan 2025/26* for approval by the Board. The *AR Business Plan 2025/26* is provided as Annex A.

2. Recommendations

- 2.1 The Board is asked to approve the *AR Business Plan 2025/26*, noting:
- the work undertaken to prepare the plan, and
 - alignment of the business planning timetable for future years with the wider PSA business plan.

3. Background

- 3.1 A separate business plan for the AR programme has been developed since 2022/23 to set out objectives, and how resources would be used, in a clear way for stakeholders following changes made as part of the strategic review in 2021/22.
- 3.2 Treasury rules require that the funding of the AR programme must not be cross-subsidised by funding for the oversight of statutory regulators. Since 2022/23 the programme has been fully self-funding and has not required subvention from the Department of Health and Social Care (DHSC).

- 3.3 In 2023/24 and 2024/25, fees income exceeded expenditure owing to receiving new applications and granting accreditation to new registers during the financial year. These surpluses were transferred to the unrestricted reserve, for future investment in the AR programme and/or unexpected costs. In 2024/25, the surplus was used to obtain an additional, temporary 4th Accreditation Officer resource to help manage the increase in new applications, complete implementation of the new 'public interest test' (Standard One), and undertake the first year of reviews for the new equality, diversity and inclusion requirements (Standard Nine). In 2025/26 a permanent 4th Accreditation Officer has been included in the headcount to respond to growth in new applications, registers and registrants.
- 3.4 A revised fees model was also introduced following the strategic review in 2021/22. At that time, the commitment was made to review and make any changes to the fees model for the 2025/26 cycle. In December 2023, we surveyed the ARs as part of this review. Responses to the survey pointed to general satisfaction with the current fee model, apart from its impact on smaller registers. The ongoing financial sustainability of the programme and feedback from ARs suggested that the fee model should be maintained.
- 3.5 As a result, a focused consultation with Accredited Registers and prospective registers was conducted in October to November 2024 to gather feedback on maintaining the fee model, and to inform decisions on proposals to:
- allocate an increased proportion income to communications and engagement activities, and
 - move the date of submission of registrant numbers to 1 February each year.
- 3.6 14 responses were made to the consultation. 10 responses were from Accredited Registers and four were from prospective registers.

4. Analysis

Fee model

- 4.1 The majority of respondents (54%) felt that the fee model should be maintained, indicating that the model was the best available, that its impacts were manageable, and that taking steps to increase the cap rather than other fees was considered supportive of smaller registers. Those who did not express support (23%) and those who were not sure (23%) felt that the programme should not charge any fees, saw the fee model as a barrier to entry for smaller registers and that more could be done to support smaller registers, or they wanted more information and time to consider options.
- 4.2 The *AR Business Plan 2025/26* is therefore based on the existing fee model. We will continue to explore, within the constraints of the fee model, ways to mitigate impacts on smaller registers.

Allocation of increased proportion of income to communications and engagement activities

- 4.3 46% of respondents stated their support for increasing the proportion of income allocated from 7% to 10%, highlighting that promotion of the programme should be a priority because recognition and understanding of the programme is directly linked to its value. Those who disagreed (23%) wanted the PSA to

promote itself more generally and therefore draw funds from the income derived from the levy on regulators, or they felt that there would be impacts on member fees. Those who were not sure (31%) wanted more information about how the increased expenditure would be used and to understand the impacts it might have.

- 4.4 The *AR Business Plan 2025/26* is therefore based on 10% of income being allocated to communications and engagement. There are plans already in place, through the AR Seminar, to engage on the long-term strategy for promotion of the programme. The Business Plan has been updated to include a clearer statement about evaluation of activities related to promotion, which were already in plan.

Moving the date of submission of registrant numbers to 1 February each year

- 4.5 The majority of respondents (62%) stated their approval for moving the annual submission date because it supported their own business planning process and aligned with their renewal dates. 23% of respondents were not in support of the change because they operated rolling registers, or they wanted the date to fall in line with the start of their financial year. Those who were not sure (15%) stated that the approach did not match their pattern of renewal.
- 4.6 The AR business planning process will now operate with a registrant number submission deadline of 1 February. This change has an impact on the business planning process because the Board's approval of the plan will necessarily be based on a forecast of registrant numbers, as it is for the income from regulators. Alongside this, we will be working to ensure better alignment between the two business planning processes.

Impact of Employer National Insurance contributions and recharging

- 4.7 Since the Board last reviewed the draft business plan, changes to Employer National Insurance Contributions coming into force next financial year have been announced. These costs have been included in the budget calculations both as direct costs for staff in the Accreditation Team and as an indirect proportional cost through recharging for PSA staff contributing to routine business processes necessary for the operation of the programme (e.g. communications and engagement, human resources, governance).
- 4.8 We have also revisited the recharging figures generally to ensure that they reflect the proportional demand that the Accreditation Team has on the wider PSA.
- 4.9 The combined effect of both changes (and a planned reduction in registrant number for one Accredited Register that will no longer be paying the full capped fee) is that the surplus for 2025/26, excluding income from new applications, is now forecast at £29k.

5. Finance and Resource

- 5.1 The AR business plan is a critical component of ensuring ongoing financial sustainability of the Accredited Registers programme as an independent entity from the wider finances of the PSA.

- 5.2 Table 1 below provides the budget for 2025/26 alongside the 2024/25 budget and forecast as of the end of November 2024. The income has been calculated on current registrant and register numbers, and is based on the assumption that these will not change significantly by the 1 February 2025 deadline.

Table 1

	2024/25 budget	2024/25 forecast	2025/26 budget
	£'000	£'000	£'000
Registers income	691	697	759
Staff costs	407	435	447
Comms costs	43	49	76
Overheads	149	175	197
Other	10	13	10
Surplus/(deficit)	82	25	29

- 5.3 Expenditure for “Other” costs is forecast for an overspend in 2024/25 while the 2025/26 budget has not been increased. This is because the overspend derives from costs that are not anticipated to arise in 2025/26 related to renewal of the Quality Mark trademark that occurs every 10 years and a complex application that required additional legal support at multiple stages. If unanticipated legal costs do arise, these will be drawn from the surplus.
- 5.4 As in previous years, the only additional cost to produce the AR Business Plan will be for Welsh translation, which will be arranged as part of the publication of the overall business plan.
- 5.5 In future years, business planning will:
- be included in the detailed resource plans for the AR team and in particular account for the work undertaken by the Head of Accreditation,
 - include more opportunities for engagement with Accredited Registers and prospective registers, and
 - be brought forward in the annual calendar to spread the resource burden more equally throughout the financial year and align with the wider business planning process.

6. Impact Assessment

- 6.1 The consultation provided the opportunity to gather insight on the impact of the proposed changes to fee levels for 2025/26 to inform the Board’s decision on the AR Business Plan for 2025/26.
- 6.2 Only one consistent theme was evident on the 1.5% increase to fees, which was that respondents felt the fees were already higher than they should be and are difficult to absorb without passing costs onto registrants. However, it was also noted that the fee increase was modest and for some could be absorbed.

Some registers are carrying some concern about the size of their registers reducing without there being a clearer reason for practitioners to register. One respondent indicated that their budget setting process was already complete and that they require earlier notice of the forecast fees to be able to plan.

- 6.3 A common response to the 7% increase in the fee cap was that there would be no impact because they were not of a sufficient size. Some of those smaller registers were mindful of the impact of this change if they grew sufficiently and advised that we consider increases to the cap carefully. One medium sized register welcomed the change but highlighted that the current model places medium-sized and very large registers into the same bracket which means that the cost is spread between fewer registrants.

7. EDI implications, including Welsh language

- 7.1 Specific EDI actions are included within the draft Accredited Registers business plan 2025/26. This includes continuing to derive insights and learning from assessments against Standard 9 of the *Standards for Accredited Registers*.
- 7.2 Owing to the potential for the fee model to change as an outcome of the review, an Equalities Impact Analysis has been completed. The outcome of the review is that the fee model will be maintained and therefore there will be no change in policy. However, our analysis (including consultation with the ARs and prospective registers) has highlighted that there are unlikely to be negative impacts on people who share protected characteristics caused by decisions on the business plan.
- 7.3 The *AR Business Plan 2025/26* will be translated and published in Welsh. There are no further Welsh language impacts because the fees are charged to organisations rather than members of the public. None of those organisations operates from Wales.

8. Timescale

- 8.1 Subject to the Board's approval, the *AR Business Plan 2025/26* will be published on the PSA website in March 2025, alongside updated *Fees and Payment Guidance for 2025/26*.
- 8.2 The timetable for AR business planning from next year will adhere to the same timetable as the wider PSA business planning process.

9. Communications

- 9.1 Accredited Registers will be informed about the publication of the *AR Business Plan 2025/26* through the quarterly newsletter due for publication in March 2025.
- 9.2 Prospective registers will be written to inform them of *AR Business Plan 2025/26* and *Fees and Payment Guidance*.

10. Internal Stakeholders

- 10.1 The Accreditation Team will work with other teams to plan for any cross-organisational projects. The overall business planning process is managed by Corporate Services, with the Finance Team preparing budgets.

11. External Stakeholders

- 11.1 The publication of an AR business plan allows for transparency about how the programme is managed. ARs have had opportunity to comment engage during the review of the fee model.