

Finance Department Report

General

Since the last Committee Meeting, the Finance department has produced the management accounts up to September 2010.

Supplier payments

At the end of September, 94% by value of the £546K Creditor payments (Sept Aged Creditor Listing) were in the 30 days or less category.

Fee adjustments and income receipts handling

At the end of Sept, there was no backlog in Registrant direct debit cancellations and amendments against a 2 day backlog target. We had no backlog on rejected payments/refunds against a two day backlog target and no backlog on mid-cycle lapsing of Registrants. The banking of Registrant cheques is up to date and there was no backlog on credit card reconciliations against a two day backlog target.

Income Collection cycle

Direct debit collections of Registrants' fees (cover approximately 80% of registrants) are processed by the Finance Dept, with collections made two months in advance. AT, BS, ODP, OT and PH collections occurred in September and October. DT collections are scheduled for November. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of September 2010, £2.8M was invested in the Nat West Special Interest-bearing Account (SIBA) on a rolling monthly basis, earning 0.50% per annum. The following were invested for 3 months (maturing early October 2010) at fixed rates: £0.5M invested in Barclays money market account earning 0.58% and £3.0M in Lloyds TSB money market account earning 1.1%.

The investment portfolio (excluding £120k portfolio cash) at the end of September was valued at £1.97M. The investment portfolio value including cash & money market instruments was £2.09M. This compares £2.07m at the start of the financial year.

Pensions

In September, there were 64 active members in the Friends Provident.

Employee training and staffing levels

There are eight full-time employees in the department. Temporary staff are periodically hired to cover for staff on annual or sick leave and to help achieve Finance department service level targets.

Sage system support and development

The finance team are working with TSG, our Sage service provider, to work through the details of the Sage accounting system enhancements. A small system update is to take place shortly. A new version of Sage is planned for next financial year together with PRS enhancements.

Significant Financial Projects/Issues (next few months)

- The purchase order product, PRS, has been reviewed by the finance team. It is planned to roll out a new version of the product next year at the same time as a new release of the Sage accounting system. PRS is a product of Sicon who are now a Sage business partner. This will improve compatibility between the accounting and purchase order systems.
- Following a visit to Sicon by HPC Finance team and TSG (HPC's Sage retailer), a fixed asset module has now been installed in HPC offices which offers improved Asset management including reporting and depreciation accounting integrated with Sage accounting program.
- The move from Nat West to Lloyds of HPC's current account is moving ahead and the contract with Lloyds has been signed. Electronic authorisation cards are expected to be issued in November with the current account to be fully operational by the end of December 2010.
- The tax returns for 22-26 Stannary Street limited have now been approved by HM Revenue and Customs. Application has been made to Companies house to strike the company off.

Year to Date			
Act 2010-11	Bud 2010-11	Variance	Variance
£'000	£'000	£'000	%
Graduate Registration fees	474	313	161 51.4%
Readmission fees	117	201	(84) (41.8%)
Renewal fees	6,957	7,317	(360) (4.9%)
International scrutiny fees	421	252	169 67.1%
Grandparenting fees	28	32	(4) (12.5%)
UK scrutiny fees	332	317	15 4.7%
Registration Income	8,329	8,432	(103) (1.2%)
Cheque/credit card write offs	1	(2)	3 (150.0%)
Total Income	8,330	8,430	(100) (1.2%)

Income by Activity

Graduate Registration fees	474	313	161	51.4%
Readmission fees	117	201	(84)	(41.8%)
Renewal fees	6,957	7,317	(360)	(4.9%)
International scrutiny fees	421	252	169	67.1%
Grandparenting fees	28	32	(4)	(12.5%)
UK scrutiny fees	332	317	15	4.7%
Registration Income	8,329	8,432	(103)	(1.2%)
Cheque/credit card write offs	1	(2)	3	(150.0%)

Total Income

Expenditure by Activity

Payroll	2,704	2,957	253	8.6%
Travel and subsistence	94	109	15	13.8%
Council and committee expenses	120	169	49	29.0%
Property services	229	210	(19)	(9.0%)
Office services	513	596	83	13.9%
Computer services	474	532	58	10.9%
Communications	223	355	132	37.2%
Partners	1,104	1,294	190	14.7%
Professional fees	1,975	1,857	(118)	(6.4%)
Projects	208	218	10	4.6%
Specific departmental costs	208	252	44	17.5%
Operating expenditure	7,852	8,549	697	8.2%

Operating Surplus/(Deficit)

Investment income	43	0	43
Unrealised gains/(losses)	(14)	0	(14)

Total surplus/(deficit)

507	(119)	626
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Year End Position			
Forecast	Annual Budget	Variance	Variance
£'000	£'000	£'000	%
A	784	626	158 25.2%
B	225	309	(84) (27.2%)
C	14,389	14,814	(425) (2.9%)
	698	529	169 31.9%
	59	63	(4) (6.3%)
	508	493	15 3.0%
	16,663	16,834	(171) (1.0%)
	(3)	(3)	0 0.0%
	16,660	16,831	(171) (1.0%)

A

B

C

D

E

F

G

H

I

J

D	5,488	5,834	346	5.9%
	204	218	14	6.4%
E	308	353	45	12.8%
F	393	421	28	6.5%
G	957	1,046	89	8.5%
	1,049	1,077	28	2.6%
H	572	680	108	15.9%
I	2,400	2,507	107	4.3%
J	3,966	3,732	(234)	(6.3%)
	283	386	103	26.7%
	522	557	35	6.3%
	16,142	16,811	669	4.0%

518	20	498
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43	0	43
(14)	0	(14)

547	20	527
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Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	This showed a favourable variance of £161K due to a higher number of registrants taking the discounted renewal fee.
B	This showed an unfavourable variance of £84K due to a decrease in the number of registrants applying for readmission. This is likely to remain a permanent difference.
C	This showed a favourable variance of £169K mainly due to a higher number of applications being received than was originally budgeted for.
D	The favourable variance of £253K was due to the delay in recruiting some positions, especially in the FTP, Policy, Operations, Registrations, Finance and Communications departments.
E	The favourable variance of £49K was due to an additional Council meeting being budgeted for and the timing difference on Council's training (£6K) and conferences (£6K). There was also a favourable variance on taxation (£9K) due to a decrease in the number of claims being received.
F	The unfavourable variance of £19K are mainly due to a timing difference on building refurbishment of £24K and an overspend of £12K on cleaning contractors. These are offset with a saving on Gas and Electricity of £9K.
G	The favourable variance of £83K was due to a delay in Printing the Education annual report and two policy documents (£21K). It was also due to lower than expected costs on room hire (£28K) and catering (£19K) in the FTP department. By the end of the financial year there is expected to be a total saving of £12k in Room Hire and £35k in Catering
H	The favourable variance of £132K was mainly due to savings on Campaigns (£25K) and Brochures (£34K). There was also a timing difference on web costs of £18k.
I	The favourable variance of £190K was mainly due to a saving on the panel costs of £124K and partner training £49K.
J	The unfavourable variance of £118K is due to an overspend of £54K for Transcript writers and £112K of legal advice.

Year to Date				
Act 2010-11	Bud 2010-11	Variance	Variance	
£'000	£'000	£'000	%	
Income by Profession				
Arts Therapists	108	106	2	1.9%
Biomedical Scientists	892	894	(2)	(0.2%)
Chiropodists	484	501	(17)	(3.4%)
Clinical Scientists	171	174	(3)	(1.7%)
Dietitians	283	281	2	0.7%
Hearing Aid Dispensers	21	27	(6)	(22.2%)
Occupational Therapists	1,227	1,237	(10)	(0.8%)
Operating Department Practitioners	372	376	(4)	(1.1%)
Orthoptists	50	51	(1)	(2.0%)
Paramedics	582	611	(29)	(4.7%)
Physiotherapists	1,788	1,903	(115)	(6.0%)
Practitioner Psychologists	750	682	68	10.0%
Prosthetists & Orthotists	32	34	(2)	(5.9%)
Radiographers	1,075	1,052	23	2.2%
Speech and Language Therapists	494	503	(9)	(1.8%)
Registration Income	8,329	8,432	(103)	(1.2%)
Cheque/credit card write offs	1	(2)	3	
Total Income	8,330	8,430	(100)	(1.2%)

Year End Position			
Forecast	Annual Budget	Variance	Variance
£'000	£'000	£'000	%
213	212	1	0.4%
1,803	1,805	(2)	(0.1%)
965	982	(17)	(1.7%)
350	354	(4)	(1.0%)
555	554	1	0.2%
83	89	(6)	(6.9%)
2,492	2,502	(10)	(0.4%)
778	782	(4)	(0.5%)
99	100	(1)	(1.0%)
1,177	1,206	(29)	(2.4%)
3,489	3,696	(207)	(5.6%)
1,396	1,302	94	7.2%
67	70	(3)	(3.6%)
2,188	2,164	24	1.1%
1,008	1,016	(8)	(0.8%)
16,663	16,834	(171)	(1.0%)
(3)	(3)	0	
16,660	16,831	(171)	(1.0%)

Expenditure by Function

Chair	32	25	(7)	(28.0%)
Chief Executive	191	158	(33)	(20.9%)
Committee	45	55	10	18.2%
Council	53	115	62	53.9%
Communications	487	574	87	15.2%
Depreciation	261	269	8	3.0%
Education	374	395	21	5.3%
Facilities Management	470	456	(14)	(3.1%)
Finance	297	319	22	6.9%
Fitness to Practise	3,358	3,587	229	6.4%
Human Resources	188	268	80	29.9%
Human Resources Partners	133	206	73	35.4%
IT Department	441	512	71	13.9%
Major Projects	179	175	(4)	(2.3%)
Operations Office	244	251	7	2.8%
Policy	109	149	40	26.8%
Registration	876	908	32	3.5%
Secretariat	114	127	13	10.2%
Operating expenditure	7,852	8,549	697	8.2%
Operating Surplus/(Deficit)	478	(119)	597	(501.7%)

67	50	(17)	(33.6%)
361	313	(48)	(15.2%)
103	115	12	10.2%
205	285	80	28.1%
1,044	1,122	78	6.9%
532	541	9	1.6%
720	745	25	3.4%
848	895	47	5.2%
620	647	27	4.1%
7,045	7,146	101	1.4%
429	520	91	17.5%
349	412	63	15.3%
1,003	1,041	38	3.7%
213	296	83	28.0%
525	502	(23)	(4.5%)
255	313	58	18.5%
1,604	1,616	12	0.8%
219	252	33	13.2%
16,142	16,811	669	4.0%
518	20	498	

Notes to the Income and Expenditure Account - by Function

Note	Narrative
1	The unfavourable variance was due to a lower number of registrants being on the register than was budgeted for, therefore less Physiotherapists are paying the renewal fee.
2	The favourable variance of £68K was mainly due to an increase in International and Graduate applications being received and the renewal fee on these applications.
3	The unfavourable variance was mainly due to additional legal advice being received (£38K).
4	See note E
5	See note H
6	The favourable variance of £80K was due to a saving on recruitment costs of £35K. There was also timing differences on other payroll costs (£8K), employee assistance programme (£6K), legal expenses (£8K) and organisational training (£14K).
7	See note I
8	Policy and Standards showed a favourable variance of 40K of which £10K related to basic pay due to the delay in recruiting a members of staff. There was also favourable variances on general events (£12K) and printing and stationery (£12K) due to a timing difference.

Statement of Financial Position

	30 September 2010		31 March 2010	
	£'000	£'000	£'000	£'000
<u>Non-current Assets</u>				
Property, Plant & Machinery				
Land & buildings, at cost or valuation	2,366		2,366	
Depreciation	(16)		0	
		2,350		2,366
Computer Equipment, at cost	667		615	
Depreciation	(515)		(474)	
		152		141
Office furniture and equipment, at cost	463		418	
Depreciation	(374)		(357)	
		89		61
Intangible assets	3,136		3,001	
Depreciation	(2,225)		(2,038)	
		911		963
<u>Total Non-current Assets</u>		<u>3,502</u>		<u>3,531</u>
<u>Current assets</u>				
Other current assets	318		207	
Financial assets	1,967		1,926	
Cash & Cash Equivalents	6,407		5,649	
	<u>8,692</u>		<u>7,782</u>	
<u>Total assets</u>		<u>12,194</u>		<u>11,313</u>
<u>Current Liabilities</u>				
Trade and other payables	(546)		(426)	
Other Liabilities	(946)		(1,130)	
Deferred Income	(9,252)		(8,814)	
	<u>(10,744)</u>		<u>(10,370)</u>	
<u>Total asset less liabilities</u>		<u>1,450</u>		<u>943</u>
<u>General reserve</u>				
General fund b/fwd	940		939	
(Deficit)/surplus for the year	506		0	
Grant income	-		-	
General fund c/fwd	<u>1,446</u>		<u>939</u>	
<u>Revaluation reserve</u>				
Reserve b/fwd	4		4	
Movements in the year	0		0	
Reserve c/fwd	<u>4</u>		<u>4</u>	
		<u>1,450</u>		<u>943</u>

Summary of Capital Expenditure

	YTD	YTD	YTD	Year End Position		
	Actual £'000	Budget £'000	Variance £'000	Forecast £'000	Budget £'000	Variance £'000
<u>Office Equipment</u>						
Replace Park House Water tank		0	0	10	10	0
Board room table	3	0	(3)	3		(3)
Tambour Units	1	0	(1)	1		(1)
Access Control	4	0	(4)	4		(4)
	8	0	(8)	18	10	(8)
<u>Information Technology</u>						
Laptops + PCs	3	7	4	9	15	6
Server replacement	0	4	4		4	4
Licences	2	7	5	4	15	11
Upgrade to SQL Server 2008. Software costs	6	8	2	6	8	2
Implementing a virtualised infrastructure to consolidate the technical infrastructure. VMWare	3	3	0	3	3	0
	14	29	15	22	45	23
	75	89	14	142	199	57
<u>Small Projects</u>						
<u>Major Projects</u>						
Sharing Data with Electronic Staff Records		18	18		45	45
Partner reviews		0	0		35	35
FTP case management system	131	213	82	646	563	(83)
Independent Safeguarding Authority Applicants		45	45		45	45
Independent Safeguarding Authority Registrants		0	0		0	0
Education Systems review		16	16		130	130
Credit/debit card outsourcing		0	0		0	0
Registrant publication preferences		0	0	35	35	0
Fee Rise 2011		0	0		2	2
NetRegulate change requests		0	0	112	110	(2)
Project 186				20	0	(20)
On-Line register Enhancements		0	0	20	0	(20)
	131	292	161	833	965	132
Total Capital Expenditure	228	410	182	1,015	1,219	204

HEALTH PROFESSIONS COUNCIL

Cash Flow Statement

From 1st April 2010 - 30 September 2010

	£'000
Surplus /(deficit) over expenditure	478
Depreciation charge for the year of tangible fixed assets	260
(Increase)/decrease in debtors & prepayments	(111)
Increase/(decrease) in creditors (CGT and VAT Tax not included)	(63)
Increase /(decrease) in deferred income	438
Net cash In/(out)flow from operating activities	1,002
Return on investments and servicing of finance	
Investment Income (Excluding realised gains & losses)	39
Taxation	
Capital expenditure and financial investments	
Purchase of tangible assets	(229)
Disposal of tangible assets	
Purchase of investments	(111)
Proceeds from sale of investments	57
Financing	
Income from DOH	
Increase/(decrease) in Cash	758
Cash at 31 March 2010	5,649
Cash at 30 September 2010	6,407
Cash Movement	758

Consolidated Cash Flow: April 2010 to March 2011

	Mar-10	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
Opening Balance 1st		5,649	5,822	5,269	4,771	5,916	5,384						
Receipts													
Registration Income		1,327	1,380	1,318	1,419	1,419	1,466						
Investment Income		1	6	7	13	5	7						
Investment Sales		11	0	12	13	11	10						
Deferred Income Movements		706	(766)	(531)	929	(1,038)	1,138						
Bank Loan		0	0	0	0	0	0						
Miscellaneous Income		0	0	0	0	0	0						
Total Cash Receipts		2,045	620	806	2,374	397	2,621	0	0	0	0	0	0
Payments													
Operational													
Expenditure		1,236	1,478	1,250	1,328	1,212	1,439						
Depreciation		(49)	(51)	(35)	(40)	(42)	(43)						
Aged Cred / Accrual Movements		384	(324)	107	(106)	(251)	154						
Debtor Movements		282	(43)	(72)	(15)	(11)	(30)						
Payments to Creditors		1,853	1,060	1,250	1,167	908	1,520	0	0	0	0	0	0
Exceptional													
Capital Expenditure		19	100	42	30	21	24						
Capital Write-off		0	0	0	0	0	0						
Investment Purchases		0	13	12	32	0	54						
Loan Repayments		0	0	0	0	0	0						
DOH Income		0	0	0	0	0	0						
Taxation		0	0	0	0	0	0						
Total Payments		19	113	54	62	21	78	0	0	0	0	0	0
Closing Balance	5,649	5,822	5,269	4,771	5,916	5,384	6,407						
Budgeted Closing Balance		5,396	4,825	4,088	4,350	4,016	4,869	5,237	4,220	2,783	3,484	2,286	4,335
Difference		426	444	683	1,566	1,368	1,538						

Deferred Income Movements - () Some income from deferred income and cash has already been received. If positive, cash received in advance and not recognised as income in current month.

Depreciation - Cash paid for fixed assets incurred in previous months make depreciation a non cash item, so is taken off the current month expenditure.

Aged Creditor Movements - () Denotes an increase in aged creditors from the previous month and is taken off the current month expenditure as they haven't been paid. Vice versa for a positive figure.

Debtor Movements - If positive, debtors/prepayments have been paid without all being recognised in the I & E Account, so must be added to the expenditure for the month, Vice versa for a negative figure.

