

Council, 11 February 2015

Finance Report

Executive summary and recommendations

### **Introduction**

The report sets out the main activities of the Finance Department since the December 2014 meeting of Council. It includes statistical information and highlights key work undertaken.

This month's report includes the results of the month nine reforecast.

### **Decision**

Council is asked to discuss the report.

### **Background information**

See Appendix 1 and 2

### **Resource implications**

The resources for the Department are set out in the annual workplan and budget 2014-15.

### **Financial implications**

HCPC financial results for 2014-15

### **Appendices**

Appendix 1: Finance Report including overview of management accounts and forecast

Appendix 2: Detailed schedules and graphs

### **Date of paper**

30 January 2015

Appendix 1

**Finance Department Report and  
Management Information Pack**

Andy Gillies, Finance Director  
February 2015

### 1. Core processes

There have been no significant issues with collection of income from registrants or payments to partners or suppliers. The contracted out payroll service is under review following two issues with the current supplier.

### 2. Projects

The Finance Systems Upgrade project (Sage and PRS) is on track to go live in March. Finance are also contributing the Registration Processes Review project, the NetRegulate changes project and the HR project.

### 3. Treasury

At the end of December 2014, we had total cash and deposits of £16.4m, of which £10.5m is held in fixed term deposits (see table below) and £5.9m is in instant access accounts, earning up to 1.25%.

<b>Bank</b>	<b>Deposit amount £m</b>	<b>Term Months</b>	<b>Maturity date</b>	<b>Interest rate %</b>
Barclays	1.0	12	20 January 2015	0.85
NatWest	2.0	12	20 January 2015	0.656
Santander	2.0	12	3 February 2015	1.00
Lloyds	2.5	12	1 April 2015	1.10
Santander	2.0	12	23 December 2015	1.00
Barclays	1.0	24	19 December 2016	1.06
<b>Total</b>	<b>10.5</b>			

All of the banks we use meet the minimum credit rating in the investment policy.

### 4. Procurement

The contract for the HR & Partners system has been signed, and the contract for the new travel management company, using a government framework contract, is in the final stages of negotiation. Tenders have been received for the Public Law contract, and presentations from the bidders and the final selection are due in February.

## 5. Audits

Following a tender process, the Council in December confirmed the appointment of Grant Thornton as internal auditors for the financial years 2015-16 through to 2017-18, and a contract has been signed. Grant Thornton will present a draft internal audit plan for 2015-16 to EMT in February prior to submission of their plan to the Audit Committee in March.

The National Audit Office has made two interim visits as part of their 2014-15 audit and the results of their testing have been satisfactory.

## 6. Staffing

The Procurement Manager vacancy continues to be filled by an interim. Two members of the Financial Accounting team have resigned, one of whom had been on sick leave since mid-May. Recruitment to replace them has started, and the roles are covered by agency workers in the meantime.

## 7. Management Accounts for the 9 months ending 31 December 2014

### Income and expenditure

The month 9 management accounts show a surplus so far in financial year 2014-15 of £558k. The budgeted position after 9 months was a deficit of £688k, so the actual result is £1,246k better than expected at this stage. The £1,246k includes:

- *Favourable variance of £393k on payroll costs, caused by vacant posts*
- *Favourable variance of £799k on non-payroll costs.*
- *Investment income (bank interest) of £93k. We do not budget for interest receivable.*

Income is fractionally ahead of budget, having been behind budget all through the year previously. International scrutiny fees are £320k ahead of budget because of a higher than expected volume of international applications, offsetting negative variances on graduate registration fees and renewal fees.

The month 9 reforecast (see section 8 below) indicates that the savings on payroll costs will be partly eroded in the final quarter of the year, and that the favourable variance on non-payroll costs is mostly timing differences – that is, most of the budgeted spend will still be incurred, just later in the year.

**Balance sheet and cash flow**

The balance sheet and the cash flow statement show a cash inflow of £375k over the first nine months of the year. The actual cash balance at 31 December was £16.4m, whereas the budgeted cash balance at 31 December was £17.8m. The line graph on the second last page of the report tracks the actual cash balance against the budgeted cash flow, and shows that our actual cash balance was below the budgeted level until the beginning of September. Receipts in September and October were in aggregate £4.2m more than budgeted, with the result that the balance at the end of October was £4.8m above the original cash budget.

These movements are mainly because of variances from the assumptions made in the original cash budget about the timing of receipts from Social Workers and the percentage of Social Workers that would pay by direct debit. The original budget assumed 60% of Social Workers would pay the full two years' fees in advance, instead of opting for 6 monthly direct debits, and that receipts would be concentrated at the end of the renewal window, in November and December. In fact 75% of Social Workers had renewed by the end of October and less than 40% paid the full two years' in advance - more than 60% have paid via direct debit. So receipts in November and December were in aggregate £6.4m less than originally budgeted for. Overall, over £2m less cash than expected was received from Social Workers.

This is a timing difference which will wash out over the two year renewal cycle, rather than a permanent loss of cash. However, it contributes to the reforecasted closing cash balance at 31 March 2015 being £14.1m, £3.2m less than the original forecast cash position at the end of the year.

**8. Nine month reforecast**

The purpose of the month 9 reforecast is to inform the budget setting process for the following year and to provide a further opportunity for corrections to be made, if necessary, in time to affect the financial year outcome.

**Basis of preparation**

The income forecast has been prepared by Finance. Projected income for the final quarter of the year is drawn from the 5 year plan income mode, updated for actual Registrant numbers as at 31 December.

The expenditure forecast has been prepared by budget holders based on the actual results for the first 9 months of the year, plus budget holders' estimates of what will actually be spent in the final quarter. Forecasts are based on expected activity levels and unit costs where relevant.

**Overview*****Income and operating costs***

The 2014-15 budget approved by the Council in March was an overall deficit of £95k. The Council subsequently approved a change in accounting treatment of costs on the 186 Kennington Park Road project, which meant that the capital budget of £450k on the 186 KPR project was reclassified as operating costs. Together with a small reclassification in the other direction on the Online Renewals project, that meant that the budgeted deficit for 2014-15 is £534k.

The forecast indicates an overall deficit for 2014-15 of £130k (ie £405k better than the original budget, after the accounting treatment change for 186 KPR). The main changes from the budgeted position are:

- **(£86k) / (0.3%) shortfall in income.** As previously noted, the 2014-15 income budget was based on the Registrant numbers forecast, but the proportion of full fee paying registrants seems to have been slightly overstated with a corresponding understatement of the number of recent graduates in the free period. This led to a slight overestimation of registration and renewal income, which has been offset by higher than expected numbers of international applicants
- **£147k net underspend on payroll costs.** Payroll costs are £393k underspent after nine months, so the forecast is pointing to an overspend on the payroll budget in the final quarter, mainly due to agency staff filling vacancies.
- **£266k net underspend on non-payroll costs.** After nine months, we were £799k under budget on non-payroll costs, so the forecast represents a swing against budget of £533k, and an acceleration in the rate of spend of 11% on average.
- **£102k forecast bank interest, net of tax.** We do not budget for bank interest.

***Capital expenditure***

The 2014-15 capital expenditure budget was £2,920k. After the change in accounting treatment for the 186 KPR project, it became £2,481k, of which £2,244k was Project capital expenditure. The month 6 reforecast for Project capital expenditure is £1,139k. The difference includes slippage (eg NetRegulate changes project) reductions in scope (eg Online Renewals Review) and permanent savings (eg HR and Partners phase 2), as well as some projects which are now forecasting more spend than the original budget (Sage/PRS upgrade, Domino to Exchange).

**Conclusions**

Forecasts tend to have a prudence bias, but Finance have reviewed the forecasts with budgetholders and are satisfied that they are reasonable. The overall picture is that the deficit for the year will be less than budgeted. That combined with the reduction in capital expenditure compared to forecast will mean that cash flow should be close to the original budget, offsetting the effect of the inaccurate assumption about the proportion of Social Workers that would pay two years up front. We should also note that £450k of the overall forecast deficit is the consequence of the change in accounting treatment for 186KPR.

Overall, the results show no significant cause for concern, but 2015-16 budget setting will be more challenging. The 5 year plan indicated a deficit for 2015-16 of £1m, and that excluded the PSA levy or any extra costs arising from the 186 KPR project. The Department of Health's proposed method of allocating the costs of funding the PSA across regulators implies an additional cost for HCPC in 2015-16 of up to £850k.

Appendix 2

**Management Accounts**  
**31 December 2014**  
Andy Gillies, Finance Director



**Management Accounts  
December 2014  
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**Commentary for Core Departments  
Income & Expenditure YTD December 2014**

**Income**

Department	Movement YTD	Budget YTD	Variance	%	Comments on key variances
<b>Total Income</b>	<b>19,626,034</b>	<b>19,601,899</b>	<b>24,134</b>	<b>0%</b>	Income is <b>0.1%</b> / <b>£24k</b> ahead of budget. Graduate registration fees, readmission fees and renewal fees are behind budget by <b>10%, 35% and 1%</b> respectively.  However, International and UK scrutiny fees are <b>£392k</b> ahead of budget YTD.

**Expenditure**

Department	Movement YTD	Budget YTD	Variance	%	Comments on key variances
<b>Chair</b>	63,976	59,799	(4,177)	(7%)	<b>(£4k)</b> overspend on IMD event/meeting.
<b>Chief Executive</b>	311,005	302,850	(8,155)	(3%)	<b>(£8k)</b> overspend on EMT training.
<b>Council</b>	151,469	179,277	27,808	16%	£29k underspend on Council fees and T&S, offset by <b>(£2k)</b> overspend on Professional fees.
<b>Communications</b>	878,219	987,585	109,366	11%	<b>£39k</b> payroll underspends due to vacant posts <b>£88k</b> net underspend on Communications related expenditure <b>£23k</b> Media Relations, <b>£20k</b> Meet the HCPC events, <b>£7k</b> Conferences & Exhibitions and <b>£38k</b> Web deployments. <b>(£15k)</b> overspend in Subscriptions YTD due to events occurring earlier than originally forecasted and <b>(£3k)</b> overspend on Travel & Subsistence.
<b>Education</b>	646,572	802,656	156,084	19%	<b>£73k</b> Payroll underspend due to vacant posts, two posts are likely to be permanent saving till end of the year. <b>£15k</b> underspend on Travel & Subsistence is linked to lower than budgeted approval visits, likely to be a permanent saving. This partly offset by <b>(£1k)</b> overspend on legal advice <b>£16k</b> underspend on Office Services due to phasing difference and reduced need. Likely to be permanent saving. <b>£38k</b> Partners savings: linked to 18% lower than budgeted approval visits; Budgeted 56 approval visits YTD; actual 47. 56% lower than budgeted annual monitoring assessment days and 50% lower than budgeted annual monitoring postal submissions; Budgeted 5 AM days YTD; actual 2. Budgeted 25 AM submissions YTD; actual 16. Major change submissions now 43% over budget; Budgeted 63 MC submissions YTD; actual 92. <b>£10k</b> underspend on Small Projects - likely permanent saving, and <b>£5k</b> underspend on Training due to timing issues.
<b>Facilities Management</b>	1,126,005	1,243,310	117,305	9%	<b>£32k</b> payroll savings due to vacant posts. <b>£13k</b> underspend on Office services due to reduced postage costs in the month. <b>£51k</b> underspends on property related expenses: <b>£14k</b> on business rates (permanent saving), <b>£12k</b> on cleaning materials, <b>£8k</b> on building refurb, <b>£3k</b> on waste disposal and <b>£14k</b> on utilities. <b>£11k</b> underspend on professional fees however slightly offset by <b>(£7k)</b> overspend on H&S and training costs. <b>£16k</b> underspends on Stannery St rents.
<b>Finance</b>	570,122	655,714	85,593	13%	<b>(£19k)</b> overspend on payroll due to agency staff costs covering purchase ledger team. <b>£115k</b> YTD underspend on Professional fees includes <b>£59k</b> release of Flexiplan Pension provision, correcting an error in 2013-14 accounts (permanent), <b>£32k</b> underspend on Legal Advice costs this will be a permanent saving, <b>£11k</b> underspend on Audit and Tax (timing differences), and <b>£13k</b> underspend on Other Professional Fees (timing differences). <b>(£6k)</b> YTD overspend on Bank Charges and <b>(£7k)</b> Office services due to peak in printing costs, however slightly offset by <b>£2k</b> on small projects and office services.
<b>Fitness to Practise</b>	9,343,605	9,225,240	(118,365)	(1%)	£95k net underspends in payroll due to vacant posts, a portion of this is likely to be a permanent saving. <b>£286k</b> underspend on permanent post costs offset by <b>(£48k)</b> overspend on fixed term contracts and <b>(£143k)</b> overspend on temporary staff costs. <b>(£70k)</b> overspend on Partner costs due to Partner fees and <b>(£35k)</b> overspend on office services. <b>8% (£276k)</b> overspend on Professional Fees due to VAT omission in the budget for legal advice. <b>(£21k)</b> overspend on Travel & Subsistence but offset by <b>£23k</b> annual reports & brochures and <b>£3k</b> security costs. <b>£94k</b> underspend on small projects; <b>£47k</b> permanent savings on Legal Insurance, <b>£2k</b> underspend on Counselling and <b>£46k</b> on Training.

**Expenditure**

Department	Movement YTD	Budget YTD	Variance	%	Comments on key variances
Human Resources	399,455	518,783	119,328	23%	<b>£106k</b> underspend on payroll includes <b>£39k</b> saving on staff costs, <b>£39k</b> underspend on staff recruitment costs, <b>£2k</b> on temporal staff costs also no spend yet against the central payroll contingency <b>£26k</b> YTD underspend. A further <b>£13k</b> underspend on professional fees.
Human Resources Partners	336,260	491,634	155,374	32%	<b>(£3k)</b> overspend on temporary staff costs to cover recruitment phase, offset by <b>£3k</b> savings on Professional Fees. <b>£150k</b> underspend on partner costs mainly due to <b>£109k</b> on recruitment & interviews, <b>£24k</b> training and <b>£17k</b> on partner T&S. <b>£3k</b> underspend on Printing & Stationery and Room hire.
IT Department	1,262,061	1,342,816	80,756	6%	<b>£24k</b> underspends on payroll due to vacant post. <b>(£8k)</b> overspend on Computer related expenditure partly offset by underspends <b>£3k</b> on legal advice, <b>£2k</b> on T&S, <b>£2k</b> Office costs and <b>£1k</b> on training. <b>£57k</b> underspend on Small Project due to timing difference.
Major Projects	323,811	746,807	422,996	57%	<b>Opex:</b> <b>£423k</b> underspend on Projects compared to Budget includes <b>£212k</b> on MP51 186KPR, <b>£2k</b> MP69 Professional Indemnity, <b>£89k</b> MP64 Education System Build, and <b>£50k</b> on MP75 Registrations Process. Project Closed - <b>£42k</b> on MP63 HR & Partners and <b>£8k</b> on MP72 Online Renewals <b>Capex:</b> <b>£412k</b> underspend on Projects compared to Budget includes; <b>£80k</b> on MP75 Registrations Process, <b>£4.5k</b> on MP63 HR & Partners, <b>£4.4k</b> MP69 Professional Indemnity, <b>£32k</b> on MP74 Sage & PRS upgrade, <b>£78k</b> on MP64 Education System Build and <b>£69k</b> on Domino Exchange. Project Closed: <b>£141k</b> on MP72 Online Renewal and <b>£3k</b> on MP67 Netregulate 2013-14.  In aggregate (Opex plus Capex) Major projects are <b>£809k</b> behind budget.
Operations Office	452,517	494,174	41,658	8%	<b>£11k</b> underspend on payroll due to Data Analyst vacancy. <b>(£5k)</b> overspend on Printing and Stationary, <b>(£10k)</b> overspend on Information Security and <b>(£7k)</b> overspend on legal advice partly offset by <b>£4k</b> savings on travel & subsistence. <b>£15k</b> underspend on Small Projects, <b>£20k</b> underspend on Training and <b>£14k</b> underspend on Subscriptions all due to timing differences.
Policy	281,689	263,624	(18,065)	(7%)	<b>(£31k)</b> overspend on payroll due to omissions in the budget. Partly offset by underspends on the following: <b>£3k</b> on Office Services, <b>£6k</b> on T&S, <b>£4k</b> on Professional fees and <b>£1k</b> on Training.
Registration	2,229,760	2,211,855	(17,905)	(1%)	<b>£5k</b> net underspend in payroll due to vacant posts and <b>£6k</b> underspend on T&S. <b>£1k</b> underspend on Office and Computer costs. <b>(£37k)</b> overspend on Partner costs mainly due to International Assessor fees ( 3196 actual vs 1840 budgeted), <b>(£5k)</b> overspend on Office services. This has been partly offset by <b>£13k</b> underspend on Legal Expenses and Other Professional fees.
Secretariat	159,664	201,269	41,605	21%	<b>£36k</b> underspend on payroll; <b>£16k</b> underspend due to Executive Assistant reports into CEO and <b>£20k</b> permanent saving on temporary staff. <b>£1k</b> underspend on T&S but fully offset by <b>(£1K)</b> overspend on training. <b>£6k</b> underspend on Office costs.
	<b>18,536,189</b>	<b>19,727,394</b>	<b>1,191,206</b>	<b>6%</b>	
Depreciation	573,471	562,130	(11,341)	(2%)	Minor variance

**Income and Expenditure**

	Period 9	Year to date				Full year			
	Actual	Actual	Budget	Variance	Variance %	Month 9 Forecast	Budget	Variance	Variance %
Graduate Registration fees	122,710	1,051,982	1,164,951	(112,969)	(9.7)	1,429,058	1,553,290	(124,232)	(8.0)
Readmission fees	13,920	150,995	233,308	(82,313)	(35.3)	172,039	368,540	(196,501)	(53.3)
Renewal fees	1,875,163	16,711,013	16,883,097	(172,084)	(1.0)	22,281,152	22,510,780	(229,628)	(1.0)
International scrutiny fees	95,920	926,816	607,068	319,748	52.7	1,164,720	809,420	355,300	43.9
UK scrutiny fees	51,559	785,406	713,475	71,931	10.1	879,978	771,319	108,659	14.1
<b>Registration income</b>	<b>2,159,272</b>	<b>19,626,212</b>	<b>19,601,899</b>	<b>24,313</b>	<b>0.1</b>	<b>25,926,947</b>	<b>26,013,349</b>	<b>(86,402)</b>	<b>(0.3)</b>
Cheque/credit card write offs	0	(178)	0	(178)					
<b>Total income</b>	<b>2,159,272</b>	<b>19,626,034</b>	<b>19,601,899</b>	<b>24,134</b>	<b>0.1</b>	<b>25,926,947</b>	<b>26,013,349</b>	<b>(86,402)</b>	<b>(0.3)</b>
Chair	9,468	63,976	59,799	(4,177)	(7.0)	86,691	78,960	(7,731)	(9.8)
Chief Executive	36,657	311,005	302,850	(8,155)	(2.7)	404,409	395,986	(8,424)	(2.1)
Council & Committee	17,033	151,469	179,277	27,808	15.5	218,362	225,780	7,418	3.3
Communications	80,495	878,219	987,585	109,366	11.1	1,222,190	1,267,699	45,509	3.6
Education	63,989	646,572	802,656	156,084	19.4	909,949	1,100,094	190,145	17.3
Facilities Management	65,874	1,126,005	1,243,310	117,305	9.4	1,481,400	1,574,250	92,850	5.9
Finance	58,643	570,122	655,714	85,593	13.1	777,447	848,340	70,893	8.4
Fitness to Practise	1,048,298	9,343,605	9,225,240	(118,365)	(1.3)	12,614,768	12,229,019	(385,749)	(3.2)
Human Resources	47,788	399,455	518,783	119,328	23.0	637,604	679,782	42,178	6.2
Human Resources Partners	35,739	336,260	491,634	155,374	31.6	448,402	573,691	125,289	21.8
IT Department	91,685	1,262,061	1,342,816	80,756	6.0	1,683,271	1,678,902	(4,369)	(0.3)
Major Projects	41,707	323,811	746,807	422,996	56.6	620,990	1,077,170	456,180	42.3
Operations Office	44,708	452,517	494,174	41,658	8.4	643,028	638,053	(4,975)	(0.8)
Policy	26,025	281,689	263,624	(18,065)	(6.9)	381,891	364,813	(17,078)	(4.7)
Registration	276,954	2,229,760	2,211,855	(17,905)	(0.8)	3,036,228	2,804,594	(231,634)	(8.3)
Secretariat	17,289	159,664	201,269	41,605	20.7	217,601	260,899	43,298	16.6
<b>Operating expenditure</b>	<b>1,962,350</b>	<b>18,536,189</b>	<b>19,727,394</b>	<b>1,191,206</b>	<b>6.0</b>	<b>25,384,231</b>	<b>25,798,031</b>	<b>413,801</b>	<b>1.6</b>
<b>Operating surplus/(deficit)</b>	<b>196,921</b>	<b>1,089,845</b>	<b>(125,495)</b>	<b>1,215,340</b>	<b>968.4</b>	<b>542,716</b>	<b>215,318</b>	<b>327,399</b>	<b>(152.1)</b>
<b>Other expenditure</b>									
Depreciation	64,572	573,471	562,130	(11,341)	(2.0)	767,187	749,507	(17,680)	(2.4)
Costs Relating to Research Revalidation	0	25,000	0	(25,000)		42,927	0	(42,927)	
Regulation of Public Health Specialists	7,342	26,317	0	(26,317)		39,150	0	(39,150)	
	<b>71,914</b>	<b>624,788</b>	<b>562,130</b>	<b>(62,658)</b>	<b>(11.1)</b>	<b>849,264</b>	<b>749,507</b>	<b>(99,757)</b>	<b>(13.3)</b>
<b>Other income</b>									
Investment income	7,461	93,080	0	93,080		101,915	0	101,915	
Department of Health grants	0	0	0	0		114,150	0	114,150	
	<b>7,461</b>	<b>93,080</b>	<b>0</b>	<b>93,080</b>		<b>216,065</b>	<b>0</b>	<b>216,065</b>	
<b>Total surplus/(deficit)</b>	<b>132,469</b>	<b>558,137</b>	<b>(687,625)</b>	<b>1,245,763</b>	<b>181.2</b>	<b>(90,483)</b>	<b>(534,189)</b>	<b>443,707</b>	<b>83.1</b>

Income by profession

	Year to date			
	Actual	Budget	Variance	Variance %
Arts Therapists	207,778	194,297	13,481	6.9
Biomedical Scientists	1,347,249	1,369,823	(22,573)	(1.6)
Chiropodists	764,046	755,445	8,601	1.1
Clinical Scientists	308,695	305,186	3,509	1.1
Dieticians	529,110	538,866	(9,756)	(1.8)
Hearing Aid Dispensers	127,201	124,712	2,489	2.0
Occupational Therapists	2,086,308	2,143,700	(57,393)	(2.7)
Operating Department Practitioners	681,869	716,328	(34,459)	(4.8)
Orthoptists	77,171	80,867	(3,696)	(4.6)
Paramedics	1,166,069	1,230,896	(64,827)	(5.3)
Physiotherapists	3,057,552	3,121,243	(63,691)	(2.0)
Practitioner Psychologists	1,216,623	1,158,574	58,050	5.0
Prosthetists & Orthotists	57,254	59,504	(2,251)	(3.8)
Radiographers	1,800,810	1,681,679	119,131	7.1
Speech & Language Therapists	873,767	901,649	(27,883)	(3.1)
Social Workers	5,324,711	5,219,130	105,581	2.0
<b>Registration Income</b>	<b>19,626,212</b>	<b>19,601,899</b>	<b>24,313</b>	<b>0.1</b>
Cheque/credit card adjustments	(178)		(178)	0.0
<b>Total income</b>	<b>19,626,034</b>	<b>19,601,899</b>	<b>24,135</b>	<b>0.1</b>

	Full year 2014-15			
	Month 9 Forecast	Budget	Variance	Variance %
	270,904	255,290	15,614	6.1
	1,781,803	1,812,722	(30,919)	(1.7)
	1,014,542	1,004,331	10,211	1.0
	408,318	405,735	2,583	0.6
	698,687	709,564	(10,877)	(1.5)
	164,999	164,123	876	0.5
	2,743,782	2,830,819	(87,037)	(3.1)
	912,834	949,293	(36,459)	(3.8)
	131,455	107,503	23,952	22.3
	1,535,353	1,628,288	(92,935)	(5.7)
	4,032,209	4,116,484	(84,275)	(2.0)
	1,605,659	1,526,800	78,859	5.2
	75,877	79,029	(3,152)	(4.0)
	2,366,611	2,234,880	131,731	5.9
	1,152,906	1,196,868	(43,962)	(3.7)
	7,031,009	6,991,620	39,389	0.6
	<b>25,926,947</b>	<b>26,013,349</b>	<b>(86,402)</b>	<b>(0.3)</b>
	0		0	
	<b>25,926,947</b>	<b>26,013,349</b>	<b>(86,402)</b>	<b>(0.3)</b>

**Operating expenditure: payroll costs**

	Year to date				Full year			
	Actual	Budget	Variance	Variance %	Month 9 Forecast	Budget	Variance	Variance %
Chair			0					
Chief Executive	204,119	203,736	(384)	(0.2)	271,721	270,686	(1,035)	(0.4)
Council & Committee								
Communications	458,813	497,563	38,751	7.8	642,324	663,418	21,094	3.2
Education	478,694	551,467	72,773	13.2	643,878	740,923	97,045	13.1
Facilities Management	154,715	186,480	31,765	17.0	205,262	248,640	43,378	17.4
Finance	418,455	400,005	(18,450)	(4.6)	560,280	534,140	(26,140)	(4.9)
Fitness to Practise	2,519,217	2,613,869	94,652	3.6	3,434,450	3,499,452	65,001	1.9
Human Resources	282,979	389,315	106,336	27.3	440,247	500,600	60,352	12.1
Human Resources Partners	100,713	97,510	(3,203)	(3.3)	131,753	128,781	(2,973)	(2.3)
IT Department	416,958	441,131	24,173	5.5	565,428	586,708	21,280	3.6
Major Projects	115,955	141,692	25,738	18.2	175,790	175,790	(0)	(0.0)
Operations Office	334,063	345,260	11,197	3.2	470,028	460,347	(9,681)	(2.1)
Policy	196,836	165,731	(31,105)	(18.8)	264,033	220,975	(43,058)	(19.5)
Registration	1,298,921	1,303,641	4,720	0.4	1,837,545	1,723,884	(113,661)	(6.6)
Secretariat	128,065	163,759	35,694	21.8	175,822	211,679	35,857	16.9
<b>Payroll costs</b>	<b>7,108,502</b>	<b>7,501,160</b>	<b>392,658</b>	<b>5.2</b>	<b>9,818,563</b>	<b>9,966,022</b>	<b>147,459</b>	<b>1.5</b>

**Operating expenditure: non-payroll costs**

	Year to date				Full year			
	Actual	Budget	Variance	Variance %	Month 9 Forecast	Budget	Variance	Variance %
Chair	63,976	59,799	(4,177)	(7.0)	86,691	78,960	(7,731)	(9.8)
Chief Executive	106,885	99,114	(7,771)	(7.8)	132,688	125,300	(7,388)	(5.9)
Council & Committee	151,469	179,277	27,808	15.5	218,362	225,780	7,418	3.3
Communications	419,406	490,022	70,616	14.4	579,866	604,281	24,415	4.0
Education	167,878	251,189	83,311	33.2	266,070	359,171	93,101	25.9
Facilities Management	971,290	1,056,830	85,540	8.1	1,276,138	1,325,610	49,472	3.7
Finance	151,666	255,709	104,043	40.7	217,167	314,200	97,033	30.9
Fitness to Practise	6,824,388	6,611,371	(213,017)	(3.2)	9,180,318	8,729,567	(450,751)	(5.2)
Human Resources	116,476	129,468	12,992	10.0	197,356	179,182	(18,174)	(10.1)
Human Resources Partners	235,547	394,124	158,577	40.2	316,649	444,910	128,261	28.8
IT Department	845,103	901,685	56,583	6.3	1,117,843	1,092,194	(25,649)	(2.3)
Major Projects	207,856	605,114	397,258	65.7	445,200	901,380	456,180	50.6
Operations Office	118,454	148,914	30,460	20.5	173,000	177,706	4,706	2.6
Policy	84,853	97,893	13,040	13.3	117,858	143,838	25,980	18.1
Registration	930,839	908,214	(22,625)	(2.5)	1,198,682	1,080,710	(117,972)	(10.9)
Secretariat	31,599	37,510	5,911	15.8	41,779	49,220	7,441	15.1
<b>Non-payroll costs</b>	<b>11,427,686</b>	<b>12,226,234</b>	<b>798,548</b>	<b>6.5</b>	<b>15,565,667</b>	<b>15,832,009</b>	<b>266,342</b>	<b>1.7</b>

**Statement of Financial Position**

	Forecast 31 March 2015	Budget 31 March 2015	Actual 31 December 2014	Actual 31 March 2014
<b>Non-current assets</b>				
Land & buildings, at cost or valuation			3,185,000	3,185,000
Land & buildings depreciation			(21,829)	0
			<b>3,163,171</b>	<b>3,185,000</b>
Computer equipment, at cost			523,770	465,457
Computer equipment depreciation			(334,082)	(287,164)
			<b>189,688</b>	<b>178,293</b>
Office furniture and equipment, at cost			363,670	357,891
Office equipment depreciation			(263,749)	(230,958)
			<b>99,920</b>	<b>126,933</b>
Intangible assets			5,856,565	5,363,658
Intangible depreciation			(4,556,547)	(4,106,773)
			<b>1,300,018</b>	<b>1,256,885</b>
<b>Total non-current assets</b>	<b>5,058,501</b>	<b>6,471,000</b>	<b>4,752,797</b>	<b>4,747,110</b>
<b>Current assets</b>				
Other current assets	326,000	400,000	326,355	618,960
Cash & cash equivalents	14,086,784	17,314,885	16,413,293	16,038,062
	<b>14,412,784</b>	<b>17,714,885</b>	<b>16,739,648</b>	<b>16,657,022</b>
<b>Total assets</b>	<b>19,471,285</b>	<b>24,185,885</b>	<b>21,492,445</b>	<b>21,404,132</b>
<b>Current liabilities</b>				
Trade and other payables	2,624,845	2,336,000	424,809	806,716
Other liabilities			1,672,796	1,767,589
Deferred income	13,922,000	19,344,000	15,821,779	15,814,904
	<b>16,546,845</b>	<b>21,680,000</b>	<b>17,919,384</b>	<b>18,389,209</b>
<b>Total assets less liabilities</b>	<b>2,924,440</b>	<b>2,505,885</b>	<b>3,573,061</b>	<b>3,014,923</b>
General fund b/fwd	(3,014,923)	(3,040,074)	(3,014,923)	(2,166,787)
This period (surplus)/deficit	90,483	534,189	(558,137)	(725,227)
Grant income		0	0	(122,909)
<b>General fund c/fwd</b>	<b>(2,924,440)</b>	<b>(2,505,885)</b>	<b>(3,573,061)</b>	<b>(3,014,923)</b>



## HCPC Management Accounts, Period 9 of 2014-15

### Summary of Capital Expenditure

	Actual YTD £	Budget 2014/15 YTD £	Variance £	Budget 2014/15 Full Year £
<u>Office Equipment</u>				
Vending Machines		7,500	7,500	10,000
Installation of air conditioning to units Stannary Street & reception	5,779	7,500	1,721	10,000
Replacement Colour Copier		10,500	10,500	14,000
Replacement B&W Copier		9,000	9,000	12,000
	<b>5,779</b>	<b>34,500</b>	<b>28,721</b>	<b>46,000</b>
<u>Information Technology</u>				
Software Licences upgrades, new starters & new software	38,425	32,306	(6,118)	43,075
Software Licences new/replacement services		17,548	17,548	23,397
Hardware replacement servers, switches & drives	58,313	93,000	34,687	124,000
	<b>96,737</b>	<b>142,854</b>	<b>46,117</b>	<b>190,472</b>
<u>Disposals</u>				
Computer Equipment	19,687	0	0	0
Airconditioning Units	2,473	0	0	0
	<b>22,160</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Projects</u>				
<b>Capital Expenditure</b>	<b>391,865</b>	<b>803,400</b>	<b>411,535</b>	<b>2,233,165</b>
<b>Total Capital Expenditure</b>	<b>516,542</b>	<b>980,754</b>	<b>486,373</b>	<b>2,469,637</b>

Summary of Project Opex & Capex Expenditure

	Opex			Capex			Opex & Capex			Opex		Capex	
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Month 9	Budget	Month 9	Budget
	YTD £	2014/15 YTD £	£	YTD £	2014/15 YTD £	£	YTD £	2014/15 YTD £	£	Forecast Full Year £	Full Year £	Forecast Full Year £	Full Year £
NetRegulate Changes 2013-14	(115)	0	115	432	3,360	2,928	317	3,360	3,043	(115)	0	432	3,660
HR & Partners Phase 1	42,242	84,187	41,945	960	5,508	4,548	43,202	89,695	46,493	42,242	12,882	960	5,508
Education System Build 186 Kennington Park Road	75,215	164,393	89,179	312,247	390,155	77,908	387,462	554,549	167,087	124,088	211,906	386,570	513,567
Professional Indemnity Fees Change Project Registrations Systems	168,326	380,773	212,446		0	0	168,326	380,773	212,446	290,000	476,968	0	0
Review Phase 1	724	2,737	2,013	3,780	8,252	4,472	4,504	10,989	6,485	724	2,737	3,780	8,252
HR & Partners Phase 2 Stakeholder Contact Management System	0	0	0		500	500	0	500	500	0	0	0	500
SAGE & PRS Upgrade	21,224	71,635	50,411	55,065	134,880	79,815	76,289	206,515	130,226	52,724	189,255	111,917	469,370
Domino to Exchange Migration	0	0	0		0	0	0	0	0	39,125	103,208	90,233	707,250
Direct Debit Review	0	0	0		0	0	0	0	0	4,600	11,500	11,737	56,677
Online Renewals Review & Change of Payment Provider	7,723	17,059	9,336	19,381	51,572	32,191	27,104	68,631	41,526	29,460	12,305	78,871	36,800
FTP Changes 2014-15	0	0	0		68,529	68,529	0	68,529	68,529	29,670	23,000	137,056	103,169
NetRegulate Changes 2014-15	0	0	0		0	0	0	0	0	0	28,980	0	20,286
	8,472	620	(7,852)	0	140,644	140,644	8,472	141,264	132,792	8,472	1,266	0	138,000
	0	0	0		0	0	0	0	0	0	2,013	0	65,550
	0	0	0		0	0	0	0	0	0	1,150	20,550	104,576
	0	0	0		0	0	0	0	0	0	0	0	0
<b>Total Expenditure</b>	<b>323,811</b>	<b>721,404</b>	<b>397,593</b>	<b>391,865</b>	<b>803,400</b>	<b>411,535</b>	<b>715,677</b>	<b>1,524,804</b>	<b>809,128</b>	<b>620,990</b>	<b>1,077,170</b>	<b>842,106</b>	<b>2,233,165</b>
Regulation of Public Health Specialists	26,317	24,000	(2,317)			0	26,317	24,000	(2,317)	39,150			
Research Revalidation	25,000	0	(25,000)				25,000	0	(25,000)	42,927			

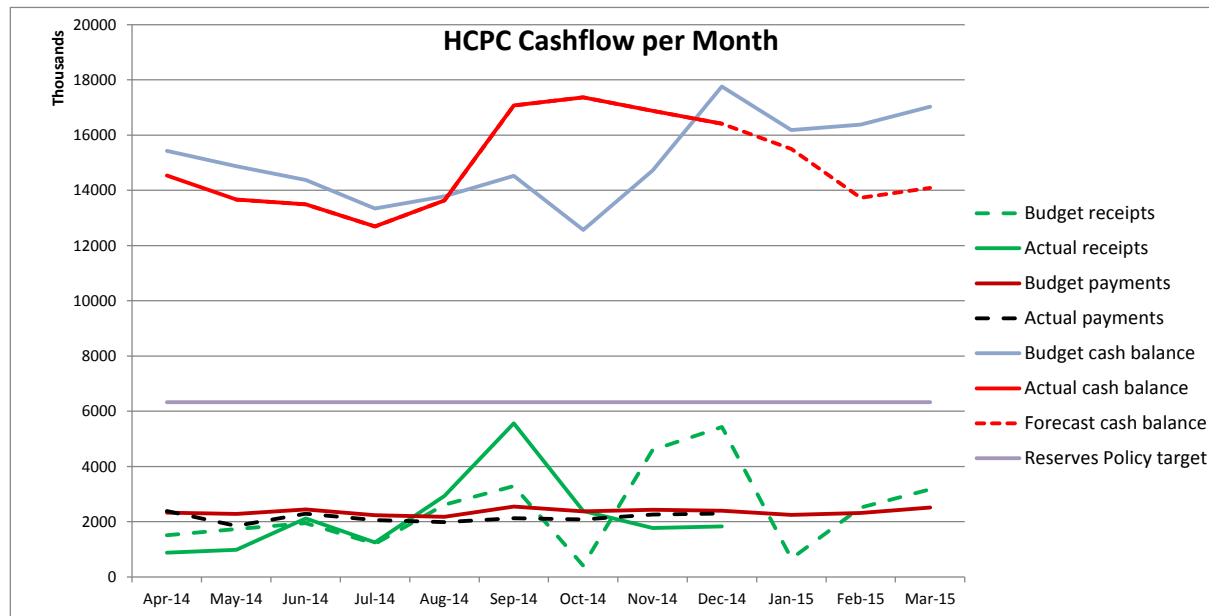
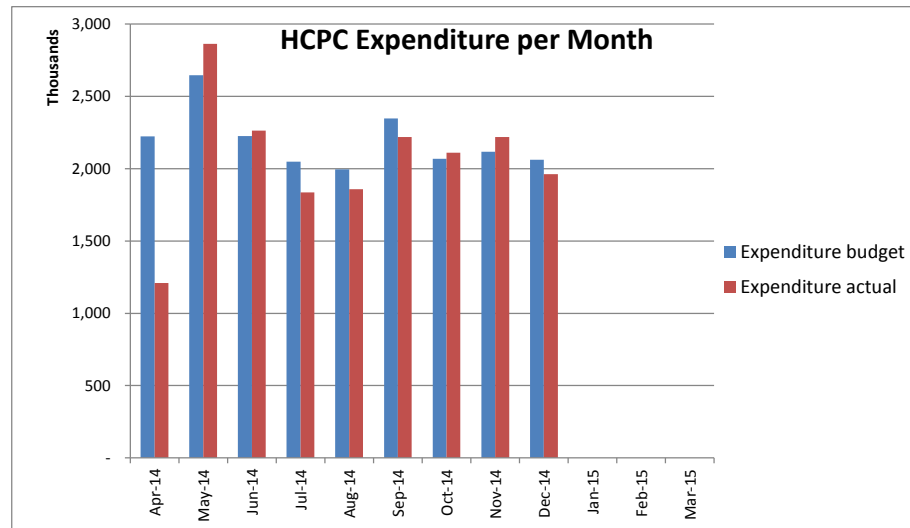
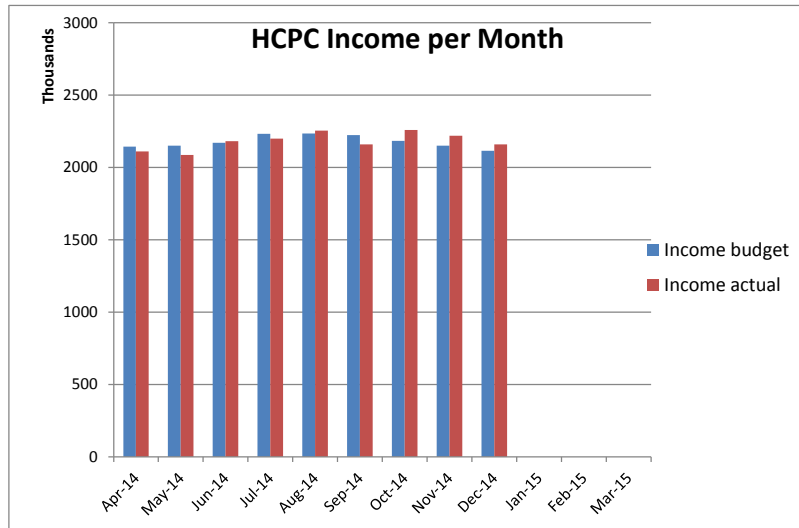
## HCPC Management Accounts, Period 9 of 2014-15

### Cash Flow Statement

From 1 April 2014

	Year to date budget £	Year to date actual £	Full year forecast £	Full year budget £
Operating surplus/(deficit)	(125,495)	1,089,845	542,716	215,318
Decrease/(increase) in debtors & prepayments	123,166	292,605	292,960	50,000
Increase/(decrease) in creditors		(476,700)	50,541	231,687
(Decrease)/increase in deferred income	3,126,892	6,875	(1,892,904)	3,055,807
<b>Net cash in/(out)flow from operating activities</b>	<b>3,124,563</b>	<b>912,626</b>	<b>(1,006,687)</b>	<b>3,552,812</b>
<b>Return on investments and servicing of finance</b>				
Investment Income		93,080	101,915	
Costs relating to Revalidation		(25,000)	(39,150)	
Regulation of Public Health Specialists		(26,317)	(42,927)	
<b>Capital expenditure and financial investments</b>				
Purchase of tangible assets	(1,605,264)	(579,158)	(1,078,579)	(2,480,927)
<b>Financing</b>				
Income from DOH		0	114,150	0
<b>Increase/(decrease) in cash</b>	<b>1,519,299</b>	<b>375,231</b>	<b>(1,951,278)</b>	<b>1,071,885</b>
Cash at 1 April 2014	16,243,000	16,038,062	16,038,062	16,243,000
Cash at end of period	17,762,299	16,413,293	14,086,784	17,314,885
<b>Cash movement</b>	<b>1,519,299</b>	<b>375,231</b>	<b>(1,951,278)</b>	<b>1,071,885</b>

Cash Flow Statement  
Graphs



**Income and Expenditure  
Graphs - cumulative**

