

Finance Department Report

General

Since the last Committee Meeting, the Finance department has produced the draft year end management accounts up to March 2010. The accounts are not the final position and are subject to change.

Supplier payments

At the end of March, 98% by value of the £430K Creditor payments (March Aged Creditor Listing) were in the 30 days or less category.

Fee adjustments and income receipts handling

At the end of March, there was no backlog in Registrant direct debit cancellations and amendments against a 2 day backlog target. We had 2 days processing 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. OT and PH collections occurred in March. AT, BS, ODP and PHY collections are scheduled for April. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of March 2010, the Business Reserve account balance was £0.3M, earning an interest rate of 0.055% per annum. £3.8M was invested in the Nat West Special Interest-bearing Account (SIBA) on a rolling monthly basis, earning 0.48% per annum. The following were invested for 3 months (maturing early March 2010) at fixed rates: £0.5M invested in Barclays money market account earning 0.52% and £1.5M in Lloyds TSB money market account earning 1.1%.

The investment portfolio (excluding £149k portfolio cash) at the end of March was valued at £1.93M. The investment portfolio value including cash & money market instruments was £2.08M. This compares £1.51m at the start of the financial year.

Pensions

In January, there were 60 active members in the Friends Provident Scheme. There has not been any additional information relating to the Capita Flexiplan Scheme since the last report.

Employee training and staffing levels

There are seven full-time permanent employees in the dept with one additional permanent post to be filled. Temporary staff are periodically hired to cover for staff on annual or sick leave and to help achieve Finance dept service level targets.

Sage system support and development

In the budget for 2010/11 there are a few Sage accounting system enhancements which have been identified to be implemented in 2010/11 financial year. This is expected to begin after the financial year end work has been completed

Significant Financial Projects/Issues (next few months)

- Annual budget (including projects) has been approved by Finance and Resources Committee and Council.
- 5 Year plan is currently undergoing a re-draft and will be submitted for review at the next Finance and Resources committee meeting.
- 2011 Fees project is in review and is dependant on registrant volume assumptions.
- Year end audit by NAO is expected at the end of April through to the middle of May.
- The insurance broker for HPC and the investment management broker are expected to be reviewed during the year.

Consolidated Accounts to 31 March 2010
Income and Expenditure Account - By Activity

	Year to Date				Note
	Actual	Budget	Variance		
	£	£	£	%	
Income by Activity					
Registration fees	914,337	504,257	410,080	81.32	A
Readmission fees	146,145	458,569	(312,424)	(68.13)	B
Renewal fees	12,516,920	13,004,002	(487,082)	(3.75)	C
International scrutiny fees	680,826	936,600	(255,774)	(27.31)	D
Grandparenting fees	42,205	141,540	(99,335)	(70.18)	E
UK scrutiny fees	568,299	514,842	53,457	10.38	
Registration Income	14,868,732	15,559,810	(691,078)	(4.44)	
Cheque/credit card write offs	(1,918)	0	(1,918)	0.00	
Total Income	14,866,814	15,559,810	(692,996)	(4.45)	

Expenditure by Activity

Payroll	5,239,502	5,337,334	97,832	1.83	
Travel and subsistence	207,135	230,531	23,396	10.15	
Council and committee expenses	60,730	416,036	355,306	85.40	F
Property services	353,447	418,634	65,187	15.57	
Office services	1,173,131	1,093,363	(79,768)	(7.30)	
Computer services	823,446	1,094,764	271,318	24.78	G
Communications	620,442	769,108	148,666	19.33	H
Partners	2,315,647	2,258,492	(57,155)	(2.53)	
Professional fees	3,474,867	3,236,492	(238,375)	(7.37)	I
Projects	155,573	150,600	(4,973)	(3.30)	
Specific departmental costs	545,456	541,759	(3,697)	(0.68)	
Operating expenditure	14,969,376	15,547,113	577,737	3.72	
Operating Surplus/(Deficit)	(102,562)	12,697	115,259	(907.77)	
Impairment on freehold property	(755,555)	0	(755,555)	0.00	J
Investment income	139,621	175,000	(35,379)	(20.22)	
Unrealised gains/(losses)	461,807	0	461,807	0.00	
Total surplus/(deficit)	(256,689)	187,697	(444,386)	(236.76)	

	Year end position			
	9 mth F'cast	Budget	Variance	
	£	£	£	%
	677,581	504,257	173,324	34.37
	329,383	458,569	(129,186)	(28.17)
	12,775,974	13,004,002	(228,029)	(1.75)
	601,440	936,600	(335,160)	(35.78)
	50,400	141,540	(91,140)	(64.39)
	488,342	514,842	(26,500)	(5.15)
	14,923,120	15,559,811	(636,691)	(4.09)
	(3,000)	0	(3,000)	0.00
	14,920,120	15,559,811	(639,691)	(4.11)

	5,140,531	5,322,934	182,403	3.43
	201,110	218,531	17,421	7.97
	320,856	416,036	95,180	22.88
	373,897	418,634	44,737	10.69
	1,076,433	1,010,408	(66,025)	(6.53)
	835,945	942,716	106,771	11.33
	611,907	718,938	107,031	14.89
	2,266,051	2,190,322	(75,729)	(3.46)
	3,249,025	3,236,492	(12,533)	(0.39)
	468,657	569,625	100,968	17.73
	572,375	502,478	(69,897)	(13.91)
	15,116,787	15,547,113	430,326	2.77
	(196,667)	12,697	(209,365)	(1,648.89)
	175,000	175,000	0	0.00
	300,000	0	300,000	0.00
	278,333	187,697	90,635	48.29

Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	The favourable variance of £410K was due to an increase in graduates taking the discounted renewal fee.
B	The unfavourable variance of £312K was due to a decrease in the number of registrants lapsing when their renewal was due.
C	Renewal fee income was £487K below budget. This is due to a decrease in the number of International applications and an increase in the number of graduates taking a discounted renewal fee.
D	The unfavourable variance of £255K was due to a decrease in international applications being received during the year.
E	The unfavourable variance of £99K was due to a decrease in Grandparenting applications being received from the Practitioner Psychologists.
F	Council and committee expenses was £355K below budget. This is mainly due to a lower than expected tax settlement following confirmation from HMRC in respect of tax status of council & committee members from 2003-2008.
G	The favourable variance of £271K was mainly due to a provision of £90K being reversed relating to Microsoft licenses and a favourable variance on depreciation of £62K due to the delay in the on-line renewals project.
H	Communications showed a favourable variance of £149K. This was due to a delay until the next financial year of Market Research (£51K), a delay in printing Standards of Proficiency (£26K) and a saving of on the communication element of the on-line renewals project (£30K).
I	The unfavourable variance of £238K is mainly due an unfavourable variance of £60K for legal advice due to additional advice in relation to new professions, an unfavourable variance of £62K for other legal costs due to a increase in high court appeals, an unfavourable variance of £58K for Transcript writers due to the increase in the number of hearings and an unfavourable variance of £49K for legal expenses due to an increase in disbursements and costs relating to Psychologist hearings.
J	The impairment on the freehold property is due to an external valuation.

Consolidated Accounts to 31 March 2010
Income and Expenditure Account - By Function

	Year to Date				Note
	Actual £	Budget £	Variance £	%	
Income by Profession					
Arts Therapists	192,002	179,507	12,494	6.96	
Biomedical Scientists	1,728,639	1,877,850	(149,212)	(7.95)	1
Chiropodists	919,395	932,314	(12,919)	(1.39)	
Clinical Scientists	335,829	311,775	24,054	7.72	
Dietians	509,064	506,203	2,861	0.57	
Occupational Therapists	2,346,946	2,366,576	(19,630)	(0.83)	
Operating Department Practitioners	700,742	650,167	50,575	7.78	
Orthoptists	97,712	102,498	(4,786)	(4.67)	
Paramedics	1,117,072	1,076,664	40,408	3.75	
Physiotherapists	3,346,370	3,399,344	(52,974)	(1.56)	
Prosthetists & Orthotists	72,160	70,229	1,931	2.75	
Practitioner Psychologists	576,107	886,166	(310,059)	(34.99)	2
Radiographers	1,967,994	2,253,418	(285,424)	(12.67)	3
Speech and Language Therapists	958,703	947,098	11,605	1.23	
Registration Income	14,868,732	15,559,811	(691,079)	(4.44)	
Cheque/credit card write offs	(1,918)	0	(1,918)	0.00	
Total Income	14,866,814	15,559,811	(692,997)	(4.44)	

	Year to Date				Note
	Actual £	Budget £	Variance £	%	
Expenditure by Activity					
Chair	59,617	49,433	(10,184)	(20.60)	
Chief Executive	326,903	322,357	(4,546)	(1.41)	
Council, Committee and PLG	112,741	447,701	334,960	74.82	4
Communications	1,114,359	1,076,199	(38,159)	(3.55)	
Depreciation	378,290	452,804	74,514	16.46	5
Education	671,225	766,271	95,046	12.40	6
Facilities Management	835,929	911,698	75,769	8.31	
Finance	640,426	635,442	(4,984)	(0.78)	
Fitness to Practise	6,193,551	5,581,599	(611,952)	(10.96)	7
Human Resources	425,566	367,517	(58,049)	(15.79)	8
Human Resources Partners	327,451	375,611	48,160	12.82	
IT Department	770,449	944,125	173,676	18.40	9
Operations Office	451,789	450,977	(812)	(0.18)	
Policy & Standards	247,992	417,428	169,437	40.59	10
Major Projects	298,440	420,197	121,757	28.98	11
Registration	1,852,844	2,023,511	170,667	8.43	12
Secretariat	261,807	304,247	42,440	13.95	
Operating Expenditure	14,969,377	15,547,116	577,740	3.72	
Operating Surplus/(Deficit)	(102,563)	12,694	(115,257)		

	Year end position			
	9mth F'cast £	Budget £	Variance £	%
	189,417	179,507	9,910	5.52
	1,753,981	1,877,850	(123,870)	(6.60)
	922,728	932,314	(9,586)	(1.03)
	342,787	311,775	31,012	9.95
	518,152	506,203	11,949	2.36
	2,352,908	2,366,576	(13,669)	(0.58)
	701,890	650,167	51,723	7.96
	97,559	102,498	(4,939)	(4.82)
	1,107,190	1,076,664	30,526	2.84
	3,284,861	3,399,344	(114,482)	(3.37)
	67,514	70,229	(2,715)	(3.87)
	663,093	886,166	(223,073)	(25.17)
	1,942,637	2,253,418	(310,781)	(13.79)
	978,402	947,098	31,304	3.31
	14,923,120	15,559,811	(636,691)	(4.09)
	(3,000)	0	(3,000)	0.00
	14,920,120	15,559,811	(639,691)	(4.11)

	Year to Date			
	Actual £	Budget £	Variance £	%
	49,433	49,433	(0)	(0.00)
	370,631	322,357	(48,274)	(14.98)
	384,948	447,701	62,753	14.02
	1,096,052	1,076,199	(19,852)	(1.84)
	366,473	452,804	86,331	19.07
	657,589	766,271	108,682	14.18
	872,075	911,698	39,624	4.35
	601,323	635,442	34,119	5.37
	5,979,165	5,581,599	(397,565)	(7.12)
	432,755	367,517	(65,238)	(17.75)
	326,343	375,611	49,268	13.12
	897,255	944,125	46,870	4.96
	430,827	450,977	20,150	4.47
	262,140	417,428	155,288	37.20
	322,178	420,197	98,019	23.33
	1,800,783	2,023,511	222,728	11.01
	266,818	304,247	37,429	12.30
	15,116,787	15,547,116	430,330	2.77
	(196,667)	12,694	(209,361)	

Notes to the Income and Expenditure Account - by Function

Note	Narrative
1	The unfavourable variance of £149K was mainly due to a decrease in international applications (£41K) and a decrease in readmission fees (£54K)
2	The unfavourable variance of £310K was mainly due to a decrease in international and Grandparenting applications being received
3	The unfavourable variance of £285K was due to a decrease in international applications of £124K. There was also an unfavourable variance of £184K on the renewal fees due to a decrease in applications and a timing difference on the fees rise. This is partly off-set by an increase in graduates taking the discounted fee.
4	Council and committee costs were below budget. This is mainly due to a lower than expected tax settlement following confirmation from HMRC in respect of tax status of council & committee members from 2003-2008.
5	The favourable variance of £74K was mainly due to a delay in the on-line renewals project, saving £64K.
6	The favourable variance of £95K is due a delay in staff being recruited during the year (£36K) and a favourable variance due to a decrease in visits during the year.
7	The unfavourable variance of £612K was due to a increase in the number of allegations being received and the increase in the length of hearings. This included unfavourable variances on room hire (£65K), panels (£394K) and Transcript writers (£58k). There was also an unfavourable variance of £62K in other legal costs due to the increase in high court appeals.
8	The unfavourable variance of £58K is due to an increase in staff recruitment costs (£57K) caused by more positions being recruited for during the year and an unfavourable variance of £31K due work in relation to the pay review. This is partly off-set by lower than expected costs in organisational training and legal costs.
9	The favourable variance of £174K was mainly due to a reversal of a provision of £90K, costs of £30K relating to the on-renewals project being capitalised and £20K relating to consultancy.
10	The favourable variance of £169K was mainly due to the delay in Market Research, saving £51K and the delay in recruiting staff, a saving of £69K. Also due to a delay in Standards of Proficiency there is a favourable variance of £26K.
11	The favourable variance of £122K was due to a saving of £85K on the Psychologists project and a saving of £43K on the IT external hosting transfer project.
12	The favourable variance of £171K was due to a saving on the International and Grandparenting assessment fees (£150K). There was also a saving on payroll of £32K due to delay in recruiting replacement staff.

Statement of Financial Position

	31 March 2010		31 March 2009	
	£	£	£	£
<u>Non-current Assets</u>				
Property, Plant & Machinery				
Land & buildings, at cost or valuation	2,366,153		2,636,853	
Depreciation	-		0	
		2,366,153		2,636,853
Computer Equipment, at cost	616,933		644,060	
Depreciation	(475,603)		(504,679)	
		141,330		139,381
Office furniture and equipment, at cost	417,590		406,348	
Depreciation	(358,459)		(372,679)	
		59,131		33,669
Intangible assets	2,997,545		2,568,790	
Depreciation	(2,037,818)		(1,784,455)	
		959,727		784,335
<u>Total Non-current Assets</u>		<u>3,526,342</u>		<u>3,594,238</u>
<u>Current assets</u>				
Other current assets	203,952		354,207	
Financial assets	1,926,067		1,347,418	
Cash & Cash Equivalents	5,647,602		5,341,865	
	<u>7,777,621</u>		<u>7,043,490</u>	
<u>Total assets</u>		<u>11,303,963</u>		<u>10,637,728</u>
<u>Current Liabilities</u>				
Trade and other payables	(429,363)		(945,164)	
Other Liabilities	(1,082,398)		(1,670,261)	
Deferred Income	(8,811,215)		(7,106,069)	
	<u>(10,322,975)</u>		<u>(9,721,494)</u>	
<u>Total asset less liabilities</u>		<u>980,988</u>		<u>916,234</u>
<u>General reserve</u>				
General fund b/fwd	663,731		1,077,308	
(Deficit)/surplus for the year	(256,690)		(375,021)	
Grant income	360,000		-	
General fund c/fwd	<u>767,042</u>		<u>702,287</u>	
<u>Revaluation reserve</u>				
Reserve b/fwd	213,946		421,746	
Movements in the year	-		(207,799)	
Reserve c/fwd	<u>213,946</u>		<u>213,947</u>	
		<u>980,988</u>		<u>916,234</u>

Summary of Project Expenditure Twelve months to 31 March 2010

Project Number		Year to Date			Year End position 9 Month Forecast £
		Actual £	Budget £	Variance £	
	Capital expenditure				
P3	Practitioner Psychologists	14,666	100,000	85,334	15,000
P4	Hearing Aid Council	37,431	55,000	17,569	55,000
P34	Online Renewals	300,752	300,012	(740)	300,012
P31	Vetting & Barring System (VBS)	0	15,000	15,000	15,000
P35	Registration Fee Rise 2011	0	0	0	0
P36	FTP Case Management System Phase 1	52,868	134,000	81,133	134,000
P37	Renewals Cycle Review	0	11,750	11,750	0
P38	IT external hosting transfer to new provider	18,079	15,000	(3,079)	15,000
P39	Revalidation	0	0	0	0
P27	Finance System Upgrade	0	0	(0)	-
	Total Project Capital Expenditure	423,797	630,762	206,965	534,012
	Operating expenditure				
P3	Practitioner Psychologists	85,029	143,760	58,731	57,917
P4	Hearing Aid Council	26,079	27,310	1,231	14,410
P34	Online Renewals	106,267	127,552	21,285	112,969
P31	Vetting & Barring System (VBS)	4,238	28,225	23,987	28,225
P35	Registration Fee Rise 2011	0	8,000	8,000	-
P36	FTP Case Management System Phase 1	23,871	11,400	(12,471)	14,906
P37	Renewals Cycle Review	0	0	0	-
P38	IT external hosting transfer to new provider	30,096	73,950	43,854	73,950
P39	Revalidation	22,860	0	(22,860)	19,800
	Total Project Operating Expenditure	298,440	420,197	121,757	322,178

**Summary of Capital Expenditure
Twelve months to 31 March 2010**

	Year to Date			Year End position 9 Month Forecast £
	Actual £	Budget £	Variance £	
<u>Office Services</u>				
Renovation work to 22-26 Stannary Street. Phase 2	489,361	575,000	85,639	481,000
Renovation work to 22-26 Stannary Street. Phase 1 (final payment)	30,368	0	(30,368)	31,000
Purchase of additional office space	7,755	0	(7,755)	0
Additional photocopier for FTP	0	6,000	6,000	0
Replace Park House Boiler	13,139	15,000	1,861	13,139
Replace Park House water tank	2,613	10,000	7,387	2,613
Access control on additional doors	27,757	9,400	(18,357)	13,000
Induction loop for Reception and portable unit for hearings, etc.	4,234	5,000	766	5,000
	575,227	620,400	45,173	545,752
<u>Information Technology</u>				
Laptop refresh	31,702	50,000	18,298	50,000
Server replacements/upgrades	8,093	10,000	1,907	10,000
New/replacement computers	24,278	9,500	(14,778)	20,000
PRS Enhancements	4,959	6,800	1,841	4,959
	69,032	76,300	7,268	84,959
<u>Major Projects</u>	423,797	630,762	206,965	534,012
Total Capital Expenditure	1,068,055	1,327,462	259,407	1,164,723

Consolidated Cash Flow: April 2009 to March 2010

	Mar-09	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
Opening Balance 1st		5,342	4,558	3,949	2,990	3,293	3,073	4,846	5,416	5,132	4,316	4,682	4,264
Receipts													
Registration Income		1,142	1,138	1,176	1,227	1,180	1,173	1,351	1,218	1,350	1,293	1,299	1,321
Investment Income		0	7	9	3	18	12	3	10	9	2	3	11
Investment Sales		24	24	29	58	(53)	34	8	10	0	73	(40)	40
Deferred Income Movements		48	(925)	(630)	378	(34)	1,576	657	(94)	(767)	849	(835)	1,482
Bank Loan		0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Income		0	(3)	0	0	0	0	1	0	0	0	0	0
Total Cash Receipts		1,214	241	584	1,666	1,111	2,795	2,020	1,144	592	2,217	427	2,854
Payments													
Operational													
Expenditure		353	1,719	1,235	1,154	1,252	1,267	1,544	1,154	1,418	1,237	1,330	1,306
Depreciation		(33)	(31)	(35)	(35)	(38)	11	(28)	(29)	(33)	(30)	(47)	(49)
Aged Cred / Accrual Movements		1,535	(873)	135	157	(84)	(103)	(20)	280	(9)	136	(25)	(26)
Debtor Movements		75	(42)	(16)	(5)	(44)	(24)	(29)	(60)	(37)	458	(445)	17
Payments to Creditors		1,930	773	1,319	1,271	1,086	1,151	1,467	1,345	1,339	1,801	813	1,248
Exceptional													
Capital Expenditure		46	30	141	92	223	203	(28)	71	65	50	28	244
Capital Write-off		0	0	0	0	0	0	0	0	0	0	0	0
Investment Purchases		22	47	83	0	22	28	11	12	4	0	4	(22)
Loan Repayments		0	0	0	0	0	0	0	0	0	0	0	0
DOH Income		0	0	0	0	0	(360)	0	0	0	0	0	0
Taxation		0	0	0	0	0	0	0	0	0	0	0	0
Total Payments		68	77	224	92	245	(129)	(17)	83	69	50	32	222
Closing Balance	5,342	4,558	3,949	2,990	3,293	3,073	4,846	5,416	5,132	4,316	4,682	4,264	5,648
Budgeted Closing Balance		4,997	3,798	2,910	3,370	3,043	4,450	5,074	4,400	3,894	4,492	3,982	5,253
Difference		(439)	151	80	(77)	30	396	342	732	422	190	282	395

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.