
Finance Overview

Executive Summary

October 2019 (Month 7) Accounts

At the end of October 2019, HCPC's YTD surplus was £24k which is a favourable variance of £703k when compared to the budgeted deficit of £679k. The key adverse variances are an overspend of £389k and unbudgeted change costs of £336k.

The October 2019 YTD favourable variance to budget is £428k lower than the variance at the end of September. This is predominately driven by:

- The additional Registration and FTP costs associated with preparing the Social Worker data for transfer;
- Unbudgeted change costs; and
- Incurring budgeted IT Costs that had been previously delayed. (IT Costs YTD are below budget, the in-month expenditure is overbudget).

Most of the additional Registration and FTP costs are associated with timing differences. A minority of costs are additional costs associated with the Social Worker transfer and the finance team is working with Registrations, FTP and Major Projects to determine which of these costs can be recovered from DfE.

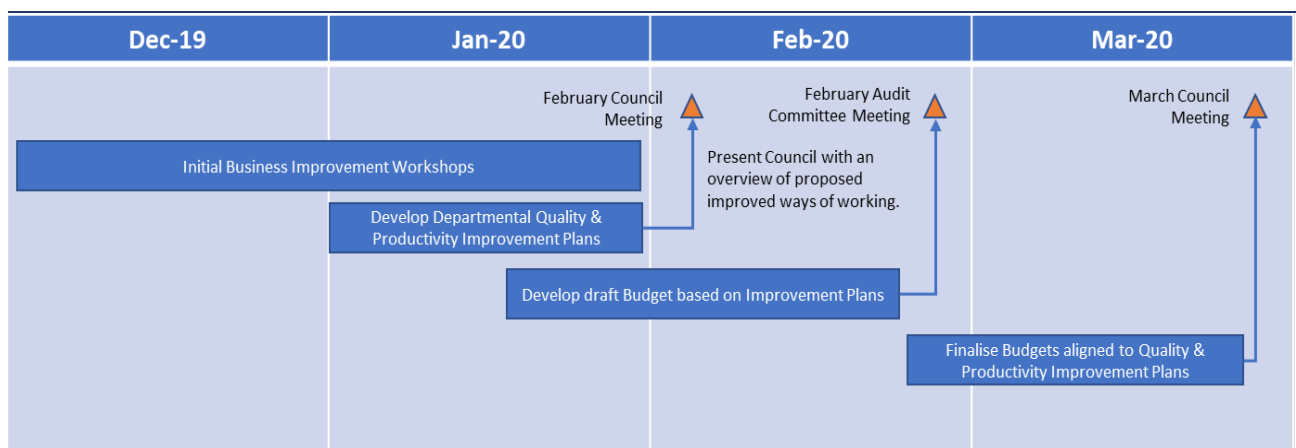
6+6 month reforecast

The 6+6 reforecast has taken into account the current YTD performance and has forecast the outturn for the end of year – March 2020.

Income is forecast to be £167k more than budget and expenditure is forecast to be £717k below budget. Including exceptional items, the forecast is £1,011k favourable to budget.

2020 / 21 Budget Timetable and Process

The proposed 2020 / 21 budget timetable and process is shown below.



Approach

- Initial Business Improvement Workshops will focus on how the departments can operate differently in order to improve the quality of service delivery while also delivering productivity gains.
- Departmental Quality & Productivity Improvement Plans (Q&PIPs) will document the initiatives that each department is targeting to achieve along with the measurable benefits realisation timetable.
- A draft budget will be built bottom-up, from a zero base, taking into account the delivery of the Q&PIPs.
- Budgets will be finalised, iteratively linking overall HCPC objectives to each departmental budget.
- Monthly reporting will be changed to link operational quality and productivity improvements with financial performance.

Purchasing Cards

The HCPC CEO has had a Lloyds Corporate Credit Card which has been used to purchase items where card payments were the most appropriate payment method.

Rather than replace the Lloyds Corporate Credit Card it is proposed to move to using Purchasing Cards which will enable increased controls as well as create less reliance on individuals.

Previous consideration	The Finance Reports have previously been included as part of the CEOs report.
Decision	<ol style="list-style-type: none"> 1. For Note - October 2019 (Month 7) Accounts 2. Approve - 6+6 budget reforecast 3. For Note – 2020 / 21 Budget timetable 4. Approve - The use of Purchasing Cards
Next steps	A finance update will be provided at the next meeting of Council on 5 February 2020.
Strategic priority	Strategic priority 3: Ensure the organisation is fit for the future and able to anticipate and adapt to changes in the external environment

Risk Strategic risk 4 - Failure to be an efficient regulator.

Financial and resource implications None as a result of this paper.

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HEALTH AND CARE PROFESSIONS COUNCIL

2019-20 Month 6 reforecast

INCOME AND EXPENDITURE

	M1-M6 Actual (YTD) 2019-20 £	M6 Reforecast 2019-20 £	Original Budget 2019-20 £	Variance 2019-20 budget to M6 Reforecast 2019-20	
				£	%
INCOME					
Graduate Registration Fees	913,978	1,711,385	1,854,157	(142,772)	(8%)
Readmission fees	149,445	264,677	206,456	58,220	28%
Renewal Fees	15,068,775	27,623,055	27,765,776	(142,721)	(1%)
International scrutiny fees	1,010,660	1,858,016	1,641,998	216,017	13%
UK scrutiny fees	660,297	1,065,713	968,036	97,677	10%
Registration Income	17,803,156	32,522,845	32,436,424	86,421	0%
Other Income	14,660	29,320	0	29,320	
Rental Income GCC	87,500	175,000	175,000	-	0%
Investment Income	55,083	102,261	50,798	51,463	101%
Total Income	17,960,399	32,829,426	32,662,222	167,204	1%
EXPENDITURE					
Department Expenses					
Chief Executive & SMT	426,013	850,677	848,259	(2,418)	(0%)
Chair, Council & Committees	211,000	418,461	412,582	(5,879)	(1%)
Communications	320,112	688,082	830,699	142,617	17%
Data Intelligence	-	-	24,783	24,783	100%
Education	417,573	793,749	842,742	48,994	6%
Office Services	1,366,626	2,726,720	2,989,399	262,679	9%
Finance	460,318	873,105	780,158	(92,948)	(12%)
Fitness to Practise	8,489,873	15,752,198	15,557,143	(195,056)	(1%)
Human Resources	621,584	1,069,544	1,268,705	199,162	16%
Human Resources Partners	143,518	353,844	386,544	32,700	8%
IT Department	1,186,561	2,490,056	2,646,600	156,545	6%
Professional Liaison Team	-	28,044	16,125	(11,919)	(74%)
Project managers	177,174	333,029	392,391	59,361	15%
Policy & Standards	103,072	305,981	314,587	8,607	3%
Major projects	75,225	570,231	793,069	222,839	28%
Registration	1,686,143	3,446,150	3,324,953	(121,197)	(4%)
Quality Assurance	264,832	501,671	540,287	38,616	7%
Governance	156,642	329,045	350,223	21,178	6%
Depreciation Expense	472,798	963,107	886,844	(76,262)	(9%)
PSA Levy	902,190	902,190	902,190	(0)	(0%)
Apprenticeship Levy	18,791	37,991	42,814	4,823	11%
TOTAL EXPENDITURE	17,500,046	33,433,874	34,151,097	717,224	2%
OPERATING SURPLUS/(DEFICIT)	460,353	(604,449)	(1,488,876)	884,428	(59%)
Social Worker Changes					
Grant income	473,492	2,766,370	2,064,423	701,947	34%
Project Costs	(473,134)	(2,766,370)	(2,064,423)	(701,947)	34%
Exceptional Items	(224,600)	126,777	0	126,777	
TOTAL SURPLUS/(DEFICIT)	236,111	(477,671)	(1,488,876)	1,011,206	

HEALTH AND CARE PROFESSIONS COUNCIL

2019-20 Month 6 reforecast

INCOME

	M6 Reforecast 2019-20 £	Budget 2019-20 £	Variance 2019-20 budget to M6 Reforecast 2019-20		
			£	%	
Income by Activity					
Graduate Registration fee	1,711,385	1,854,157	(142,772)	(8%)	
Readmission fees	264,677	206,456	58,220	28%	
Renewal fees	27,623,055	27,765,776	(142,721)	(1%)	
International scrutiny fees	1,858,016	1,641,998	216,017	13%	
UK scrutiny fees	1,065,713	968,036	97,677	10%	
Registration Income	32,522,845	32,436,424	86,421	0%	
Income by Profession					
Arts Therapists	AS	409,273	412,171	(2,898)	(1%)
Biomedical Scientists	BS	2,260,008	2,237,067	22,941	1%
Chiropodists/ Podiatrists	CH	1,166,671	1,181,108	(14,437)	(1%)
Clinical Scientists	CS	561,279	605,807	(44,528)	(7%)
Dieticians	DT	963,445	974,047	(10,602)	(1%)
Hearing Aid Dispensers	HAD	318,773	293,016	25,756	9%
Occupational Therapists	OT	3,799,392	3,789,856	9,536	0%
Operating Department Practitioners	ODP	1,259,849	1,270,562	(10,714)	(1%)
Orthoptists	OR	134,235	138,109	(3,874)	(3%)
Paramedics	PA	2,666,787	2,730,343	(63,556)	(2%)
Physiotherapists	PH	5,550,137	5,562,617	(12,480)	(0%)
Practitioner Psychologists	PYL	2,238,580	2,323,303	(84,723)	(4%)
Prosthetists & Orthotists	PO	107,733	108,373	(640)	(1%)
Radiographers	RA	3,631,075	3,592,020	39,055	1%
Speech & Language Therapists	SLT	1,535,849	1,583,302	(47,453)	(3%)
Social Workers	SW	5,919,760	5,634,722	285,040	5%
Registration Income	32,522,845	32,436,424	86,421	0%	

HEALTH AND CARE PROFESSIONS COUNCIL

2019-20 Month 6 reforecast

Payroll costs

	M1-M6 Actual (YTD)	M6 Reforecast	Budget	Variance 2019-20 budget to M6 Reforecast 2019-20	
	2019-20 £	2019-20 £	2019-20 £	£	%
Chief Executive & SMT	394,655	796,028	772,051	(23,977)	(3%)
Communications	258,617	473,696	513,825	40,129	8%
Data Intelligence	-	-	24,693	24,693	0%
Education	288,542	569,344	575,627	6,283	1%
Office Services	170,838	351,325	362,024	10,699	3%
Finance	351,069	660,175	562,905	(97,270)	(17%)
Fitness to Practise	2,713,351	5,314,034	5,163,883	(150,152)	(3%)
Human Resources	380,548	710,395	782,740	72,345	9%
Human Resources Partners	85,154	163,995	172,045	8,050	5%
IT Department	389,384	778,017	850,510	72,492	9%
Major projects (include SW)	38,426	570,231	355,504	(214,727)	(166%)
Operations Office	177,007	332,763	390,291	57,528	15%
Professional Liaison	-	28,044	14,280	(13,764)	(96%)
Policy & Standards	94,858	198,492	208,491	10,000	5%
Quality Assurance	262,685	498,784	538,697	39,913	7%
Registration	1,003,199	2,022,758	2,023,428	670	0%
Governance	124,403	261,442	269,733	8,291	3%
	<u>6,732,736</u>	<u>13,729,523</u>	<u>13,580,725</u>	<u>(148,798)</u>	<u>(4%)</u>

HEALTH AND CARE PROFESSIONS COUNCIL

2019-20 Month 6 reforecast

Non-Payroll costs

	M1-M6 Actual (YTD)	M6 Reforecast	Budget	Variance 2019-20 budget to M6 Reforecast 2019-20	
	2019-20	2019-20	2019-20	£	%
	£	£	£		
Chief Executive & SMT	31,359	54,649	76,208	21,560	28%
Chair, Council & Committees	211,000	418,461	412,582	(5,879)	(1%)
Communications	61,495	214,386	316,874	102,488	32%
Data Intelligence	-	-	90	90	100%
Education	129,032	224,404	267,115	42,711	16%
Office Services	1,195,787	2,375,395	2,627,375	251,980	10%
Finance	109,250	212,930	217,253	4,323	2%
Fitness to Practise	5,776,522	10,438,164	10,393,260	(44,904)	(0%)
Human Resources	241,035	359,149	485,965	126,816	26%
Human Resources Partners	58,365	189,848	214,499	24,651	11%
IT Department	797,177	1,712,038	1,796,091	84,052	5%
Major projects (include SW)	36,798	-	437,565	437,565	100%
Operations Office	167	266	2,100	1,834	87%
Professional Liaison	-	-	1,845	1,845	100%
Policy & Standards	8,214	107,489	106,096	(1,393)	(1%)
Quality Assurance	2,147	2,887	1,590	(1,297)	(82%)
Registration	682,944	1,423,392	1,301,525	(121,867)	(9%)
Governance	32,239	67,604	80,490	12,886	16%
Depreciation Expense	472,798	963,107	886,844	(76,262)	(9%)
PSA Levy	902,190	902,190	902,190	(0)	(0%)
Apprenticeship Levy	18,791	37,991	42,814	4,823	11%
	10,767,308	19,704,351	20,570,372	866,021	4%

Proposal for Cost Savings, change and process improvement. Change from Cheque to Card payments

Current Situation: Majority of our one off suppliers' e.g. courts, police, expert witnesses, GP surgeries are currently paid by cheque. Most of these suppliers' payment methods are both by cheque and card payment. There are a few digital online suppliers also that the communication and IT departments use that require card payments only. On occasions cheques are returned/require cancellation due to change in fees after cheques are prepared. In addition, the Treasury Accountant have to keep track of uncashed cheques that has to be cancelled with the bank after a certain amount of time.

Proposed Solution: To introduce the use of a purchasing card (Lloyds Corporate card). Cost savings would result from the administration in using manpower resource, less postage costs; these include stamps and envelopes. As the needs of the company changes a readily available card for these kinds of payments will allow Finance to meet these needs with less costs to the company.

Steps Involved:

- Research the right card to use.
- Put strict guidelines in place for the card usage
- Introduce new controls
- Implement usage wherever applicable.

Benefits:

- Supplier receives earlier settlement
- Direct upload into our finance ledger from a ready formatted file (need to check that it integrates with Sage)
- Monthly card statement can be settled by direct debit up to 60 days later (instead of the normal 30 days). HCPC's settlement terms are extended.

Potential Obstacles:

- Card usage abused; controls will be set and put in place by Finance. Usage will be limited to Finance staff only after appropriate approval from budget holders and the CEO. Also, being a purchasing card; merchant categories can be blocked; this will ensure that the card cannot be used in a fraudulent way.
- The resistance of employees to change and follow the new procedures. While there will always be those resistant to change initially, this is not a difficult adjustment to make.