

Finance Department Report

General

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

Supplier payments

At the end of June, 99% by value of the £536K Creditor payments (June Aged Creditor Listing) were in the 30 days or less category.

Fee adjustments and income receipts handling

At the end of June, there was no backlog in Registrant direct debit cancellations and amendments against a 2 day backlog target. We had ½ day 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. CH collections occurred in June. RS, PA and OR collections are scheduled for July. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of June 2010, £2.3M 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 July 2010) at fixed rates: £0.5M invested in Barclays money market account earning 0.53% and £2.0M in Lloyds TSB money market account earning 1.1%.

The investment portfolio (excluding £156k portfolio cash) at the end of January was valued at £1.76M. The investment portfolio value including cash & money market instruments was £1.92M. This compares £2.07m at the start of the financial year.

Pensions

In June, there were 63 active members in the Friends Provident.

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

The finance team are working with TSG, our Sage service provider, to work through the details of the Sage accounting system enhancements.

Significant Financial Projects/Issues (next few months)

- Annual accounts have now been submitted to Privy Council for final approval.
- 5 Year plan is currently has been re-drafted and going through approval process.
- The finance team are reviewing the current use of PRS, our purchase order system, to indentify better use of the tool for the benefit of the organisation.
- A review of bank charges is currently taking place.
- Following the annual audit by the NAO, a review meeting will be held within the next couple of months to identify areas where improvements can be made to the process
- Tax returns are currently being prepared for HPC and 22-26 Stannary Street.
- Once the tax returns are complete HPC will initiate the process of winding-up 22/26 Stannary Street Limited.

Management Accounts to 30 June 2010
Income and Expenditure Account - By Activity

	Year to Date				Note	Annual Budget £
	Actual £	Budget £	Variance			
			£	%		
Income by Activity						
Graduate Registration fees	228,989	156,166	72,824	46.6	A	493,215
Readmission fees	59,277	98,900	(39,623)	(40.1)	B	309,120
Renewal fees	3,460,069	3,625,981	(165,911)	(4.6)		14,813,703
International scrutiny fees	189,020	136,850	52,170	38.1	C	529,367
Grand parenting fees	16,800	15,750	1,050	6.7		63,000
UK scrutiny fees	71,417	70,201	1,216	1.7		626,056
Registration Income	4,025,573	4,103,848	(78,275)	(1.9)		16,834,461
Cheque/credit card write offs	163	750	(587)	(78.3)		(3,000)
Total Income	4,025,410	4,103,098	(77,688)	(1.9)		16,831,461
Expenditure by Activity						
Payroll	1,333,761	1,490,744	156,983	10.5	D	5,833,759
Travel and subsistence	48,505	56,655	8,150	14.4		217,936
Council and committee expenses	57,706	89,066	31,360	35.2	E	353,152
Property services	84,752	105,135	20,384	19.4	F	420,541
Office services	307,386	341,436	34,050	10.0	G	1,045,770
Computer services	243,369	279,124	35,756	12.8	H	1,077,127
Communications	140,911	139,970	(941)	(0.7)		680,150
Partners	538,076	688,249	150,173	21.8	I	2,507,259
Professional fees	945,878	915,049	(30,829)	(3.4)		3,732,304
Projects	145,001	153,958	8,957	5.8		386,025
Specific departmental costs	118,994	104,443	(14,551)	(13.9)	J	556,940
Operating expenditure	3,964,338	4,363,828	399,490	9.2		16,810,963
Operating Surplus/(Deficit)	61,072	(260,730)	321,802	123.4		20,498
Investment income	(21,601)	0	21,601	0.0		0
Unrealised gains/(losses)	168,196	0	(168,196)	0.0		0
Total surplus/(deficit)	(85,523)	(260,730)	175,207	67.2		20,498

Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	This showed a favourable variance of £73K due to a higher number of registrants taking the discounted renewal fee.
B	This showed an unfavourable variance of £40K, which was due to timing difference and is likely to reverse in future months.
C	This showed a favourable variance of £52K mainly due to a higher number of applications being received than was originally budgeted for.
D	The favourable variance of £157K was due to the delay in recruiting some positions, especially in the FTP, Policy, Operations, Registrations, Finance and Communications departments.
E	See note 3
F	The favourable variance of £20K was mainly due to the delay in redecoration of various parts of the building, which is due to take place within August this year.
G	The favourable variance of £34K was mainly due to lower than expected costs on room hire (£19K) and catering (£10K) in the FTP department.
H	This showed a favourable variance of £36K due to various timing differences, including software support and maintenance (10K) and managed web/internet services (£20K).
I	This showed a favourable variance of £150k due to the decrease in panel costs (£117K) and a timing difference on the partner training (£14K) and CPD assessments (£17K)
J	The unfavourable variance of £15K was mainly due to an increase in bank charges and is likely to remain a permanent difference.

Management Accounts to 30 June 2010
Income and Expenditure Account - By Function

	Year to Date				Note	Annual Budget £
	Actual £	Budget £	Variance £	%		
Income by Profession						
Arts Therapists	47,853	50,281	(2,428)	(4.8)		212,046
Biomedical Scientists	434,941	440,982	(6,041)	(1.4)		1,804,921
Chiropodists	231,998	229,489	2,510	1.1		981,838
Clinical Scientists	88,251	86,392	1,858	2.2		353,502
Dietians	133,780	127,258	6,521	5.1		553,617
Hearing Aid Dispensers	318	2,122	(1,804)	(85.0)		89,188
Occupational Therapists	593,202	606,266	(13,064)	(2.2)		2,502,429
Operating Department Practitioners	182,666	182,262	405	0.2		781,946
Orthoptists	23,836	24,290	(454)	(1.9)		99,984
Paramedics	285,462	291,350	(5,888)	(2.0)		1,206,263
Physiotherapists	850,628	974,285	(123,658)	(12.7)	1	3,696,137
Practitioner Psychologists	390,928	315,762	75,166	23.8	2	1,302,463
Prosthetists & Orthotists	15,831	16,846	(1,015)	(6.0)		69,518
Radiographers	504,395	509,800	(5,405)	(1.1)		2,164,375
Speech and Language Therapists	241,485	246,463	(4,978)	(2.0)		1,016,234
Registration Income	4,025,573	4,103,848	(78,275)	(1.9)		16,834,461
Cheque/credit card write offs	163	750	587	78.3		(3,000)
Total Income	4,025,410	4,103,098	(77,688)	(1.9)		16,831,461
Expenditure by Activity						
Chair	12,513	12,542	29	0.2		50,168
Chief Executive	80,921	76,746	(4,175)	(5.4)		313,486
Committee	29,881	29,548	(333)	(1.1)		114,706
Council	19,781	55,120	35,339	64.1	3	285,052
Communications	269,085	261,160	(7,926)	(3.0)		1,121,510
Depreciation	135,202	136,915	1,713	1.3		540,546
Education	202,487	219,161	16,675	7.6		745,431
Facilities Management	203,852	233,449	29,597	12.7		894,708
Finance	158,687	156,721	(1,966)	(1.3)		646,715
Fitness to Practise	1,564,945	1,767,785	202,840	11.5	4	7,145,823
Human Resources	109,005	128,847	19,842	15.4	5	519,693
Human Resources Partners	87,655	103,036	15,381	14.9	6	412,144
IT Department	222,373	262,883	40,511	15.4	7	1,041,185
Major Projects	139,784	130,670	(9,114)	(7.0)		295,875
Operations Office	125,580	123,388	(2,193)	(1.8)		502,417
Policy	44,605	70,033	25,427	36.3	8	312,982
Registration	499,077	530,158	31,081	5.9		1,616,124
Secretariat	58,904	65,666	6,761	10.3		252,398
Operating expenditure	3,964,338	4,363,828	399,490	9.5		16,810,963
Operating Surplus/(Deficit)	61,072	(260,730)	321,802	123.4		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 £75K was mainly due to an increase in International and Graduate applications being received and the renewal fee on these applications.
3	The favourable variance of £32K was due to an additional Council meeting being budgeted for and the timing difference on Council's training (£6K). There was also a favourable variance on taxation (£6K) due to a decrease in the number of claims being received.
4	The favourable variance of £203K in FTP is due to lower than expected costs in catering (£6K), room hire (£17K), panel costs (£117K) and basic pay (£45K). The basic pay favourable variance was due to a delay in recruiting some positions. There was also a saving of £10K in small projects due to the project being delay until a future financial year.
5	The favourable variance of £20K was due to the timing differences on other payroll costs (£4K), staff recruitment (£6K) and legal expenses (£6K). The other payroll costs and legal expenses are only incurred when required.
6	The favourable variance of £15K was due to a timing difference on recruitment (£3K) and partner training (£14K). This is offset with an unfavourable difference of £7K on legal advice due the re drafting of the partner contracts.
7	The favourable variance of £41K was due to timing differences on managed web/internet services (£20K), software support and maintenance (£10K) and small projects (£10K).
8	Policy and Standards showed a favourable variance of £25K of which £9K related to basic pay due to the delay in recruiting a members of staff. There was also favourable variances on general events (£5K) and printing and stationery (£5K) due to timing differences.

Statement of Financial Position

	30 June 2010		31 March 2010	
	£	£	£	£
<u>Non-current Assets</u>				
Property, Plant & Machinery				
Land & buildings, at cost or valuation	2,366,153		2,366,153	
Depreciation	(8,075)		0	
		2,358,078		2,366,153
Computer Equipment, at cost	658,661		614,886	
Depreciation	(496,562)		(473,713)	
		162,100		141,173
Office furniture and equipment, at cost	458,247		417,588	
Depreciation	(365,194)		(357,439)	
		93,053		60,149
Intangible assets	3,081,306		3,001,435	
Depreciation	(2,134,340)		(2,037,819)	
		946,965		963,616
<u>Total Non-current Assets</u>		<u>3,560,196</u>		<u>3,531,091</u>
<u>Current assets</u>				
Other current assets	374,465		206,726	
Financial assets	1,766,676		1,926,067	
Cash & Cash Equivalents	4,771,519		5,649,422	
	<u>6,912,660</u>		<u>7,782,215</u>	
<u>Total assets</u>		<u>10,472,857</u>		<u>11,313,306</u>
<u>Current Liabilities</u>				
Trade and other payables	(536,407)		(426,049)	
Other Liabilities	(855,029)		(1,129,829)	
Deferred Income	(8,223,469)		(8,813,953)	
	<u>(9,614,905)</u>		<u>(10,369,831)</u>	
<u>Total asset less liabilities</u>		<u>857,952</u>		<u>943,475</u>
<u>General reserve</u>				
General fund b/fwd	939,529		939,529	
(Deficit)/surplus for the year	(85,523)		0	
Grant income	-		-	
General fund c/fwd	<u>854,006</u>		<u>939,529</u>	
<u>Revaluation reserve</u>				
Reserve b/fwd	3,946		3,946	
Movements in the year	<u>0</u>		<u>0</u>	
Reserve c/fwd	3,946		3,946	
		<u>857,952</u>		<u>943,475</u>

Summary of Capital Expenditure

	Actual £ YTD	Budget £ YTD	Variance £	Annual Budget £
<u>Office Equipment</u>				
Replace Park House Water tank		0	0	10,000
Air Conditioning Units	9,893	0	(9,893)	-
Board room table	3,008	0	(3,008)	-
	<u>12,901</u>	<u>0</u>	<u>(12,901)</u>	<u>10,000</u>
<u>Information Technology</u>				
Laptops + PCs		3,750	3,750	15,000
Server replacement		0	0	3,500
Licences	2,050	3,600	1,550	15,500
Upgrade to SQL Server 2008. Software costs	6,345	8,000	1,655	8,000
Implementing a virtualised infrastructure to consolidate the technical infrastructure. VMWare	2,878	2,500	(378)	2,500
		0		
	<u>11,272</u>	<u>17,850</u>	<u>6,578</u>	<u>44,500</u>
<u>Small Projects</u>	<u>60,260</u>	<u>89,200</u>	<u>28,940</u>	<u>199,400</u>
<u>Major Projects</u>	<u>79,872</u>	<u>153,616</u>	<u>73,744</u>	<u>965,057</u>
Total Capital Expenditure	<u>164,305</u>	<u>260,666</u>	<u>96,360</u>	<u>1,218,957</u>

Summary of Project Expenditure

	Actual £ YTD	Budget £ YTD	Variance £	Annual Budget £
Capital expenditure				
Online Renewals		0	0	0
Hearing Aid Dispensers		0	0	0
Sharing Data with Electronic Staff Records		0	0	45,000
Partner reviews		0	0	35,000
FTP case management system	79,872	118,161	38,289	563,057
Independent Safeguarding Authority Applicants		30,000	30,000	45,000
Independent Safeguarding Authority Registrants		0	0	0
Education Systems review		5,455	5,455	130,000
Credit/debit card outsourcing		0	0	0
Registrant publication preferences		0	0	35,000
Fee Rise 2011		0	0	2,000
NetRegulate change requests		0		110,000
	79,872	153,616	73,744	965,057

Cash Flow Statement
From 1 April 2010 - 30 June 2010

	£
Surplus /(deficit) over expenditure	61,072
Depreciation charge for the year of tangible fixed assets	135,202
(Increase)/decrease in debtors & prepayments	(167,739)
Increase/(decrease) in creditors (CGT and VAT Tax not included)	(164,442)
Increase /(decrease) in deferred income	(590,485)
Net cash In/(out)flow from operating activities	(726,393)
Return on investments and servicing of finance	
Investment Income (Excluding realised gains & losses)	14,610
Taxation	-
Capital expenditure and financial investments	
Purchase of tangible assets	(164,305)
Disposal of tangible assets	0
Purchase of investments	(24,959)
Proceeds from sale of investments	23,144
Financing	
Income from DOH	0
Increase/(decrease) in Cash	(877,903)
Cash at 31 March 2010	5,649,422
Cash at 30 June 2010	4,771,519
Cash Movement	(877,903)

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	0	0	0	0	0	0	0	0
Receipts													
Registration Income		1,327	1,380	1,318									
Investment Income		1	6	7									
Investment Sales		11	0	12									
Deferred Income Movements		706	(766)	(531)									
Bank Loan		0	0	0									
Miscellaneous Income		0	0	0									
Total Cash Receipts		2,045	620	806	0	0	0	0	0	0	0	0	0
Payments													
Operational													
Expenditure		1,236	1,478	1,250									
Depreciation		(49)	(51)	(35)									
Aged Cred / Accrual Movements		384	(324)	107									
Debtor Movements		282	(43)	(72)									
Payments to Creditors		1,853	1,060	1,250	0	0	0	0	0	0	0	0	0
Exceptional													
Capital Expenditure		19	100	42									
Capital Write-off		0	0	0									
Investment Purchases		0	13	12									
Loan Repayments		0	0	0									
DOH Income		0	0	0									
Taxation		0	0	0									
Total Payments		19	113	54	0	0	0	0	0	0	0	0	0
Closing Balance	5,649	5,822	5,269	4,771	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0

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.