

Finance Department Report

General

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

Supplier payments

At the end of July, 93% by value of the £604K Creditor payments (July 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. RS, PA and OR collections occurred in July. CS, PO and PO collections are scheduled for Aug. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of June 2010, £2.0M 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 £138k portfolio cash) at the end of July was valued at £1.85M. The investment portfolio value including cash & money market instruments was £1.99M. This compares £2.07m at the start of the financial year.

Pensions

In June, there were 64 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 published.
- The finance team are reviewing the current use of PRS, our purchase order system, to identify better use of the tool for the benefit of the organisation. A visit to Sicon who developed PRS is planned for August by the finance team.
- 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 have been prepared and submitted 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. Awaiting confirmation of approval from HMRC.

Management Accounts to 31 July 2010
Income and Expenditure Account - By Activity

	Year to Date				Note	Annual Budget £'000
	Actual £'000	Budget £'000	Variance £'000	%		
Income by Activity						
Graduate Registration fees	310	208	102	48.8	A	493
Readmission fees	78	111	(33)	(30.1)	B	309
Renewal fees	4,615	4,844	(229)	(4.7)	C	14,814
International scrutiny fees	274	173	101	58.2		529
Grand parenting fees	18	21	(3)	(12.0)		63
UK scrutiny fees	148	172	(24)	(14.0)		626
Registration Income	5,444	5,531	(87)	(1.6)		16,834
Cheque/credit card write offs	0	(1)	(1)	(83.7)		(3)
Total Income	5,443	5,530	(86)	(1.6)		16,831
Expenditure by Activity						
Payroll	1,800	1,983	182	9.2	D	5,834
Travel and subsistence	70	74	3	4.7		218
Council and committee expenses	81	115	34	29.8	E	353
Property services	114	140	26	18.4	F	421
Office services	366	428	62	14.5	G	1,046
Computer services	322	367	46	12.4	H	1,077
Communications	161	208	46	22.4	I	680
Partners	804	888	84	9.4	J	2,507
Professional fees	1,276	1,218	(59)	(4.8)		3,732
Projects	135	180	45	24.9		386
Specific departmental costs	146	149	2	1.5		557
Operating expenditure	5,277	5,749	472	8.2		16,811
Operating Surplus/(Deficit)	167	(219)	386	176.2		20
Investment income	34	0	34	0.0		0
Unrealised gains/(losses)	(102)	0	(102)	0.0		0
Total surplus/(deficit)	98	(219)	317	144.8		20

Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	This showed a favourable variance of £102K due to a higher number of registrants taking the discounted renewal fee.
B	This showed an unfavourable variance of £33K, which was due to timing difference and is likely to reverse in future months.
C	This showed a favourable variance of £101K mainly due to a higher number of applications being received than was originally budgeted for.
D	The favourable variance of £182K 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 £26K was mainly due to the delay in redecoration of various parts of the building (£17K), which is due to take place within August this year and cheaper Gas and Electricity costs (£6K).
G	The favourable variance of £62K was due to a delay in Printing the Education annual report and two policy documents (£22K). It was also due to lower than expected costs on room hire (£12K) and catering (£10K) in the FTP department.
H	This showed a favourable variance of £46K due to various timing differences, including software support and maintenance (10K), depreciation (£17K) and managed web/internet services (£24K).
I	The favourable variance of £46K is mainly due to under spends in Web, Brochures and campaigns.
J	This showed an favourable variance of £45K mainly due to a delay in the Vetting and Barring scheme applicants project credit/debit card automation project and some small projects. There is also a saving of £15K due to the delay in the Education and partner system review projects being delayed until the next financial year.

Management Accounts to 31 July 2010
Income and Expenditure Account - By Function

	Year to Date				Note	Annual Budget £'000
	Actual £'000	Budget £'000	Variance			
			£'000	%		
Income by Profession						
Arts Therapists	67	69	(2)	(3.3)		212
Biomedical Scientists	587	593	(6)	(1.0)		1,805
Chiropodists	313	309	4	1.3		982
Clinical Scientists	118	116	2	1.3		354
Dietitians	185	187	(3)	(1.4)		554
Hearing Aid Dispensers	0	4	(3)	(87.8)		89
Occupational Therapists	799	820	(21)	(2.5)		2,502
Operating Department Practitioners	243	248	(5)	(2.1)		782
Orthoptists	32	33	(1)	(2.2)		100
Paramedics	383	394	(12)	(3.0)		1,206
Physiotherapists	1,166	1,288	(121)	(9.4)	1	3,696
Practitioner Psychologists	506	425	82	19.2	2	1,302
Prosthetists & Orthotists	22	23	(1)	(5.4)		70
Radiographers	699	689	10	1.5		2,164
Speech and Language Therapists	324	333	(9)	(2.6)		1,016
Registration Income	5,444	5,531	(87)	(1.6)		16,834
Cheque/credit card write offs	0	(1)	(1)	83.7		(3)
Total Income	5,443	5,530	(86)	(1.6)		16,831
Expenditure by Function						
Chair	20	17	(3)	(19.5)		50
Chief Executive	107	106	(1)	(0.7)		313
Committee	29	35	6	16.7		115
Council	38	74	35	48.0	3	285
Communications	327	371	44	11.9	4	1,122
Depreciation	175	180	5	2.9		541
Education	261	283	22	7.9		745
Facilities Management	275	306	31	10.2		895
Finance	204	214	10	4.5		647
Fitness to Practise	2,216	2,350	134	5.7		7,146
Human Resources	142	181	39	21.4	5	520
Human Resources Partners	115	137	23	16.4	6	412
IT Department	301	348	47	13.5	7	1,041
Major Projects	143	145	3	1.8		296
Operations Office	167	164	(3)	(1.9)		502
Policy	70	92	22	24.3	8	313
Registration	612	657	45	6.9		1,616
Secretariat	74	87	12	14.3	9	252
Operating expenditure	5,277	5,749	472	8.2		16,811
Operating Surplus/(Deficit)	167	(219)	386	176.2		20

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 £82K 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 £35K 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 £44K was due to the timing difference on Campaigns, Brochures and web costs.
5	The favourable variance of £39K was due to the timing differences on other payroll costs (£5K), staff recruitment (£12K), employee assistance programme (£7K), organisational training (£8K) and legal expenses (£4K). The other payroll costs and legal expenses are only incurred when required.
6	The favourable variance of £23K was mainly due to a timing difference on recruitment (£6K) and partner training (£16K). This was offset with an unfavourable difference of £7K on legal advice due the re drafting of the partner contracts.
7	The favourable variance of £47K was due to timing differences on managed web/internet services (£24K), software support and maintenance (£10K) and small projects (£14K). This was offset with the overspend of £6K for legal advice in respect to negotiating a new supplier contract.
8	Policy showed a favourable variance of £22K 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 (£8K) due to a timing difference.
9	The favourable variance of £12K was due to the delay in recruiting a member of staff (saving of £7K) and a timing difference on legal advice (£4K) and training (£3K).

Statement of Financial Position

	31 July 2010		31 March 2010	
	£'000	£'000	£'000	£'000
<u>Non-current Assets</u>				
Property, Plant & Machinery				
Land & buildings, at cost or valuation	2,370		2,366	
Depreciation	<u>(11)</u>		<u>0</u>	
		2,359		2,366
Computer Equipment, at cost	662		615	
Depreciation	<u>(501)</u>		<u>(474)</u>	
		161		141
Office furniture and equipment, at cost	458		418	
Depreciation	<u>(368)</u>		<u>(357)</u>	
		90		60
Intangible assets	3,110		3,001	
Depreciation	<u>(2,164)</u>		<u>(2,038)</u>	
		945		964
Total Non-current Assets		<u>3,556</u>		<u>3,531</u>
<u>Current assets</u>				
Other current assets	360		207	
Financial assets	1,851		1,926	
Cash & Cash Equivalents	<u>5,427</u>		<u>5,649</u>	
		7,638		7,782
Total assets		<u>11,194</u>		<u>11,313</u>
<u>Current Liabilities</u>				
Trade and other payables	(601)		(426)	
Other Liabilities	(887)		(1,130)	
Deferred Income	<u>(8,665)</u>		<u>(8,814)</u>	
		(10,153)		(10,370)
Total asset less liabilities		<u>1,042</u>		<u>943</u>
<u>General reserve</u>				
General fund b/fwd	940		940	
(Deficit)/surplus for the year	98		0	
Grant income	-		-	
General fund c/fwd	<u>1,038</u>		<u>940</u>	
<u>Revaluation reserve</u>				
Reserve b/fwd	4		4	
Movements in the year	<u>0</u>		<u>0</u>	
Reserve c/fwd		4		4
		<u>1,042</u>		<u>943</u>

Summary of Capital Expenditure

	Actual £'000 YTD	Budget £'000 YTD	Variance £'000 YTD	Annual Budget £'000
<u>Office Equipment</u>				
Replace Park House Water tank	0	0	0	10
Air Conditioning Units	10	0	(10)	-
Boardroom table	3	0	(3)	-
Access control	4	0	(4)	-
	17	0	(17)	10
<u>Information Technology</u>				
Laptops + PCs	3	5	2	15
Server replacement	0	0	0	4
Licences	2	5	3	16
Upgrade to SQL Server 2008. Software costs	6	8	2	8
Implementing a virtualised infrastructure to consolidate the technical infrastructure. VMWare	3	3	(0)	3
	14	20	6	45
<u>Small Projects</u>	60	89	29	199
<u>Major Projects</u>	108	293	184	965
Total Capital Expenditure	200	402	202	1,219

Summary of Project Expenditure

	Actual £'000 YTD	Budget £'000 YTD	Variance £'000 YTD	Annual Budget £'000
Capital expenditure				
Online Renewals	0	0	0	0
Hearing Aid Dispensers	3	0	(3)	0
Sharing Data with Electronic Staff Records		0	0	45
Partner reviews		0	0	35
FTP case management system	105	87	(18)	563
Independent Safeguarding Authority Applicants		15	15	45
Independent Safeguarding Authority Registrants		0	0	0
Education Systems review		0	0	130
Credit/debit card outsourcing		0	0	0
Registrant publication preferences		0	0	35
Fee Rise 2011		0	0	2
NetRegulate change requests		0	0	110
	108	102	(6)	965

Cash Flow Statement
From 1st April 2010 - 31 July 2010

	£'000
Surplus /(deficit) over expenditure	167
Depreciation charge for the year of tangible fixed assets	175
(Increase)/decrease in debtors & prepayments	(153)
Increase/(decrease) in creditors (CGT and VAT Tax not included)	(68)
Increase /(decrease) in deferred income	(149)
Net cash In/(out)flow from operating activities	(28)
Return on investments and servicing of finance	
Investment Income (Excluding realised gains & losses)	27
Taxation	-
Capital expenditure and financial investments	
Purchase of tangible assets	(200)
Disposal of tangible assets	0
Purchase of investments	(57)
Proceeds from sale of investments	36
Financing	
Income from DOH	0
Increase/(decrease) in Cash	(222)
Cash at 31 March 2010	5,649
Cash at 31 July 2010	5,427
Cash Movement	(222)

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	5,427	5,427	5,427	5,427	5,427	5,427	5,427	5,427
Receipts													
Registration Income		1,327	1,380	1,318	1,419								
Investment Income		1	6	7	13								
Investment Sales		11	0	12	13								
Deferred Income Movements		706	(766)	(531)	442								
Bank Loan		0	0	0	0								
Miscellaneous Income		0	0	0	0								
Total Cash Receipts		2,045	620	806	1,887	0	0	0	0	0	0	0	0
Payments													
Operational													
Expenditure		1,236	1,478	1,250	1,312								
Depreciation		(49)	(51)	(35)	(40)								
Aged Cred / Accrual Movements		384	(324)	107	(97)								
Debtor Movements		282	(43)	(72)	(14)								
Payments to Creditors		1,853	1,060	1,250	1,161	0	0	0	0	0	0	0	0
Exceptional													
Capital Expenditure		19	100	42	38								
Capital Write-off		0	0	0	0								
Investment Purchases		0	13	12	32								
Loan Repayments		0	0	0	0								
DOH Income		0	0	0	0								
Taxation		0	0	0	0								
Total Payments		19	113	54	70	0	0	0	0	0	0	0	0
Closing Balance	5,649	5,822	5,269	4,771	5,427	5,427	5,427	5,427	5,427	5,427	5,427	5,427	5,427
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	1,077	1,411	558	190	1,207	2,644	1,943	3,141	1,092

0

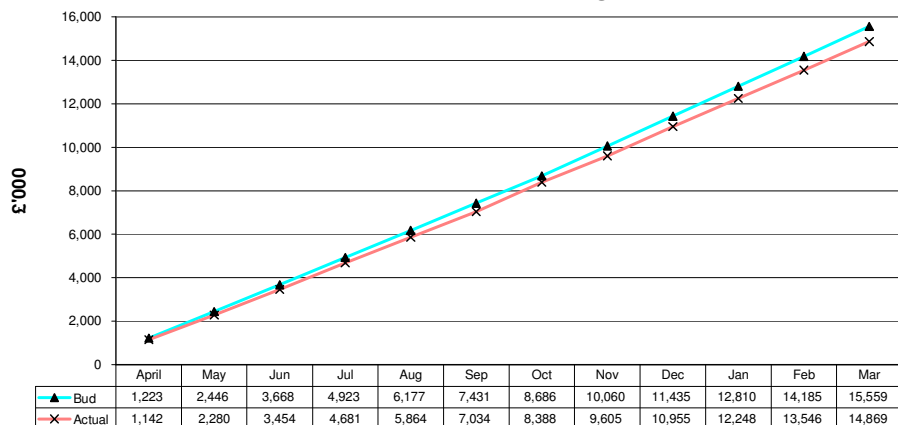
Deferred Income Movements - () Some income from deferred income and cash has already been received. If positive, cash received in advance and not recognised as income in current month.

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

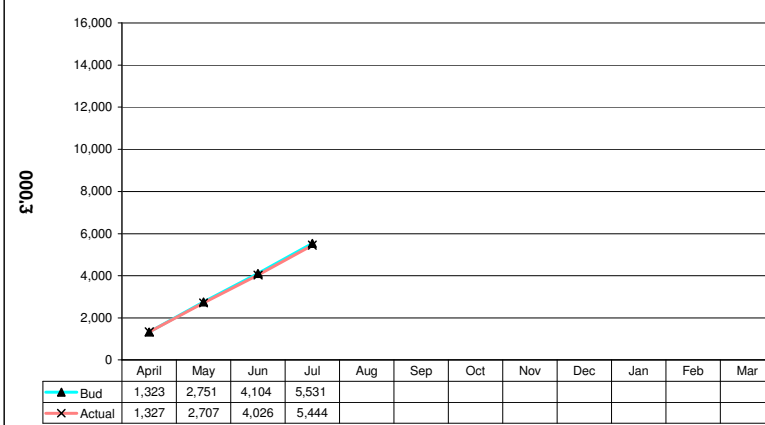
Aged Creditor Movements - () Denotes an increase in aged creditors from the previous month and is taken off the current month expenditure as they haven't been paid. Vice versa for a positive figure.

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.

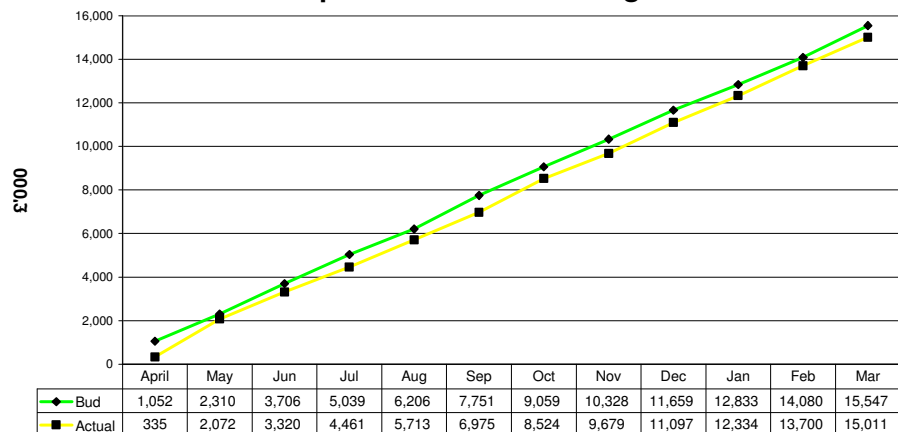
Cumulative Income 2009/10 budget & actual



Cumulative Income 2010/11 budget & actual



Cumulative Expenditure 2009/10 budget & actual



Cumulative Expenditure 2010/11 budget & actual

