

Finance Department Report

General

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

Supplier payments

At the end of September, 94% by value of the £442K Creditor payments were in the 30 days or less category.

Fee adjustments and income receipts handling

At the end of December, there was no backlog in Registrant direct debit cancellations and amendments against a 2 day backlog target. We had no 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 Department, with collections made two months in advance. CH and HAD collections occurred in December. PA, OR, RA, CS, PO and SL collections are scheduled for January and February. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of December 2010, £517k was invested in Lloyds instant access account and £145k was invested in the Nat West Special Interest-bearing Account (SIBA), both earning 0.50% per annum. The following has been invested for 3 months (maturing end January 2011) at fixed rates: £0.5M invested in Barclays money market account earning 0.60%, £0.5m invested in Nat West deposit account earning 1.25% and £3.0M in Lloyds TSB money market account earning 1.25%.

The investment portfolio (excluding £128k portfolio cash) at the end of December was valued at £2.14M. The investment portfolio value including cash & money market instruments was £2.27M. This compares £2.07m at the start of the financial year.

Pensions

In September, there were 62 active members in the Friends Provident.

Employee training and staffing levels

There are eight full-time employees in the department. Temporary staff are periodically hired to cover for staff on annual or sick leave and to help achieve Finance department 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. A small system update is to take place shortly. A new version of Sage is planned for next financial year together with PRS enhancements.

Significant Financial Projects/Issues (next few months)

- The purchase order product, PRS, has been reviewed by the finance team. It is planned to roll out a new version of the product next year at the same time as a new release of the Sage accounting system. PRS is a product of Sicon who are now a Sage business partner. This will improve compatibility between the accounting and purchase order systems.
- Following a visit to Sicon by HPC Finance team and TSG (HPC's Sage retailer), a fixed asset module has now been installed in HPC offices which offers improved Asset management including reporting and depreciation accounting integrated with Sage accounting program.
- The move from Nat West to Lloyds of HPC's current account is moving ahead and the contract with Lloyds has been signed. Following approval from Council the new signatories are being set-up with Lloyds.

	Year to Date				Year to Date				Year End Position				
	Act 2010-11	Forecast 2010-11	Variance	Variance	Act 2010-11	Bud 2010-11	Variance	Variance	Forecast	Annual Budget	Variance	Variance	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Income by Activity													
Graduate Registration fees	688	630	58	9.2%	688	470	218	46.4%	A	784	626	158	25.2%
Readmission fees	160	202	(42)	(20.8%)	160	286	(126)	(44.1%)	B	225	309	(84)	(27.2%)
Renewal fees	10,587	10,666	(79)	(0.7%)	10,587	11,059	(472)	(4.3%)	C	14,389	14,814	(425)	(2.9%)
International scrutiny fees	674	536	138	25.7%	674	366	308	84.2%		698	529	169	31.9%
Grandparenting fees	49	43	6	14.0%	49	47	2	4.3%		59	63	(4)	(6.3%)
UK scrutiny fees	491	436	55	12.6%	491	422	69	16.4%		508	493	15	3.0%
Registration Income	12,649	12,513	136	1.1%	12,649	12,650	(1)	(0.0%)		16,663	16,834	(171)	(1.0%)
Cheque/credit card write offs	3	1	2	200.0%	3	(2)	5	(250.0%)		(3)	(3)	0	0.0%
Total Income	12,652	12,514	138	1.1%	12,652	12,648	4	0.0%		16,660	16,831	(171)	(1.0%)
Expenditure by Activity													
Payroll	4,054	4,105	51	1.2%	4,054	4,402	348	7.9%		5,488	5,834	346	5.9%
Travel and subsistence	152	147	(5)	(3.4%)	152	158	6	3.8%	D	204	218	14	6.4%
Council and committee expenses	201	208	7	3.4%	201	264	63	23.9%		308	353	45	12.8%
Property services	314	311	(3)	(1.0%)	314	315	1	0.3%	E	393	421	28	6.5%
Office services	738	770	32	4.2%	738	830	92	11.1%		957	1,046	89	8.5%
Computer services	748	761	13	1.7%	748	804	56	7.0%	F	1,049	1,077	28	2.6%
Communications	386	577	191	33.1%	386	567	181	31.9%		572	680	108	15.9%
Partners	1,800	1,818	18	1.0%	1,800	1,891	91	4.8%	G	2,400	2,507	107	4.3%
Professional fees	3,095	2,967	(128)	(4.3%)	3,095	2,793	(302)	(10.8%)		3,966	3,732	(234)	(6.3%)
Projects	216	111	(105)	(94.6%)	216	323	107	33.1%		283	386	103	26.7%
Specific departmental costs	347	354	7	2.0%	347	369	22	6.0%		522	557	35	6.3%
Operating expenditure	12,051	12,129	78	0.6%	12,051	12,716	665	5.2%		16,142	16,811	669	4.0%
Operating Surplus/(Deficit)	601	385	216		601	(68)	669		518	20	498		
Costs relating to GSCC	(95)	0	(95)		(95)	0	(95)		0	0	0		
Investment income	75	0	75		75	0	75		22	0	22		
Unrealised gains/(losses)	111	0	111		111	0	111		0	0	0		
Total surplus/(deficit)	692	385	402		692	(68)	855		540	20	520		

Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	This showed a favourable variance of £218K due to a higher number of registrants taking the discounted renewal fee.
B	This showed an unfavourable variance of £126K due to a decrease in the number of registrants applying for readmission. This is likely to remain a permanent difference.
C	This showed a favourable variance of £308K mainly due to a higher number of applications being received than was originally budgeted for.
D	The favourable variance of £63K was due to an additional Council meeting being budgeted for and the timing difference on Council's training (£6K) and conferences (£6K). There was also a favourable variance on taxation (£10K) due to a decrease in the number of claims being received.
E	This showed a favourable variance of £92K due to a saving on catering of £30K, due to a change in supplier. There was also timing differences on room hire (£26K) and printing and stationery (£17K).
F	The favourable variance of £181K was mainly due to saving on Campaigns (£45K), Listening events (£11K) and Brochures (£33K). There was also a timing difference of £15K on Web and £9K on public relations.
G	The unfavourable variance of £302K was mainly due to a timing difference on Shorthand writers (£99K) and an overspend on legal advice of £200K. Included in the legal advice is a provision of £100K relating to a judicial review.

	Year to Date				Year to Date				Year End Position			
	Act 2010-11	Forecast 2010-11	Variance	Variance	Act 2010-11	Bud 2010-11	Variance	Variance	Forecast	Annual Budget	Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Income by Profession												
Arts Therapists	158	161	(3)	(1.9%)	158	159	(1)	(0.6%)	213	212	1	0.4%
Biomedical Scientists	1,337	1,356	(19)	(1.4%)	1,337	1,358	(21)	(1.5%)	1,803	1,805	(2)	(0.1%)
Chiroprodists	730	725	5	0.7%	730	741	(11)	(1.5%)	965	982	(17)	(1.7%)
Clinical Scientists	266	262	4	1.5%	266	266	0	0.0%	350	354	(4)	(1.0%)
Dietians	423	418	5	1.2%	423	416	7	1.7%	555	554	1	0.2%
Hearing Aid Dispensers	54	52	2	3.8%	54	59	(5)	(8.5%)	83	89	(6)	(6.9%)
Occupational Therapists	1,863	1,870	(7)	(0.4%)	1,863	1,881	(18)	(1.0%)	2,492	2,502	(10)	(0.4%)
Operating Department Practitioners	567	583	(16)	(2.7%)	567	588	(21)	(3.6%)	778	782	(4)	(0.5%)
Orthoptists	75	75	0	0.0%	75	75	0	0.0%	99	100	(1)	(1.0%)
Paramedics	897	880	17	1.9%	897	910	(13)	(1.4%)	1,177	1,206	(29)	(2.4%)
Physiotherapists	2,698	2,634	64	2.4%	2,698	2,795	(97)	(3.5%)	3,489	3,696	(207)	(5.6%)
Practitioner Psychologists	1,171	1,073	98	9.1%	1,171	991	180	18.2%	1,396	1,302	94	7.2%
Prosthetists & Orthotists	51	50	1	2.0%	51	52	(1)	(1.9%)	67	70	(3)	(3.6%)
Radiographers	1,599	1,619	(20)	(1.2%)	1,599	1,596	3	0.2%	2,188	2,164	24	1.1%
Speech and Language Therapists	760	755	5	0.7%	760	763	(3)	(0.4%)	1,008	1,016	(8)	(0.8%)
Registration Income	12,649	12,513	136	1.1%	12,649	12,650	(1)	(0.0%)	16,663	16,834	(171)	(1.0%)
Cheque/credit card write offs	3	1	2		3	(2)	5		(3)	(3)	0	
Total Income	12,652	12,514	138	1.1%	12,652	12,648	4	0.0%	16,660	16,831	(171)	(1.0%)
Expenditure by Function												
Chair	41	49	8	16.3%	41	38	(3)	(7.9%)	67	50	(17)	(33.6%)
Chief Executive	344	277	(67)	(24.2%)	344	237	(107)	(45.1%)	361	313	(48)	(15.2%)
Committee	72	69	(3)	(4.3%)	72	77	5	6.5%	103	115	12	10.2%
Council	106	110	4	3.6%	106	193	87	45.1%	205	285	80	28.1%
Communications	735	813	78	9.6%	735	888	153	17.2%	1,044	1,122	78	6.9%
Depreciation	390	396	6	1.5%	390	404	14	3.5%	532	541	9	1.6%
Education	544	533	(11)	(2.1%)	544	550	6	1.1%	720	745	25	3.4%
Facilities Management	674	659	(15)	(2.3%)	674	675	1	0.1%	848	895	47	5.2%
Finance	480	461	(19)	(4.1%)	480	484	4	0.8%	620	647	27	4.1%
Fitness to Practise	5,208	5,272	64	1.2%	5,208	5,367	159	3.0%	7,045	7,146	101	1.4%
Human Resources	256	305	49	16.1%	256	392	136	34.7%	429	520	91	17.5%
Human Resources Partners	303	293	(10)	(3.4%)	303	309	6	1.9%	349	412	63	15.3%
IT Department	698	727	29	4.0%	698	776	78	10.1%	1,003	1,041	38	3.7%
Major Projects	187	185	(2)	(1.1%)	187	254	67	26.4%	213	296	83	28.0%
Operations Office	373	392	19	4.8%	373	376	3	0.8%	525	502	(23)	(4.5%)
Policy	162	174	12	6.9%	162	237	75	31.6%	255	313	58	18.5%
Registration	1,293	1,246	(47)	(3.8%)	1,293	1,268	(25)	(2.0%)	1,604	1,616	12	0.8%
Secretariat	185	168	(17)	(10.1%)	185	191	6	3.1%	219	252	33	13.2%
Operating expenditure	12,051	12,129	78	0.6%	12,051	12,716	665	5.2%	16,142	16,811	669	4.0%
Operating Surplus/(Deficit)	601	385	216		601	(68)	669		518	20	498	

Notes to the Income and Expenditure Account - by Function

Note	Narrative
1	The unfavourable variance of £107K was mainly due to the provision of £100K relating to legal advice.
2	See note D
3	See note F
4	The favourable variance of £136K was due to a saving on recruitment costs of £73K. There was also timing differences on other payroll costs (£11K), employee assistance programme (£4K), legal expenses (£14K) and organisational training (£22K).
5	The favourable variance of £67K was mainly due to a savings of £26K on the Hearing Dispensers project, £15K on the fee rise 2011 project, £24K on the Partners system review project and £5K on the Education system review project.
6	The favourable variance of £75K was due to a delay in recruiting a member of staff £11k, Printing costs £20k and Market Research £27k most of which are permanent savings.

Statement of Financial Position

	31 December 2010		31 March 2010	
	£'000	£'000	£'000	£'000
<u>Non-current Assets</u>				
Property, Plant & Machinery				
Land & buildings, at cost or valuation	2,374		2,366	
Depreciation	(24)		0	
		2,350		2,366
Computer Equipment, at cost	716		615	
Depreciation	(537)		(474)	
		179		141
Office furniture and equipment, at cost	463		418	
Depreciation	(382)		(357)	
		81		61
Intangible assets	3,495		3,001	
Depreciation	(2,316)		(2,038)	
		1,179		963
<u>Total Non-current Assets</u>		<u>3,789</u>		<u>3,531</u>
<u>Current assets</u>				
Other current assets	210		207	
Financial assets	2,100		1,926	
Cash & Cash Equivalents	4,780		5,649	
	<u>7,090</u>		<u>7,782</u>	
<u>Total assets</u>		<u>10,879</u>		<u>11,313</u>
<u>Current Liabilities</u>				
Trade and other payables	(442)		(426)	
Other Liabilities	(970)		(1,130)	
Deferred Income	(7,830)		(8,814)	
	<u>(9,242)</u>		<u>(10,370)</u>	
<u>Total asset less liabilities</u>		<u>1,637</u>		<u>943</u>
<u>General reserve</u>				
General fund b/fwd	940		939	
(Deficit)/surplus for the year	693		0	
Grant income	-		-	
General fund c/fwd	<u>1,633</u>		<u>939</u>	
<u>Revaluation reserve</u>				
Reserve b/fwd	4		4	
Movements in the year	0		0	
Reserve c/fwd	<u>4</u>		<u>4</u>	
		<u>1,637</u>		<u>943</u>

Summary of Capital Expenditure

Office Equipment

Replace Park House Water tank
Air conditioning units
Board room table
Tambour Units
Access Control

Information Technology

Laptops + PCs
Server replacement
Licences
Upgrade to SQL Server 2008. Software costs
Implementing a virtualised infrastructure to consolidate the technical infrastructure. VMWare

Small Projects

Major Projects

Sharing Data with Electronic Staff Records
Partner reviews
FTP case management system
Independent Safeguarding Authority Applicants
Independent Safeguarding Authority Registrants
Education Systems review
Credit/debit card outsourcing
Registrant publication preferences
Fee Rise 2011
NetRegulate change requests
Project 186
On-Line register Enhancements

Total Capital Expenditure

	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Year End Position		
				Forecast £'000	Budget £'000	Variance £'000
		0	0	10	10	0
	10	0	(10)	0		0
	3	0	(3)	3		(3)
	1	0	(1)	1		(1)
	4	0	(4)	4		(4)
	18	0	(18)	18	10	(8)
	3	11	8	9	15	6
	5	4	(1)		35	35
	8	11	3	4	15	11
	6	8	2	6	8	2
	3	3	0	3	3	0
	25	37	12	22	76	54
	114	186	72	142	199	57
		45	45		45	45
		35	35		35	35
	364	503	139	646	563	(83)
		45	45		45	45
		0	0		0	0
		43	43		130	130
		0	0		0	0
	22	14	(8)	35	35	0
		2	2		2	2
	80	0	(80)	112	110	(2)
	1			20	0	(20)
	4	0	(4)	20	0	(20)
	471	687	216	833	965	132
	628	910	282	1,015	1,250	235

HEALTH PROFESSIONS COUNCIL

Cash Flow Statement

From 1st April 2010 - 31 December 2010

	£'000
Surplus /(deficit) over expenditure	506
Depreciation charge for the year of tangible fixed assets	390
(Increase)/decrease in debtors & prepayments	(4)
Increase/(decrease) in creditors (CGT and VAT Tax not included)	(143)
Increase /(decrease) in deferred income	(984)
Net cash In/(out)flow from operating activities	(235)
Return on investments and servicing of finance	
Investment Income (Excluding realised gains & losses)	74
Taxation	
Capital expenditure and financial investments	
Purchase of tangible assets	(598)
Disposal of tangible assets	
Purchase of investments	(182)
Proceeds from sale of investments	72
Financing	
Income from DOH	0
Increase/(decrease) in Cash	(869)
Cash at 31 March 2010	5,649
Cash at 30 September 2010	4,780
Cash Movement	(869)

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	5,916	5,384	6,406	6,904	6,072	4,780	4,780	4,780
Receipts													
Registration Income		1,327	1,380	1,318	1,419	1,419	1,683	1,243	1,400	1,460			
Investment Income		1	6	7	13	5	7	0	24	11			
Investment Sales		11	0	12	13	11	10	0	14	0			
Deferred Income Movements		706	(766)	(531)	929	(1,038)	921	510	(810)	(904)			
Bank Loan		0	0	0	0	0	0	0	0	0			
Miscellaneous Income		0	0	0	0	0	0	0	0	2			
Total Cash Receipts		2,045	620	806	2,374	397	2,621	1,753	628	569	0	0	0
Payments													
Operational													
Expenditure		1,236	1,478	1,250	1,328	1,120	1,296	1,629	1,440	1,369			
Depreciation		(49)	(51)	(35)	(40)	(42)	(43)	(43)	(43)	(44)			
Aged Cred / Accrual Movements		384	(324)	107	(106)	(153)	298	(305)	(165)	407			
Debtor Movements		282	(43)	(72)	(15)	(10)	(30)	(47)	(30)	(31)			
Payments to Creditors		1,853	1,060	1,250	1,167	915	1,521	1,234	1,202	1,701	0	0	0
Exceptional													
Capital Expenditure		19	100	42	30	14	24	17	205	146			
Capital Write-off		0	0	0	0	0	0	0	0	0			
Investment Purchases		0	13	12	32	0	54	4	53	14			
Loan Repayments		0	0	0	0	0	0	0	0	0			
DOH Income		0	0	0	0	0	0	0	0	0			
Taxation		0	0	0	0	0	0	0	0	0			
Total Payments		19	113	54	62	14	78	21	258	160	0	0	0
Closing Balance	5,649	5,822	5,269	4,771	5,916	5,384	6,406	6,904	6,072	4,780	4,780	4,780	4,780
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	1,566	1,368	1,537	1,667	1,852	1,997	1,296	2,494	445

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.

