

Finance Department Report

General

Since the last Committee Meeting, the Finance department has produced the management accounts up to December 2011.

Supplier payments

At the end of December, 93.4% by value of the £338K 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 one day 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 took place in December. CS, OR, PA, PO, RA, and SL collections are scheduled for January and February. Most of the income comprises of Renewal fees collection.

Funds under Management

At the end of December 2011, £1.2M was invested in Lloyds instant access account earning 0.70% and £104k was invested in the Nat West Special Interest-bearing Account (SIBA) earning 0.50% per annum. The following have been invested for longer periods at fixed rates: £0.5M invested in Barclays money market account earning 0.86% (maturing Mid-June), £0.5m invested in Nat West Bond earning 1.8% (maturing Mid-June), £2.0M in Lloyds TSB money market account earning 1.25% (maturing Mid-March). An additional £1.0M is invested in Nat West long term deposit account earning 1.25% maturing March 2012.

Pensions

In December, there were 69 active members in the Friends Provident.

Flexiplan pension scheme update – From 1 April 2011 a monthly payment of £4,495.90 is being made as our contribution to the funding deficit.

The initial hearing of the court case is expected to take place at the end of January or early February. The final hearing is currently due to take place in August or September 2012.

The shortfall was being monitored and if the shortage reduced in the future there may be an opportunity to stop payments.

The CPSM pension scheme is now in the final stages of being wound-up and is expected to be complete before the end of the current financial year.

Employee training and staffing levels

There are eight full-time employees in the department. Temporary staff is periodically hired to cover for staff on annual or sick leave and to help achieve Finance department service level targets.

Significant Financial Work (next few months)

- Work continues to find a resolution to the Deferred Income issue with all refunds made up to the end of December 2011. A manual process is now in place for refunds to be made each month.
- NAO interim audit is due to commence on Monday 23 January for two weeks and will look at transactions up to the end of December 2011.
- Mazars Internal Audit team are due to visit Finance week beginning 13 February 2012 and will be looking at the Purchase Order process.
- Work has started to being to prepare information for the Annual Report and setting up templates.

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**Accounts to 31 December 2011
Income and Expenditure Account - By Activity**

Note

	Year to Date				Year to Date				6 Mth Actual & 6 Mth Fcast £'000	
	Actual		Budget		6 Mth Forecast		Variance			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%		
Income by Activity										
Graduate Registration fees	736	475	261	54.9%	736	637	99	15.5%	A	793
Readmission fees	154	507	(353)	(69.6%)	154	154	0	0.0%		177
Renewal fees	11,040	11,222	(182)	(1.6%)	11,040	11,097	(57)	(0.5%)		14,842
International scrutiny fees	518	269	249	92.6%	518	429	89	20.7%	B	577
Grandparenting fees	28	106	(78)	(73.6%)	28	53	(25)	(47.2%)	C	89
UK scrutiny fees	502	406	96	23.6%	502	431	71	16.5%	D	500
Registration Income	12,978	12,985	(7)	(0.1%)	12,978	12,801	177	1.4%		16,978
Cheque/credit card write offs	0	2	(2)	(100.0%)	0	1	(1)	(100.0%)		1
Total Income	12,978	12,987	(9)	(0.1%)	12,978	12,802	176	1.4%		16,979
Expenditure by Activity										
Payroll	4,367	4,403	36	0.8%	4,367	4,369	2	0.0%		5,884
Travel and subsistence	158	168	10	6.0%	158	161	3	1.9%		205
Council and committee expenses	209	260	51	19.6%	209	209	0	0.0%		320
Property services	369	309	(60)	(19.4%)	369	365	(4)	(1.1%)		478
Office services	1,018	910	(108)	(11.9%)	1,018	934	(84)	(9.0%)	E	1,139
Computer services	759	984	225	22.9%	759	797	38	4.8%	F	1,092
Communications	394	452	58	12.8%	394	397	3	0.8%		534
Partners	1,902	2,018	116	5.7%	1,902	2,026	124	6.1%	G	2,712
Professional fees	3,063	2,975	(88)	(3.0%)	3,063	3,053	(10)	(0.3%)		3,970
Projects	157	148	(9)	(6.1%)	157	201	44	21.9%	H	274
Specific departmental costs	345	372	27	7.3%	345	359	14	3.9%		493
Operating expenditure	12,741	12,999	258	2.0%	12,741	12,871	130	1.0%		17,101
Operating Surplus/(Deficit)	237	(12)	249		237	(69)	306			(122)
Grant income	0	0	0		0	0	0			287
Costs relating to GSCC	(190)	0	(190)		(190)	(179)	(11)			(292)
Costs relating to Herbal Medicine	(66)	0	(66)		(66)	0	(66)			0
Investment income	57	0	57		57	18	39			18
Total surplus/(deficit)	38	(12)	50		38	(230)	268			(109)

Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	This showed a favourable variance of £99K due to a higher number of registrants taking the discounted renewal fee.
B	This showed a favourable variance of £89K due to an increase in international applications being received.
C	This showed an unfavourable variance of £25K due to a decrease in the number of registrants applying for via the grandparenting route.
D	This showed a favourable variance of £71K due to an increase in the number of Graduate applications being received.
E	The unfavourable variance of £84K was due to phasing difference on Printing and Stationery in Registration of £66K and an overspend on office equipment for 33 Stannary Street of £14K.
F	The favourable variance of £38K is due to an underspend in Software support and maintenance of £20K and managed web of £6K.
G	This showed a favourable variance of £124K due to underspends in panels (£47K), witness costs (£20K), grandparenting assessments (£21K), CPD Assessments (£20K) and partner training (£21K). The underspend in grandparenting assessments is a saving in this financial year, due to the decrease in applications received.
H	The favourable variance of £44K was due to underspends on the FTP Case Management Systems Project (£23K) and the Education system review project (£14K).

Accounts to 31 December 2011

Income and Expenditure Account - By Function

Note

	Year to Date			
	Actual £'000	Budget £'000	Variance £'000	Variance %
Income by Profession				
Arts Therapists	176	166	10	6.0%
Biomedical Scientists	1,326	1,378	(52)	(3.8%)
Chiropodists	744	751	(7)	(0.9%)
Clinical Scientists	271	271	0	0.0%
Dietitians	452	443	9	2.0%
Hearing Aid Dispensers	101	101	0	0.0%
Occupational Therapists	1,903	1,951	(48)	(2.5%)
Operating Department Practitioners	608	621	(13)	(2.1%)
Orthoptists	75	78	(3)	(3.8%)
Paramedics	975	981	(6)	(0.6%)
Physiotherapists	2,780	2,698	82	3.0%
Practitioner Psychologists	1,082	1,116	(34)	(3.0%)
Prosthetists & Orthotists	53	54	(1)	(1.9%)
Radiographers	1,639	1,580	59	3.7%
Speech and Language Therapists	793	796	(3)	(0.4%)
Registration Income	12,978	12,985	(7)	(0.1%)
Cheque/credit card write offs	0	2	(2)	
Total Income	12,978	12,987	(9)	(0.1%)

	Year to Date			
	Actual £'000	6 Mth Forecast £'000	Variance £'000	Variance %
	176	167	9	5.4%
	1,326	1,334	(8)	(0.6%)
	744	737	7	0.9%
	271	269	2	0.7%
	452	440	12	2.7%
	101	99	2	2.0%
	1,903	1,898	5	0.3%
	608	606	2	0.3%
	75	74	1	1.4%
	975	931	44	4.7%
	2,780	2,721	59	2.2%
	1,082	1,053	29	2.8%
	53	52	1	1.9%
	1,639	1,641	(2)	(0.1%)
	793	779	14	1.8%
	12,978	12,801	177	1.4%
	0	1	(1)	
	12,978	12,802	176	1.4%

	Year to Date			
	Actual £'000	Budget £'000	Variance £'000	Variance %
Expenditure by Function				
Chair	47	53	(6)	11.3%
Chief Executive	272	236	(36)	(15.3%)
Committee	67	71	(4)	5.6%
Council	98	167	69	41.3%
Communications	786	832	46	5.5%
Depreciation	377	465	88	18.9%
Education	512	568	56	9.9%
Facilities Management	797	646	(151)	(23.4%)
Finance	485	500	15	3.0%
Fitness to Practise	5,722	5,646	(76)	(1.3%)
Human Resources	261	333	72	21.6%
Human Resources Partners	298	354	56	15.8%
IT Department	715	864	149	17.2%
Major Projects	94	81	(13)	(16.0%)
Operations Office	392	336	(56)	(16.7%)
Policy	190	191	1	0.5%
Registration	1,422	1,471	49	3.3%
Secretariat	206	185	(21)	(11.4%)
Operating expenditure	12,741	12,999	258	2.0%
Operating Surplus/(Deficit)	237	(12)	249	

	Year to Date			
	Actual £'000	6 Mth Forecast £'000	Variance £'000	Variance %
	47	49	2	4.1%
	272	270	(2)	(0.7%)
	67	65	(2)	(3.1%)
	98	100	2	2.0%
	786	799	13	1.6%
	377	379	2	0.5%
	512	523	11	2.1%
	797	754	(43)	(5.7%)
	485	477	(8)	(1.7%)
	5,722	5,807	85	1.5%
	261	269	8	3.0%
	298	327	29	8.9%
	715	763	48	6.3%
	94	129	35	27.1%
	392	361	(31)	(8.6%)
	190	181	(9)	(5.0%)
	1,422	1,390	(32)	(2.3%)
	206	228	22	9.6%
	12,741	12,871	130	1.0%
	237	(69)	306	
	(122)			

Notes to the Income and Expenditure Account - by Function

Note	Narrative
1	The unfavourable variance of £43K was due to an overspend in postage of £8K and office equipment for 33 Stannary Street (£14K)
2	The favourable variance £29K was due to an underspend in partner training of £20K.
3	See note F
4	See note H
5	The unfavourable variance of £31K was due to additional legal advice obtained. (£23K)
6	The favourable variance of £22K is due to a phasing difference on legal advice due to FOI requests.

Statement of Financial Position

	31 December 2011		31 March 2011	
	£'000	£'000	£'000	£'000
<u>Non-current Assets</u>				
Property, Plant & Machinery				
Land & buildings, at cost or valuation	2,254		2,250	
Depreciation	(23)		0	
		2,231		2,250
Computer Equipment, at cost	724		702	
Depreciation	(618)		(552)	
		106		150
Office furniture and equipment, at cost	474		469	
Depreciation	(412)		(390)	
		62		79
Intangible assets	4,135		3,786	
Depreciation	(2,670)		(2,404)	
		1,465		1,382
<u>Total Non-current Assets</u>		<u>3,864</u>		<u>3,861</u>
<u>Current assets</u>				
Other current assets	360		501	
Financial assets	0		0	
Cash & Cash Equivalents	8,200		8,722	
	<u>8,560</u>		<u>9,223</u>	
<u>Total assets</u>		<u>12,424</u>		<u>13,084</u>
<u>Current Liabilities</u>				
Trade and other payables	(338)		(503)	
Other Liabilities	(1,093)		(1,495)	
Deferred Income	(8,971)		(9,342)	
	<u>(10,402)</u>		<u>(11,340)</u>	
<u>Total asset less liabilities</u>		<u>2,022</u>		<u>1,744</u>
<u>General reserve</u>				
General fund b/fwd	1,744		1,124	
(Deficit)/surplus for the year	38		620	
Grant income	240		-	
General fund c/fwd	<u>2,022</u>		<u>1,744</u>	
<u>Revaluation reserve</u>				
Reserve b/fwd	0		4	
Movements in the year	0		(4)	
Reserve c/fwd	<u>0</u>		<u>0</u>	
		<u>2,022</u>		<u>1,744</u>

Summary of Capital Expenditure

Property

Purchase of building
Replacement of office windows

Office Equipment

Air conditioning unit

Information Technology

Laptops + PCs
Server replacement
Software
Communications specialised software
Server upgrade
Synchronisation for file server to DR
iphone application

Small Projects

Major Projects

FTP case management system
Education Systems review
NetRegulate change requests
Various small capex value projects

Total Capital Expenditure

	YTD Actual £'000	YTD Forecast £'000	YTD Variance £'000	Annual Forecast £'000
	0	0	0	1,610
	4	50	46	50
	4	50	46	1,660
	5	4	(1)	-
	5	4	(1)	0
	10	10	0	10
	0	0	0	6
	7	7	0	10
	4	0	(4)	-
	0	0	0	2
	0	0	0	2
	2	2	0	-
	23	19	(4)	30
	0	0	0	0
	290	320	30	309
	36	63	27	137
	13	16	3	36
	9	16	7	0
	348	415	67	482
	380	488	108	2,172

Cash Flow Statement
From 1 April 2011 - 31 December 2011

	£'000
Surplus /(deficit) over expenditure	235
Costs incurred in relation to GSCC	(191)
Cost incurred for Herbal Medicine	(64)
Depreciation charge for the year of tangible fixed assets	377
(Increase)/decrease in debtors & prepayments	141
Increase/(decrease) in creditors (CGT and VAT Tax not included)	(565)
Increase /(decrease) in deferred income	(371)
Net cash In/(out)flow from operating activities	(438)
Return on investments and servicing of finance	
Investment Income (Excluding realised gains & losses)	57
Taxation	
Capital expenditure and financial investments	
Purchase of tangible assets	(381)
Disposal of tangible assets	
Financing	
Income from DOH	240
Increase/(decrease) in Cash	(522)
Cash at 31 March 2011	8,722
Cash at 31 December 2011	8,200
Cash Movement	(522)

Consolidated Cash Flow: April 2011 to March 2012

	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
Opening Balance 1st	8,722	7,928	7,483	7,924	7,528	8,949	9,370	8,829	8,125			
Receipts												
Registration Income	1,386	1,365	1,422	1,494	1,483	1,433	1,449	1,484	1,462			
Investment Income	5	1	4	1	6	1	4	27	8			
Deferred Income Movements	(796)	(465)	278	(491)	1,457	673	(644)	(464)	81			
Bank Loan	0	0	0	0	0	0	0	0	0			
Miscellaneous Income	0	0	0	0	0	0	0	0	0			
Total Cash Receipts	595	901	1,704	1,004	2,946	2,107	809	1,047	1,551	0	0	0
Payments												
Operational												
Expenditure	1,163	1,611	1,398	1,331	1,497	1,538	1,602	1,410	1,436			
Depreciation	(42)	(43)	(41)	(42)	(40)	(41)	(40)	(39)	(49)			
Aged Cred / Accrual Movements	280	(229)	117	45	75	134	(181)	276	49			
Debtor Movements	(28)	(32)	(23)	57	(19)	(53)	(31)	5	(17)			
Payments to Creditors	1,373	1,307	1,451	1,391	1,513	1,578	1,350	1,652	1,419	0	0	0
Exceptional												
Capital Expenditure	16	39	52	9	12	108	0	99	57			
Capital Write-off	0	0	0	0	0	0	0	0	0			
Investment Purchases	0	0	0	0	0	0	0	0	0			
Loan Repayments	0	0	0	0	0	0	0	0	0			
DOH Income	0	0	(240)	0	0	0	0	0	0			
Taxation	0	0	0	0	0	0	0	0	0			
Total Payments	16	39	(188)	9	12	108	0	99	57	0	0	0
Closing Balance	7,928	7,483	7,924	7,528	8,949	9,370	8,829	8,125	8,200	0	0	0
Budgeted Closing Balance **	7,468	6,639	5,729	6,041	5,970	7,334	8,192	7,257	6,366	4,231	3,763	6,166
Difference	460	(844)	(2,195)	(1,487)	(2,979)	(2,036)	(637)	(868)	(1,834)			

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.

** Budgeted Closing balance has been adjusted to include £2.26m from the sale of investment portfolio.

