

Finance and Resources Committee – 23 June 2009

March 2009 Management Accounts

Executive summary and recommendations

**Introduction**

**Decision**

The Council/Committee is requested to note the document. No decision is required.

**Background information**

The Consolidated Management Accounts for the 12 months ending 31 March 2009 are attached.

At the last meeting of the Finance and Resources Committee held on 23 April 2009, the Committee asked for a breakdown in the accounting treatment of the impairment on the properties. (per action point 14.5 public minutes). The attached appendix sets out the details of this.

**Resource implications**

Nil

**Financial implications**

Nil

**Appendices**

Appendix 1 - Consolidated Management Accounts for the 12 months ended 31 March 2009 and Variance Commentary for the 12 months ended 31 March 2009.  
Appendix 2 - Summary of the property impairment.

**Date of paper**

11 June 2009

# **HEALTH PROFESSIONS COUNCIL**

## **Consolidated Management Accounts For the 12 months ended 31st March 2009**

## HEALTH PROFESSIONS COUNCIL

CONSOLIDATED ACCOUNTS TO 31 MARCH 2009  
DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>INCOME</b>					
<b>Professions</b>					
Arts Therapists	134,998	171,671	(36,673)	(21.36)	171,671
Biomedical Scientists	1,661,100	1,784,103	(123,003)	(6.89)	1,784,103
Chiropodists	887,511	897,345	(9,834)	(1.10)	897,345
Clinical Scientists	320,473	277,157	43,316	15.63	277,156
Dietitians	429,201	478,934	(49,733)	(10.38)	478,934
Occupational Therapists	2,230,139	2,213,873	16,266	0.73	2,213,873
Operating Department Practitioners	618,973	574,664	44,309	7.71	574,664
Orthoptists	102,089	92,632	9,457	10.21	92,631
Paramedics	1,024,029	971,173	52,856	5.44	971,173
Physiotherapists	3,300,962	3,266,868	34,094	1.04	3,266,870
Prosthetists & Orthotists	64,819	65,514	(695)	(1.06)	65,514
Radiographers	1,885,001	2,099,320	(214,319)	(10.21)	2,099,320
Speech and Language Therapists	890,782	836,348	54,434	6.51	836,348
<b>Registration Income</b>	13,550,077	13,729,602	(179,525)	(1.31)	13,729,602
<b>Department of Health Capital Grant Released</b>	0	0	0	0.00	0
<b>Miscellaneous Income</b>	(1,008)	0	(1,008)	0.00	0
<b>TOTAL INCOME</b>	<b>13,549,069</b>	<b>13,729,602</b>	<b>(180,533)</b>	<b>(1.31)</b>	<b>13,729,602</b>
<b>EXPENDITURE</b>					
<b>Departments</b>					
Approvals & Monitoring	537,218	660,872	123,654	18.71	660,872
Chief Executive	285,880	277,563	(8,317)	(3.00)	277,563
Council, Committees & PLG	351,729	547,387	195,658	35.74	547,387
Communications	980,136	1,020,074	39,938	3.92	1,020,074
Facilities Management	940,616	909,684	(30,932)	(3.40)	909,684
Finance	625,419	570,454	(54,965)	(9.64)	570,454
Fitness to Practise	4,656,490	4,621,621	(34,869)	(0.75)	4,621,621
Human Resources & Partners	724,229	662,423	(61,806)	(9.33)	662,423
IT Department	1,088,729	1,136,657	47,927	4.22	1,136,657
Operations Office	426,964	375,095	(51,869)	(13.83)	375,095
Policy & Standards	277,645	384,074	106,428	27.71	384,074
President	50,952	49,433	(1,519)	(3.07)	49,433
Projects	212,320	262,631	50,311	19.16	262,631
Registration	1,551,418	1,714,259	162,841	9.50	1,714,259
Secretariat	215,935	292,536	76,601	26.19	292,536
<b>Operating Expenses</b>	12,925,680	13,484,761	559,081	4.15	13,484,762
<b>SURPLUS / (DEFICIT) - Excl. Unrealised Gains/(Losses)</b>	<b>623,389</b>	<b>244,840</b>	<b>378,549</b>	<b>(154.61)</b>	<b>244,840</b>
Impairment of Freehold Land and Buildings	(848,895)	0	(848,895)	0.00	0
Corporation Tax	5,889	0	5,889	0.00	0
<b>Investment Income - Excl. Unrealised Gains/(Losses)</b>	193,647	175,000	18,647	(10.66)	175,000
<b>Investment - Unrealised Gains / (Losses)</b>	(349,051)	0	(349,051)	0.00	0
<b>SURPLUS / (DEFICIT)</b>	<b>(375,021)</b>	<b>419,840</b>	<b>794,861</b>	<b>(189.32)</b>	<b>419,840</b>

HEALTH PROFESSIONS COUNCIL

CONSOLIDATED ACCOUNTS TO 31 MARCH 2009

CONSOLIDATED DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Consolidated Income</b>					
Registration fees	762,727	<b>466,766</b>	295,961	63.41	<b>466,766</b>
Registration fees (part year)	90	<b>0</b>	90	0.00	<b>0</b>
Readmission fees	203,592	<b>264,496</b>	(60,904)	(23.03)	<b>264,495</b>
Renewal fees	11,352,036	<b>11,833,698</b>	(481,662)	(4.07)	<b>11,833,699</b>
International scrutiny fees	709,647	<b>839,592</b>	(129,945)	(15.48)	<b>839,592</b>
Confirmation letter fees	0	<b>0</b>	0	0.00	<b>0</b>
Grandparenting scrutiny fees & other	(215)	<b>0</b>	(215)	0.00	<b>0</b>
UK scrutiny fee/Graduated < 2 years	522,200	<b>325,050</b>	197,150	60.65	<b>325,050</b>
	<u>13,550,077</u>	<u><b>13,729,602</b></u>	<u>(179,525)</u>	<u>(1.31)</u>	<u><b>13,729,602</b></u>

## HEALTH PROFESSIONS COUNCIL

## CONSOLIDATED ACCOUNTS TO 31 MARCH 2009

INVESTMENT & OTHER INCOME					
CODE					
BUDGET MANAGER	Finance Director				Annual Budget
	Actual	Budget	Variance	Variance	£
	£	£	£	%	
<b>Consolidated Income</b>					
Bank interest - Business Reserve	9,101	20,000	(10,899)	(54.50)	20,000
Bank interest - SIBA	128,628	93,000	35,628	38.31	93,000
Bond interest	0	0	0	0.00	0
Portfolio income	70,783	62,000	8,783	14.17	62,000
P & L on disposal of investments (Realised)	(14,865)	0	(14,865)	0.00	0
	193,647	175,000	18,647	10.66	175,000
Gain or loss on unrealised investments	(349,051)	0	(349,051)	0.00	0

0

## HEALTH PROFESSIONS COUNCIL

## CONSOLIDATED ACCOUNTS TO 31 MARCH 2009

## OVERHEAD TOTAL

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Payroll</b>					
Basic	3,530,876	3,724,470	193,593	5.20	3,724,470
Overtime	26,298	40,220	13,922	34.62	40,220
National Insurance	375,347	476,997	101,650	21.31	476,998
Pension costs	326,984	306,648	(20,336)	(6.63)	306,649
Medical insurance	1,328	1,200	(128)	(10.66)	1,200
Staff recruitment	210,072	135,215	(74,856)	(55.36)	135,215
Temporary staff	247,750	383,917	136,166	35.47	383,916
Payroll Contingency	2,750	15,000	12,250	81.67	15,000
	<b>4,721,405</b>	<b>5,083,668</b>	<b>362,262</b>	<b>7.13</b>	<b>5,083,668</b>
<b>Staff travelling and subsistence</b>					
Fares	132,935	93,492	(39,443)	(42.19)	93,492
Car expenses and car park	1,282	1,500	218	14.51	1,500
Subsistence	64,877	61,180	(3,697)	(6.04)	61,180
Entertaining	2,674	500	(2,174)	(434.88)	500
Conferences	23,592	19,850	(3,742)	(18.85)	19,850
	<b>225,361</b>	<b>176,522</b>	<b>(48,839)</b>	<b>(27.67)</b>	<b>176,522</b>
<b>Council and committee expenses</b>					
Fees	203,415	219,542	16,127	7.35	219,542
Travelling and subsistence	138,811	159,112	20,301	12.76	159,112
Tax Cost (NI ER and PAYE)	-58,753	36,000	94,753	263.20	36,000
Conference expenses	12,225	25,400	13,175	51.87	25,400
Training	6,904	7,840	936	11.94	7,840
Professional Liaison Groups	21,613	59,400	37,787	63.62	59,400
Elections and Appointments	61,249	76,900	15,651	20.35	76,900
Annual General Meeting	317	3,000	2,683	89.43	3,000
	<b>385,780</b>	<b>587,194</b>	<b>201,414</b>	<b>34.30</b>	<b>587,194</b>
<b>Property services</b>					
Business rates	72,851	108,000	35,149	32.55	108,000
Water	2,160	2,120	(40)	(1.89)	2,120
Electricity	5,708	45,000	39,292	87.32	45,000
Gas	11,628	8,000	(3,628)	(45.34)	8,000
Cleaning contractors	45,906	47,000	1,094	2.33	47,000
Cleaning materials	6,269	3,300	(2,969)	(89.98)	3,300
Waste disposal	12,921	15,000	2,079	13.86	15,000
Repairs and maintenance	34,054	20,576	(13,478)	(65.50)	20,576
Maintenance contracts	14,377	26,596	12,219	45.94	26,596
Security	23,152	32,300	9,148	28.32	32,300
Building Refurbishment	71,075	67,360	(3,715)	(5.52)	67,360
Property disposals	0	0	0	0.00	0
Property depreciation	52,994	42,000	(10,994)	(26.18)	42,000
	<b>353,095</b>	<b>417,252</b>	<b>64,157</b>	<b>(24)</b>	<b>417,252</b>

<b>OVERHEAD TOTAL</b>
-----------------------

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Office services</b>					
Printing and stationery	430,146	463,023	32,877	7.10	463,023
Photocopying	12,113	3,600	(8,513)	(236.47)	3,600
Postage	105,153	59,447	(45,706)	(76.88)	59,447
Telephone	39,072	34,908	(4,164)	(11.93)	34,908
Mobile telephone	9,087	10,746	1,659	15.44	10,746
Couriers	16,302	6,000	(10,302)	(171.70)	6,000
Office equipment < £1000	41,654	15,000	(26,654)	(177.69)	15,000
Office equipment rental	6,395	4,317	(2,078)	(48.13)	4,317
Catering	84,734	55,454	(29,280)	(52.80)	55,454
Other office services	43,370	44,700	1,330	2.98	44,700
Room Hire	192,535	125,301	(67,234)	(53.66)	125,301
Office equipment disposals	0	0	0	0.00	0
Office equipment depreciation	24,844	25,198	354	1.41	25,198
Video Conferencing	0	7,500	7,500	100.00	7,500
	<b>1,005,405</b>	<b>855,193</b>	<b>(157,710)</b>	<b>(802)</b>	<b>855,193</b>

<b>Computer services</b>					
Hardware < £1000	10,106	10,400	294	2.83	10,400
General Hardware support and maintenance	18,545	25,000	6,455	25.82	25,000
Software Purchases	115,831	39,000	(76,831)	(197.00)	39,000
General Software support & maintenance	70,014	57,500	(12,514)	(21.76)	57,500
NetRegulate Software support and maintenance	127,945	134,000	6,055	4.52	134,000
Managed Web/Internet services	130,452	156,000	25,548	16.38	156,000
Internet/3G	12,017	8,774	(3,243)	(36.96)	8,774
IT Consumerables	8,475	14,000	5,525	39.47	14,000
HPC Computer training	9,744	10,000	256	2.56	10,000
Other computer services costs	15,027	0	(15,027)	0.00	0
Offsite tape data archive	2,882	1,000	(1,882)	(188.19)	1,000
Specialist external support	3,483	5,000	1,518	30.35	5,000
IT Other Professional Fees	0	0	0	0.00	0
IT Hardware Disposals	517	0	(517)	0.00	0
Hardware depreciation	268,743	167,469	(101,274)	(60.47)	167,469
Secure hardware disposal	637	1,000	363	36.29	1,000
	<b>794,416</b>	<b>629,143</b>	<b>(165,273)</b>	<b>(346)</b>	<b>629,143</b>

<b>Communications</b>					
Campaigns	182,804	190,000	7,196	3.79	190,000
Annual Reports (Design, Distribute)	11,807	19,752	7,945	40.23	19,752
Brochures (Design, Distribute)	32,400	44,000	11,600	26.36	44,000
Listening Events	44,188	45,000	812	1.81	45,000
Market Research	16,326	65,000	48,674	74.88	65,000
Translations	11,928	10,000	(1,928)	(19.28)	10,000
Public Affairs & Stakeholder	60,412	65,000	4,588	7.06	65,000
Standards of Proficiency (Design,Prod,Dist)	300	0	(300)	0.00	0
Web Site Design	30,237	10,700	(19,537)	(182.59)	10,700
Marketing & Promotions	14,421	9,000	(5,421)	(60.23)	9,000
Conference & Exhibitions	37,912	55,000	17,088	31.07	55,000
General Events (Internal & External)	3,659	25,000	21,341	85.36	25,000
Media Relations	2,259	30,000	27,741	92.47	30,000
Registrant Welcome Pack	0	15,000	15,000	100.00	15,000
General Public Literature	13,421	40,000	26,579	66.45	40,000
Internal Communications	42,913	36,000	(6,913)	(19.20)	36,000
Bi-Annual opinion polling	0	0	0	0.00	0
	<b>504,988</b>	<b>659,452</b>	<b>154,464</b>	<b>248.16</b>	<b>659,452</b>

**OVERHEAD TOTAL**

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Partners</b>					
Partners Recruitment	34,534	70,420	35,886	50.96	70,420
Partners Training	157,688	120,000	(37,688)	(31.41)	120,000
Panels (Allowance & Travel )	970,249	853,306	(116,943)	(13.70)	853,306
Approvals	80,138	103,610	23,472	22.65	103,610
Assessors fees (All Professions)	244,546	287,980	43,434	15.08	287,980
Test of Competence (All Professions)	7,104	15,928	8,824	55.40	15,928
Registration Appeals	24,033	22,800	(1,233)	(5.41)	22,800
Annual Monitoring	10,611	16,710	6,099	36.50	16,710
Major/Minor Change	6,479	11,200	4,721	42.15	11,200
CPD assessments	52,542	71,200	18,658	26.20	71,200
Aptitude tests	0	5,792	5,792	100.00	5,792
	<b>1,587,927</b>	<b>1,578,946</b>	<b>(8,981)</b>	<b>(0.57)</b>	<b>1,578,946</b>
<b>Project Costs</b>					
Major Projects	212,320	262,631	50,311	19.16	262,631
Small Projects	81,827	150,570	68,743	45.66	150,570
	<b>294,147</b>	<b>413,201</b>	<b>119,054</b>	<b>64.81</b>	<b>413,201</b>
<b>Specific departmental expenses</b>					
Archive storage	24,255	22,400	(1,855)	(8.28)	22,400
Auditors' fees	57,521	48,760	(8,761)	(17.97)	48,760
Bank charges	62,249	55,000	(7,249)	(13.18)	55,000
Books and publications	9	500	492	98.30	500
Conselling	1,197	3,000	1,803	60.12	3,000
Disaster contingency plan	16,872	12,000	(4,872)	(40.60)	12,000
EMT Training	4,852	7,500	2,648	35.31	7,500
General insurance	32,049	45,200	13,151	29.10	45,200
Health and safety	18,233	14,770	(3,463)	(23.45)	14,770
Miscellaneous Expenses	-160	0	160	0.00	0
Internal Audit	27,004	28,620	1,616	5.65	28,620
Legal advice	380,861	299,260	(81,601)	(27.27)	299,260
Legal expenses	1,801,608	1,762,500	(39,108)	(2.22)	1,762,500
Legal insurance	18,375	40,000	21,625	54.06	40,000
Legal -Transcript Writer	256,697	351,627	94,930	27.00	351,627
Other professional fees	50,239	35,200	(15,039)	(42.72)	35,200
Other legal costs	62,156	110,000	47,844	43.49	110,000
Pension administration	15,049	25,200	10,151	40.28	25,200
Personal Performance Consultancy	3,948	7,000	3,052	43.60	7,000
ISO 9001 Certification	2,446	6,200	3,754	60.55	6,200
Reward Data	14,865	9,000	(5,865)	(65.17)	9,000
Subscriptions to professional bodies	33,482	34,304	822	2.40	34,304
Taxation advice	16,318	2,000	(14,318)	(715.88)	2,000
Training	153,032	164,150	11,118	6.77	164,150
	<b>3,053,156</b>	<b>3,084,191</b>	<b>31,036</b>	<b>1.01</b>	<b>3,084,191</b>
<b>OVERHEAD TOTAL</b>	<b>12,925,680</b>	<b>13,484,762</b>	<b>559,083</b>	<b>4.15</b>	<b>13,484,762</b>



HEALTH PROFESSIONS COUNCIL  
CONSOLIDATED BALANCE SHEET  
as at 31 March 2009

	Actual 31 March 2009		Actual 31 March 2008	
	£	£	£	£
<b>FIXED ASSETS</b>				
<b>Tangible fixed assets</b>				
Land & buildings, at cost or valuation	2,636,853		3,090,000	
Depreciation	<u>0</u>		<u>0</u>	
Net book value		2,636,853		3,090,000
Computer Equipment, at cost	3,212,850		2,658,339	
Depreciation	<u>(2,289,134)</u>		<u>(2,032,094)</u>	
Net book value		923,716		626,245
Office furniture and equipment, at cost	406,348		387,804	
Depreciation	<u>(372,679)</u>		<u>(347,835)</u>	
Net book value		33,669		39,969
		<hr/>		<hr/>
<b>Total tangible fixed assets</b>		<b>3,594,238</b>		<b>3,756,214</b>
<b>Investments</b>		<b>1,347,418</b>		<b>1,528,047</b>
		<hr/>		<hr/>
<b>TOTAL FIXED ASSETS</b>		<b>4,941,655</b>		<b>5,284,260</b>
<b>CURRENT ASSETS</b>				
Debtors	51,847		80,898	
Prepayments	302,360		132,307	
Bank balances and cash	<u>5,341,865</u>		<u>4,899,109</u>	
		5,696,072		5,112,314
<b>CURRENT LIABILITIES</b>				
<b>Amounts falling due within one year</b>				
Creditors and accrued expenses	2,615,425		2,102,639	
		<hr/>		<hr/>
<b>WORKING CAPITAL</b>		<b>3,080,647</b>		<b>3,009,675</b>
<b>DEFERRED INCOME</b>				
Registration fees in advance	262,884		175,734	
Retention fees in advance	<u>6,843,185</u>		<u>6,693,458</u>	
		(7,106,069)		(6,869,191)
		<hr/>		<hr/>
<b>NET ASSETS</b>		<b>916,233</b>		<b>1,424,744</b>
		<hr/> <hr/>		<hr/> <hr/>
<b>Represented by:</b>				
General Funds		1,077,308		1,979,272
Revaluation reserve		213,946		421,746
Surplus/(Deficit) for the period		<u>(375,021)</u>		<u>(976,274)</u>
		<hr/>		<hr/>
		<b>916,233</b>		<b>1,424,744</b>
		<hr/> <hr/>		<hr/> <hr/>

HEALTH PROFESSIONS COUNCIL  
CONSOLIDATED ACCOUNTS TO 31 MARCH 2009

CAPITAL EXPENDITURE  
From 1st April 2008 - 31 March 2009

Major Investment (£50K+ Individual Item)

Office Services Renovation work to 22-26 Stannery Street. Phase 1  
Renovation work to 22-26 Stannery Street. Phase 2

Sub Total

Minor Investment (less than £50K individually)

Information Technology PC/technology refresh  
Server replacements/upgrades  
Upgrade switches  
New/replacement laptops

Office Services Replacement B & W Copier  
CCTV

Contingency

Major Projects

**Total Capital Expenditure**

Actual £	Budget YTD £	Variance £	Annual Budget £
539,690	0	(539,690)	0
116,853	422,875	306,022	422,875
<b>656,543</b>	<b>422,875</b>	<b>(233,668)</b>	<b>422,875</b>
35,420	45,000	9,580	45,000
15,703	6,000	(9,703)	6,000
5,227	20,000	14,773	20,000
7,888	12,000	4,112	12,000
4,488	6,000	1,512	6,000
14,055	0	(14,055)	0
<b>82,781</b>	<b>89,000</b>	<b>(6,219)</b>	<b>89,000</b>
0	0	0	0
<b>502,491</b>	<b>552,088</b>	<b>49,597</b>	<b>552,088</b>
<b>1,241,816</b>	<b>1,063,963</b>	<b>(190,290)</b>	<b>1,063,963</b>

Note: Total 22-26 Stannery Street Phase 1 project spend is £1,758,996 compared to a total budget of £1,639,000 (total spent in 2007-08 £1,219,306)

HEALTH PROFESSIONS COUNCIL  
CONSOLIDATED ACCOUNTS TO 31 MARCH 2009

Project reporting  
From 1st April 2008 - 31 March 2009

		Actual £	YTD Budget £	Variance £	Annual Budget £
<u>Project number</u>					
<u>Capital Expenditure</u>					
MP34	Online renewals	336,155	300000	(36,155)	300000
MP30	Fees Rise 2009	2,000	2000	0	2000
MP32	Equality & Diversity	40,126	30000	(10,126)	30000
MP3	Registration of the Practitioner Psychologists	30,405	15000	(15,405)	15000
MP4	Registration of Hearing Aid dispensers	0	15000	15,000	15000
	Independent Safeguarding Authority	0	21000	21,000	21000
MP33	FTP registrations system statuses rationalisation	65,718	63800	(1,918)	63800
	Contingency	0	100000	100,000	100000
MP27	Finance System Upgrade	11,903	5288	(6,615)	5288
MP28	NetRegulate Access Rights	9,083	0	(9,083)	0
	PRS Remediation Project	7,101	0	(7,101)	0
<b>Total Capital Expenditure</b>		<b>502,491</b>	<b>552,088</b>	<b>49,597</b>	<b>552,088</b>
<u>Operating Expenditure</u>					
MP34	Online renewals	17,168	22,100	4,932	22100
MP30	Fees Rise 2009	4,148	14,500	10,352	14500
MP32	Equality & Diversity	8,283	9,528	1,245	9528
MP3	Registration of the Practitioner Psychologists	143,938	156,468	12,530	156468
MP4	Registration of Hearing Aid dispensers	30,140	19,160	(10,980)	19160
	Independent Safeguarding Authority	0	40,875	40,875	40875
MP33	FTP registrations system statuses rationalisation	0	0	0	0
MP27	Finance System Upgrade	2,627	0	(2,627)	0
MP28	NetRegulate Access Rights	0	0	0	0
	PRS Remediation Project	6,016	0	(6,016)	0
<b>Total Operating Expenditure</b>		<b>212,320</b>	<b>262,631</b>	<b>50,311</b>	<b>262,631</b>

# HEALTH PROFESSIONS COUNCIL

## CONSOLIDATED ACCOUNTS TO 31 MARCH 2009

### CASH FLOW STATEMENT

From 1st April 2008 - 31 March 2009

	£
Surplus /(deficit) over expenditure	623,389
Depreciation charge for the year of tangible fixed assets	346,581
(Increase)/decrease in debtors & prepayments	(141,002)
Increase/(decrease) in creditors (CGT and VAT Tax not included)	531,395
Increase /(decrease) in deferred income	236,878
<b>Net cash In/(out)flow from operating activities</b>	<b><u>1,597,240</u></b>
<b>Return on investments and servicing of finance</b>	
Investment Income (Excluding realised gains & losses)	208,512
<b>Taxation</b>	<b>(12,719)</b>
<b>Capital expenditure and financial investments</b>	
Purchase of tangible assets	(1,241,816)
Disposal of tangible assets	521
Purchase of investments	(498,165)
Proceeds from sale of investments	314,876
<b>Financing</b>	
Income from DOH	74,307
<b>Increase/(decrease) in Cash</b>	<b><u><u>442,756</u></u></b>
Cash at 31 March 2008	4,899,109
Cash at 31 March 2009	5,341,865
<b>Cash Movement</b>	<b><u><u>442,756</u></u></b>

**HPC CONSOLIDATED Cash Flow: April 08 - March 09**

	Mar-08	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
<b>Opening Balance 1st</b>		<b>4,899,109</b>	<b>5,049,403</b>	<b>4,307,764</b>	<b>3,785,816</b>	<b>4,579,333</b>	<b>4,287,567</b>	<b>5,676,731</b>	<b>5,897,353</b>	<b>5,057,772</b>	<b>4,560,903</b>	<b>5,056,852</b>	<b>4,440,216</b>
<b>Receipts</b>													
Registration Income		1,097,883	964,628	1,164,492	1,048,614	1,174,160	1,167,481	1,199,540	1,144,887	1,057,632	1,147,702	1,147,894	1,235,165
Investment Income		2,894	1,155	17,173	44,732	6,223	54,165	3,902	4,304	14,455	35,188	2,629	21,692
Investment Sales		34,557	44,098	38,427	39,360	3,613	50,000	13,325	6,011	50,000	143	57,013	(21,671)
Deferred Income Movements		502,815	(476,522)	(393,029)	588,402	(403,725)	1,079,741	66,099	(718,082)	(586,298)	204,416	(523,414)	896,475
Bank Loan		0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Income		0	0	0	0	0	2,980	0	0	0	0	3,645	(7,633)
<b>Total Cash Receipts</b>		<b>1,638,149</b>	<b>533,359</b>	<b>827,063</b>	<b>1,721,108</b>	<b>780,271</b>	<b>2,354,367</b>	<b>1,282,866</b>	<b>437,120</b>	<b>535,789</b>	<b>1,387,449</b>	<b>687,767</b>	<b>2,124,028</b>
<b>Payments</b>													
<b>Operational</b>													
Expenditure		607,778	1,416,461	1,291,553	851,018	944,310	1,007,508	1,156,100	993,011	1,061,588	834,964	1,104,221	1,657,167
Depreciation		24,477	(73,630)	(24,196)	(25,323)	(25,247)	(18,462)	(25,841)	(38,100)	(33,920)	(33,926)	(32,003)	(40,410)
Aged Cred / Accrual Movements		292,023	(21,602)	168,837	69,779	(69,628)	(56,728)	(48,604)	232,790	(343,325)	(516)	221,498	(975,917)
Debtor Movements		225,068	(61,848)	(92,719)	(10,571)	(28,012)	(42,086)	(21,641)	27,408	276,577	20,230	(246,608)	95,204
Payments to Creditors		1,149,346	1,259,381	1,343,475	884,903	821,423	890,232	1,060,014	1,215,109	960,920	820,752	1,047,108	736,044
<b>Exceptional</b>													
Capital Expenditure		201,444	(16,892)	36,136	10,984	92,722	138,267	(8,215)	72,303	12,699	58,910	169,842	473,616
Capital Write-off		0	0	0	0	0	0	0	(7,507)	0	6,986	0	0
Investment Purchases		137,065	32,509	43,706	31,704	157,892	(63,296)	10,445	(3,204)	59,039	4,852	87,453	0
Loan Repayments		0	0	0	0	0	0	0	0	0	0	0	0
DOH Income		0	0	(74,307)	0	0	0	0	0	0	0	0	0
Taxation		0	0	0	0	0	0	0	0	0	0	0	12,719
<b>Total Payments</b>		<b>1,487,855</b>	<b>1,274,998</b>	<b>1,349,010</b>	<b>927,591</b>	<b>1,072,037</b>	<b>965,203</b>	<b>1,062,244</b>	<b>1,276,701</b>	<b>1,032,658</b>	<b>891,500</b>	<b>1,304,403</b>	<b>1,222,379</b>
<b>Closing Balance</b>	<b>4,899,109</b>	<b>5,049,403</b>	<b>4,307,764</b>	<b>3,785,816</b>	<b>4,579,333</b>	<b>4,287,567</b>	<b>5,676,731</b>	<b>5,897,353</b>	<b>5,057,772</b>	<b>4,560,903</b>	<b>5,056,852</b>	<b>4,440,216</b>	<b>5,341,865</b>

Aged Creditors	800,652	1,291,264	1,312,866	1,144,029	1,074,250	1,143,878	1,200,606	1,249,210	1,016,420	1,359,745	1,360,261	1,138,763	402,719
Accruals	782,635												
Budgeted Expenditure 05/06													

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.

**HEALTH PROFESSIONS COUNCIL**  
**CONSOLIDATED MANAGEMENT ACCOUNTS**  
**FOR THE 12 MONTHS ENDED 31 MARCH 2009**  
**VARIANCE COMMENTARY**

**INTRODUCTION**

These accounts were compared to budget version 7, which was agreed by the Council on 27th March 2008. The format of the management accounts is the same as the last financial year.

**DETAILED SUMMARY**

At the end of the financial year, we budgeted a surplus after unrealised gains, of £420K compared to 2008's budgeted surplus of £235K. The actual result for year was a deficit of £375K after unrealised gains; an unfavourable variance of £795K. Included in this deficit is impairment to the Freehold land and buildings of £849K, which relates to the refurbishment work done on 22-26 Stannary Street and the general decline in property market values over the last twelve months.

Income totalled £13,549K with overheads at £12,925K thus giving the operating surplus before investments of £623K.

**INCOME**

Registration income is £180K below budget. Of this, the renewal fee is £482K below budget. The main reason for the renewal fee unfavourable variance is that at the beginning of the current year we budgeted registrant numbers of 180,160 compared to an actual of 178,715, a difference of 1445 registrants. Also, £83K of income relating to the Dietitians renewal fee was recognised in the prior financial year due to an error in the income model. To elaborate, income had been recognised a month early in 2007/2008 and therefore 3 months Dietitians renewal fee income relating to 2008/2009 was recognised in the previous financial year. The income is reconciled to NetRegulate on a monthly basis, in accordance with the Audit Findings Report.

Registration fees are showing a favourable variance of £296K. This is due to a higher amount of renewal fees being received at a discounted rate (Graduate renewal fees received in their first 2 years of registration). This partly offsets the unfavourable variance in the renewal fees. There is an £130K unfavourable variance relating to international scrutiny fee income due to lower than expected number of applications is being received.

The investment income is £19K above budget, mostly in interest earned on the SIBA balance. There is also an unfavourable variance of £349K relating to the unrealised loss on investment portfolio value, due to the general decline in equity/bond market values over the last twelve months.

**DEPARTMENTS**

Total Departmental expenditure for the year is £12,926K which is £559K below budget. The main under spends are in: Approvals and Monitoring, Secretariat Council and Committees, Registrations and the Policy and Standards departments.

## Appendix 1

The favourable variance of £124K in the Approvals and Monitoring department is mainly due to the number of visits being down on what was budgeted for. 70 visits were budgeted for with 43 visits done.

The under spend of £196K in the Council, Committees and PLG department is due to the average attendance lower than was budgeted for at Council and Committee meetings. In addition, three PLG's are budgeted for when only one has taken place during the year. The provision for council and committee tax due relating to 2002/2003 has also been reversed, totalling £90K, which is now the standard HMRC enquiry period of six years.

The favourable variance of £77K in the Secretariat department is due to the deferment in data protection work until 2009/2010 and various positions being vacant during the year.

The Policy and Standards department under spend of £106K is due to the delay in market research and general events being delayed until the following financial year.

The under spend of £162K in the Registration department is due to the salary saving of various staff leaving during the year and the downturn in the international assessor fees.

### **OVERHEADS**

Below is an explanation of some of the main favourable and unfavourable variances:

#### Payroll costs

Payroll costs show a favourable variance of £362K. Basic Pay shows a favourable variance of £194K and National Insurance shows a favourable variance of £102K. This is due to some budgeted positions being vacant during the year due to staff leaving or positions not being appointed in the prior year. For example, in the Registrations, Secretariat, Communications and Fitness to Practise departments. The under spend in Temporary staff of £136K is mainly due to the Director of Operations now appointed as a permanent member of staff and the UAT temporary staff costs transferred to the capital expenditure budget. This is offset with the overspend of £75K in Staff recruitment due to a higher number of replacement positions being advertised and recruited for during the year than was budgeted for, including 4 directors positions.

#### Staff travelling and subsistence

This shows an unfavourable variance of £49K. This is mainly due to the Chief Executive travelling more frequently to Scotland and attending more working groups and conferences. There is also more travel being done by the Communications department due to staff attending more conferences and external events, than was budgeted for.

#### Council and committee expenses

This shows a favourable variance of £201K. There is an under spend of £16K in Council and Committee fees and £20K in travelling and subsistence. This is due to lower meeting attendance than expected. The Professional Liaison Groups shows an under spend of £37K. This is due to 3 groups being budgeted for in the year when only one group is taking place. There is an under spend of £94K in the council and committee tax is due to the provision relating to 02/03 being reversed.

## Appendix 1

### Property services

This shows a favourable variance of £64K. Of this, £35K relates to business rates following the recent re-rating of HPC premises by the valuation office on behalf of Lambeth Council. There is also a favourable variance of £39K in Electricity. This is due to a refund received of £35K from the electricity company in respect to overpayments made in the previous financial year.

### Office services

This shows an unfavourable variance of £158K, mainly due to variances in office equipment <£1,000 of £27K, room hire of £67K, catering of £29K and postage of £46K. The over spend in other office services and office equipment <£1,000 is due to the delay in completing the 22-26 Stannary Street project and the purchase of equipment for the new building. The overspend in room hire of £46K is due to storage costs at Red Devil Storage not budgeted for and additional hearings being held away from Park House. The over spend of £29K in catering is also mainly due to more hearings being held away from Park House. The over spend of £46K in postage is due to a budget estimation error.

### Computer Services

This shows an unfavourable variance of £165K. Of this £15K relates to unfavourable variance in other computer services. These are costs relating to the cabling for 22-26 Stannary Street, which were budgeted in the previous financial year. The unfavourable difference of £77K relating to Software purchases includes a provision for additional Microsoft licence costs due to their change in policy. This is offset against a favourable variance of £25K in managed web/internet services which is due to a budget estimation error. The depreciation overspend of £101K is a budget estimation error and is due to some projects completing in the first half of the year. No deprecation was budgeted for in this year on these projects.

### Communications

This shows a favourable variance of £154K. The residual budget of £8K in Annual reports is due to the Stationery Office printing the annual report reducing costs to HPC. The under spend on General events of £21K, Market research of £49K, Media Relations of £28K and Registrant Welcome Pack of £15K are due to work being delayed into the following financial year. The over spend of £20K relating to Web site design is due to the redesign of the website.

### Partners

This shows an unfavourable variance of £9K. The favourable variance in assessor's fees of £43K is due to less applications being received and is a permanent difference. There is an under spend of £36K in partner recruitment due to a budget estimation error. There is also an over spend of £38K in Partner training due to a budget estimation error. The overspend of £117K relating to Panels cost is due to an increase in the number of hearings held in the last quarter of the year and an increase in partner travel done, due to more hearings being held in London.

### Auditors' fees

This shows an unfavourable variance of £9K. This is due to the additional audit done to audit the opening balances prepared under IFRS. This is a permanent difference.



## Appendix 1

### Legal Advice

This shows an unfavourable variance of £82K due to disbursements being higher than was budgeted for due to the increase in number of hearings held.

### Legal Expenses

This shows an unfavourable variance of £39K due to additional work done in respect to the Section 60 and new professions. This also includes additional FTP case work done.

### Legal – Transcript Writers

This shows a favourable variance of £95K. This is due to the length of hearings being shorter than budgeted for and therefore their time required in hearings is shorter.

### Taxation Advice

The year to date accounts show an unfavourable variance of £14K, which is due to VAT advice relating to the deregistration of 22-26 Stannary Street Limited.

## **PROJECTS**

There is an unfavourable operating expense variance of £50K relating to major projects. This includes a favourable variance of £41K, which relates to the Independent Safeguarding Authority project which has been delayed into the next financial year. There is a £10K favourable variance which relates to the Fees Rise 2009 project, due to a saving in the printing in the consultation.

Note that grant funding of £74K from the Department of Health, for the Practitioner Psychologists project has been received in June 2008 and is shown within the general funds on the balance sheet.

There is a favourable capital expense variance of £50K relating to major projects. The capital expenditure of £502K relates to NetRegulate Access Rights, Online Renewals, FTP statuses, Equality and Diversity and the new Finance System Upgrade projects. The over spend of £9K on the NetRegulate Access Rights project was due to a delay in the scheduling of the Application Server project. To elaborate, the entire budget for the NetRegulate Access Rights project was approved in the previous financial year. The overspend on the Equality and Diversity project of £10K is due to DSL not including VAT on the original quote and the UAT budget transferred from the IT opex budget. The over spend of £15K on the Practitioner Psychologists project is due to the due to a budget estimation error and can be offset with the under spend on the Hearing Aid Council project. The over spend on the online renewals project of £36K is due to a budget estimation error.

£540K has been spent this year in relation to the 22-26 Stannary Street project phase 1, which includes work delayed from the previous financial year. The total spend to date on this project is £1,759K against a budget of £1,639K. Due to Phase 2 being delayed until the next financial year there is a saving of £306K, with £117K being spent in this financial year. There is an over spend of £14K in relation to the CCTV, due to the delay in the building project and the budget being allocated in the prior financial year.

### **BALANCE SHEET**

The main movements in the balance sheet since the beginning of the year were an increase in creditors, increase in debtors and an increase in deferred income. The net impact of these movements was an increase in the cash balance of £443K.

Working capital was £3,081K showing HPC continues to be in a stable financial position. The Net Assets are £916K including the Accumulated Fund of £702K and the Revaluation Reserve of £214K. The Accumulated Fund comprised £1,003K at the beginning of the financial year plus the net deficit for the year to date plus the funding from the Department of Health.

### **CASH FLOW**

The Cash Flow statement indicates a net increase in cash of £443K from 1 April 2008 to the end of March 2009. This is mainly due to the increase in creditors and increase in deferred income during the period and the YTD operating surplus generated

The net increase or decrease in cash when compared to the accounting surplus or deficit can be significantly different. To arrive at the cash movement, non cash items such as depreciation are removed and balance sheet movements taken into consideration.

### **CONCLUSION**

Overall, at the end of the year to 31 March 2009 we had an operating surplus before investments of £623K against a budgeted surplus of £245K. HPC continues to be in a stable financial position.

**Charlotte Milner**  
**Financial Controller**  
**June 2009**

Health Professions Council  
Year ended 31 March 2009  
Summary of the Property Impairment

	£
Property Value as at 31 March 2008	3,090,000
Expenditure during 2008/10 relating to phase 1	539,690
	<u>3,629,690</u>
Valuation as at 31 March 2009	2,520,000
Total Impairment write down	<u>1,109,690</u>
<b>Total impairment made up of:</b>	
Impairment income and expenditure account	859,690
Movement on revaluation reserve	207,800
Depreciation	42,200
	<u>1,109,690</u>

**Extracts from accounts for year ending 31 March 2009**

	Park house & 20 Stannary St	<u>22-26 Stannary St</u>	<u>Group</u>
<u>Property</u>			
NBV 1.04.08	1,970,000	1,120,000	3,090,000
Depreciation	(27,200)	(15,000)	(42,200)
Revaluation	(207,800)		(207,800)
Impairment I&E		(320,000)	(320,000)
NBV 31.03.09	<u>1,735,000</u>	<u>785,000</u>	<u>2,520,000</u>
			0

Revaluation reserve

B/fwd 01.04.08	421,746	0	421,746
Movement	(207,800)	0	(207,800)
C/fwd 31.03.09	<u>213,946</u>		<u>213,946</u>

Impairment in Income and Expenditure account

Expenditure 2008/09	(539,690)	(539,690)
Impairment	(320,000)	(320,000)
	<u>0</u>	<u>(859,690)</u>

Due to there being no revaluation reserve remaining for 22/26 Stannary Street Limited, the impairment of £320,000 relating to the change in the property value is debited to the income and expenditure account. In the consolidated accounts for the Health Professions Council the revaluation reserve brought forward relates to Park House and 20 Stannary Street and therefore the change in property value of £207,800 on these properties can be debited through the revaluation reserve.