

Finance Department Report

General

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

Supplier payments

At the end of April, 98% by value of the £397K Creditor payments were in the 30 days or less category.

Fee adjustments and income receipts handling

At the end of April, 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. AS, BS, ODP and PYH collections occurred in April. CH, DT and HAD collections are scheduled for May and June. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of April 2011, £2.8M was invested in Lloyds instant access account earning 0.75% and £617k was invested in the Nat West Special Interest-bearing Account (SIBA) earning 0.50% per annum. The following have been invested for 3 months (maturing early May 2011) at fixed rates: £0.5M invested in Barclays money market account earning 0.62%, £1.0m invested in Nat West deposit account earning 1.25% and £3.0M in Lloyds TSB money market account earning 1.25%.

Pensions

In April, there were 66 active members in the Friends Provident.

Flexiplan pension scheme update – HPC has now had official notification of the operational financial charges for the Flexiplan scheme. From 1 April 2011 a monthly payment of £4,495.90 will be made as our contribution to the funding deficit.

The latest update indicates that the test court case to determine the overall liability is not expected to take place until early 2012.

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 new version of Sage is planned for later in the 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 later this 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.
- As part of the process, it is intended to visit another customer who is already using the new release of PRS to help identify the best use of new features.

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Accounts to 30 April 2011

Income and Expenditure Account - By Activity

Note

| | Year to Date | | | | | Annual Budget |
|------------------------------------|--------------|--------------|------------|-------------|---|---------------|
| | Actual | Budget | Variance | Variance | | £'000 |
| | £'000 | £'000 | £'000 | % | | |
| Income by Activity | | | | | | |
| Graduate Registration fees | 90 | 54 | 36 | 66.7% | A | 631 |
| Readmission fees | 12 | 0 | 12 | 0.0% | | 606 |
| Renewal fees | 1,215 | 1,244 | (29) | (2.3%) | | 14,966 |
| International scrutiny fees | 41 | 36 | 5 | 13.9% | | 389 |
| Grandparenting fees | 3 | 12 | (9) | (75.0%) | B | 142 |
| UK scrutiny fees | 24 | 19 | 5 | 26.3% | | 475 |
| Registration Income | 1,385 | 1,365 | 20 | 1.5% | | 17,209 |
| Cheque/credit card write offs | 0 | 0 | 0 | 0.0% | | 3 |
| Total Income | 1,385 | 1,365 | 20 | 1.5% | | 17,212 |
| Expenditure by Activity | | | | | | |
| Payroll | 460 | 484 | 24 | 5.0% | | 5,839 |
| Travel and subsistence | 10 | 15 | 5 | 33.3% | C | 217 |
| Council and committee expenses | 12 | 17 | 5 | 29.4% | D | 352 |
| Property services | 39 | 34 | (5) | (14.7%) | E | 458 |
| Office services | 45 | 84 | 39 | 46.4% | F | 1,158 |
| Computer services | 76 | 102 | 26 | 25.5% | | 1,352 |
| Communications | 9 | 11 | 2 | 18.2% | | 609 |
| Partners | 236 | 194 | (42) | (21.6%) | G | 2,684 |
| Professional fees | 291 | 306 | 15 | 4.9% | | 3,954 |
| Projects | 3 | 6 | 3 | 50.0% | | 163 |
| Specific departmental costs | 25 | 36 | 11 | 30.6% | | 514 |
| Operating expenditure | 1,206 | 1,289 | 83 | 6.4% | | 17,300 |
| Operating Surplus/(Deficit) | 179 | 76 | 103 | | | (88) |
| Costs relating to GSCC | (6) | 0 | (6) | | | 0 |
| Investment income | 5 | 0 | 5 | | | 0 |
| Total surplus/(deficit) | 178 | 76 | 102 | | | (88) |

Notes to the Income and Expenditure Account - by Activity

| Note | Narrative |
|----------|---|
| A | This showed a favourable variance of £36K due to a higher number of registrants taking the discounted renewal fee. |
| B | This showed an unfavourable variance of £9K due to a decrease in the number of registrants applying for via the grandparenting route. |
| C | This showed a favourable variance of £5K due to a phasing difference and is likely to reverse in future months. |
| D | The favourable variance of £5K is due to the cancellation of the April F&R committee and is a saving in this financial year. |
| E | The unfavourable variance of £5K is mainly due to the phasing of an electrical test which took place in April. |
| F | This showed a favourable variance of £39K mainly due to phasing differences on printing and stationery and room hire. |
| G | The unfavourable variance of £42K of mainly due to a phasing difference on panel costs. |

Accounts to 30 April 2011

Income and Expenditure Account - By Function

Note

| | Year to Date | | | | Annual Budget £'000 | |
|------------------------------------|--------------|--------------|------------|-------------|------------------------|---------------|
| | Actual | Budget | Variance | Variance | | |
| | £'000 | £'000 | £'000 | % | | |
| Income by Profession | | | | | | |
| Arts Therapists | 18 | 18 | 0 | 0.0% | 220 | |
| Biomedical Scientists | 148 | 143 | 5 | 3.5% | 1,800 | |
| Chiropodists | 80 | 80 | 0 | 0.0% | 992 | |
| Clinical Scientists | 33 | 28 | 5 | 17.9% | 354 | |
| Dietitians | 44 | 47 | (3) | (6.4%) | 586 | |
| Hearing Aid Dispensers | 10 | 10 | 0 | 0.0% | 133 | |
| Occupational Therapists | 208 | 201 | 7 | 3.5% | 2,553 | |
| Operating Department Practitioners | 64 | 65 | (1) | (1.5%) | 820 | |
| Orthoptists | 8 | 8 | 0 | 0.0% | 101 | |
| Paramedics | 104 | 101 | 3 | 3.0% | 1,282 | |
| Physiotherapists | 287 | 285 | 2 | 0.7% | 3,570 | |
| Practitioner Psychologists | 113 | 123 | (10) | (8.1%) | 1,471 | |
| Prosthetists & Orthotists | 6 | 6 | 0 | 0.0% | 70 | |
| Radiographers | 171 | 168 | 3 | 1.8% | 2,214 | |
| Speech and Language Therapists | 91 | 82 | 9 | 11.0% | 1,043 | |
| Registration Income | 1,385 | 1,365 | 20 | 1.5% | 17,209 | |
| Cheque/credit card write offs | 0 | 0 | 0 | | 3 | |
| Total Income | 1,385 | 1,365 | 20 | 1.5% | 17,212 | |
| Expenditure by Function | | | | | | |
| Chair | 2 | 6 | 4 | 66.7% | 1 | 71 |
| Chief Executive | 23 | 27 | 4 | 14.8% | | 312 |
| Committee | 2 | 5 | 3 | 60.0% | 2 | 106 |
| Council | 9 | 6 | (3) | (50.0%) | | 233 |
| Communications | 51 | 54 | 3 | 5.6% | | 1,096 |
| Depreciation | 42 | 46 | 4 | 8.7% | | 660 |
| Education | 56 | 59 | 3 | 5.1% | | 785 |
| Facilities Management | 66 | 72 | 6 | 8.3% | | 919 |
| Finance | 48 | 56 | 8 | 14.3% | 3 | 654 |
| Fitness to Practise | 629 | 598 | (31) | (5.2%) | 4 | 7,494 |
| Human Resources | 19 | 35 | 16 | 45.7% | 5 | 447 |
| Human Resources Partners | 13 | 19 | 6 | 31.6% | | 405 |
| IT Department | 70 | 93 | 23 | 24.7% | 6 | 1,152 |
| Major Projects | 2 | 4 | 2 | 50.0% | | 83 |
| Operations Office | 36 | 36 | 0 | 0.0% | | 445 |
| Policy | 17 | 18 | 1 | 5.6% | | 285 |
| Registration | 108 | 135 | 27 | 20.0% | 7 | 1,908 |
| Secretariat | 13 | 20 | 7 | 35.0% | 8 | 245 |
| Operating expenditure | 1,206 | 1,289 | 83 | 6.4% | | 17,300 |
| Operating Surplus/(Deficit) | 179 | 76 | 103 | | | (88) |

Notes to the Income and Expenditure Account - by Function

| Note | Narrative |
|------|--|
| 1 | The favourable variance of £4K is due to a phasing difference on fees and travel. |
| 2 | See note D |
| 3 | This showed a favourable variance of £8K mainly due to a phasing difference on pensions administration and internal audit. |
| 4 | See note G |
| 5 | The favourable variance of £16K was mainly due a phasing difference on recruitment of £8K and legal expenses of £3K. |
| 6 | This showed a favourable variance of £23K was mainly due to a phasing difference of £11K on internet services and £7K on software support and maintenance. |
| 7 | The favourable variance of £27K was mainly due to a phasing difference of £17K on printing and stationery and £5K on training. |
| 8 | This showed a favourable variance of £7K mainly due a saving of £2K on printing and stationery due to the cancellation of April's F&R meeting. There was also a phasing difference of £4K on legal advice. |

Statement of Financial Position

| | 30 April 2011 | | 31 March 2011 | |
|--|----------------------|---------------|----------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| <u>Non-current Assets</u> | | | | |
| Property, Plant & Machinery | | | | |
| Land & buildings, at cost or valuation | 2,263 | | 2,263 | |
| Depreciation | (3) | | 0 | |
| | | 2,260 | | 2,263 |
| Computer Equipment, at cost | 702 | | 702 | |
| Depreciation | (552) | | (544) | |
| | | 150 | | 158 |
| Office furniture and equipment, at cost | 469 | | 469 | |
| Depreciation | (392) | | (390) | |
| | | 77 | | 79 |
| Intangible assets | 3,803 | | 3,786 | |
| Depreciation | (2,435) | | (2,404) | |
| | | 1,368 | | 1,382 |
| <u>Total Non-current Assets</u> | | <u>3,855</u> | | <u>3,882</u> |
| <u>Current assets</u> | | | | |
| Other current assets | 473 | | 501 | |
| Financial assets | 0 | | 0 | |
| Cash & Cash Equivalents | 7,928 | | 8,722 | |
| | <u>8,401</u> | | <u>9,223</u> | |
| <u>Total assets</u> | | <u>12,256</u> | | <u>13,105</u> |
| <u>Current Liabilities</u> | | | | |
| Trade and other payables | (397) | | (503) | |
| Other Liabilities | (1,108) | | (1,235) | |
| Deferred Income | (9,004) | | (9,799) | |
| | <u>(10,509)</u> | | <u>(11,537)</u> | |
| <u>Total asset less liabilities</u> | | <u>1,747</u> | | <u>1,568</u> |
| <u>General reserve</u> | | | | |
| General fund b/fwd | 1,568 | | 940 | |
| (Deficit)/surplus for the year | 179 | | 628 | |
| Grant income | - | | - | |
| General fund c/fwd | <u>1,747</u> | | <u>1,568</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>1,747</u> | | <u>1,568</u> |

Summary of Capital Expenditure

Property

Purchase of building
Replacement of office windows

Office Equipment

Information Technology

Laptops + PCs
Server replacement
Software
Server upgrade
Synchronisation for file server to DR

Small Projects

Major Projects

FTP case management system
Sage 200 & PRS upgrade
Education Systems review
NetRegulate change requests
Various small capex value projects

Total Capital Expenditure

| | YTD Actual £'000 | YTD Budget £'000 | YTD Variance £'000 | Annual Budget £'000 |
|--|---------------------------------|---------------------------------|-----------------------------------|------------------------------------|
| | | | | |
| | 0 | 254 | 254 | 1,610 |
| | 0 | 0 | 0 | 50 |
| | 0 | 254 | 254 | 1,660 |
| | | | | |
| | 0 | 0 | 0 | - |
| | 0 | 0 | 0 | 0 |
| | | | | |
| | 0 | 0 | 0 | 10 |
| | 0 | 0 | 0 | 6 |
| | 0 | 0 | 0 | 10 |
| | 0 | 0 | 0 | 2 |
| | 0 | 0 | 0 | 2 |
| | 0 | 0 | 0 | 30 |
| | | | | |
| | 0 | 0 | 0 | 5 |
| | | | | |
| | 16 | 13 | (3) | 249 |
| | 0 | 0 | 0 | 26 |
| | 0 | 11 | 11 | 137 |
| | 0 | 0 | 0 | 152 |
| | 0 | 0 | 0 | 17 |
| | 16 | 24 | 8 | 581 |
| | | | | |
| | 16 | 278 | 262 | 2,276 |

HEALTH PROFESSIONS COUNCIL

Cash Flow Statement

From 1 April 2011 - 30 April 2011

| | £'000 |
|---|--------------|
| Surplus /(deficit) over expenditure | 180 |
| Costs incurred in relation to GSCC | (6) |
| Depreciation charge for the year of tangible fixed assets | 42 |
| (Increase)/decrease in debtors & prepayments | 28 |
| Increase/(decrease) in creditors (CGT and VAT Tax not included) | (232) |
| Increase /(decrease) in deferred income | (795) |
| Net cash In/(out)flow from operating activities | (783) |
| Return on investments and servicing of finance | |
| Investment Income (Excluding realised gains & losses) | 5 |
| Taxation | |
| Capital expenditure and financial investments | |
| Purchase of tangible assets | (16) |
| Disposal of tangible assets | |
| Financing | |
| Income from DOH | 0 |
| Increase/(decrease) in Cash | (794) |
| Cash at 31 March 2011 | 8,722 |
| Cash at 30 April 2011 | 7,928 |
| Cash Movement | (794) |

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 | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Registration Income | 1,386 | | | | | | | | | | | |
| Investment Income | 5 | | | | | | | | | | | |
| Deferred Income Movements | (796) | | | | | | | | | | | |
| Bank Loan | 0 | | | | | | | | | | | |
| Miscellaneous Income | 0 | | | | | | | | | | | |
| Total Cash Receipts | 595 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payments | | | | | | | | | | | | |
| Operational | | | | | | | | | | | | |
| Expenditure | 1,163 | | | | | | | | | | | |
| Depreciation | (42) | | | | | | | | | | | |
| Aged Cred / Accrual Movements | 280 | | | | | | | | | | | |
| Debtor Movements | (28) | | | | | | | | | | | |
| Payments to Creditors | 1,373 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exceptional | | | | | | | | | | | | |
| Capital Expenditure | 16 | | | | | | | | | | | |
| Capital Write-off | 0 | | | | | | | | | | | |
| Investment Purchases | 0 | | | | | | | | | | | |
| Loan Repayments | 0 | | | | | | | | | | | |
| DOH Income | 0 | | | | | | | | | | | |
| Taxation | 0 | | | | | | | | | | | |
| Total Payments | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 7,928 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 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 | | | | | | | | | | | |

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.

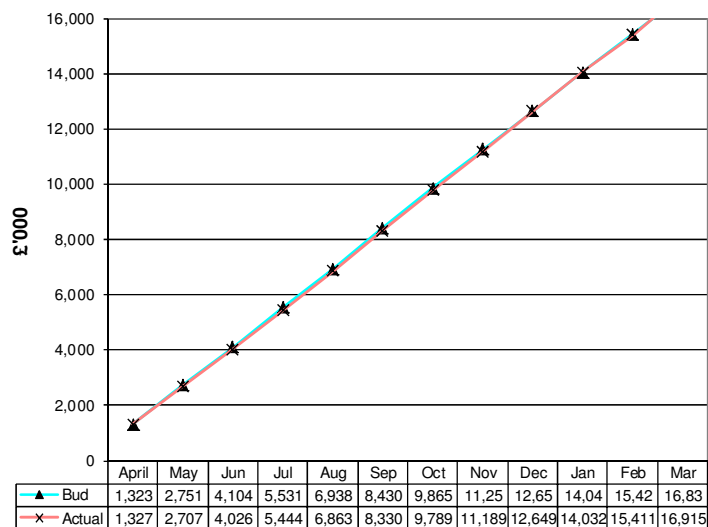
Depreciation - Cash paid for fixed assets incurred in previous months make depreciation a non cash item, so is taken off the current month expenditure.

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.

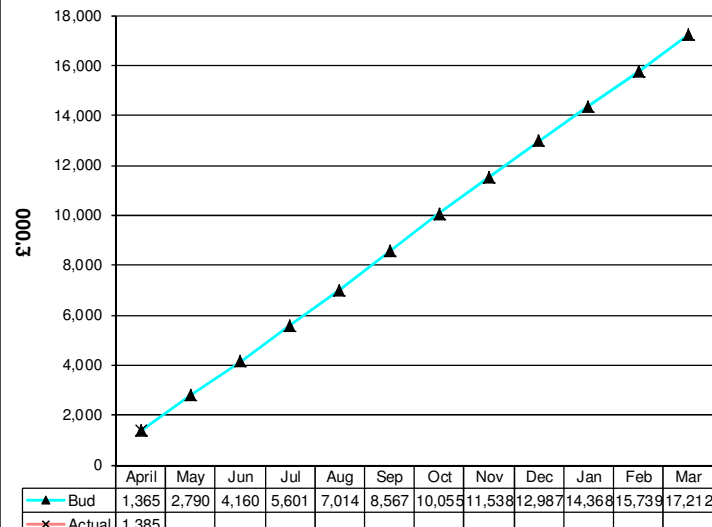
Debtor Movements - If positive, debtors/prepayments have been paid without all being recognised in the I & E Account, so must be added to the expenditure for the month, Vice versa for a negative figure.

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

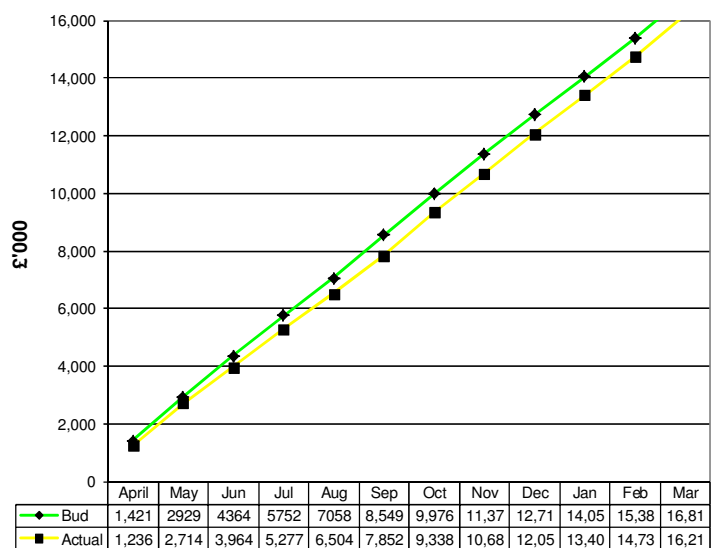
Cummulative Income 2010/11 budgeted & actual



Cummulative Income 2011/12 budgeted & actual



Cummulative Expenditure 2010/11 budgeted & actual



Cummulative Expenditure 2011/12 budgeted & actual

