

Finance Department Report

General

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

9 Month Forecast

The 9 month forecast has been completed and the results are shown in the year to date and year end position forecast columns on pages 3, 5 and 8. The forecast operating surplus for the year is expected to be £329k compared to the original budget surplus for the year of £20k.

Supplier payments

At the end of January, 97% by value of the £461K Creditor payments were in the 30 days or less category.

Fee adjustments and income receipts handling

At the end of January, 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. PA, OR, RA, CS, PO and SL collections occurred in January and February. PH and OT collections are scheduled for March. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of January 2011, £4.1M was invested in Lloyds instant access account and £209k was invested in the Nat West Special Interest-bearing Account (SIBA), both earning 0.50% per annum. The following have 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 £0M in Lloyds TSB money market account earning 1.25% (Note: Due to Money market rules the £3.0M with Lloyds matured on 31 January and was automatically transferred to the Lloyds instant access account. This was put back on the money market on 1 February).

The investment portfolio (excluding £162k portfolio cash) at the end of January was valued at £2.06M. The investment portfolio value including cash & money market instruments was £2.23M. This compares £2.07m at the start of the financial year.

Update: Following the Council decision in February and best advice from Rensburg Sheppards, the investment portfolio was fully realised and funds of £2.25M were credited to HPC bank accounts on 2 March.

Pensions

In September, there were 65 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.

22-26 Stannary Street Ltd.

Notification has now been received from Companies house that 22-26 Stannary Street Limited had been dissolved effective from 1 March 2011.

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 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. This has now been activated, populated with live data and assets verified in preparation of the financial year end.

Year to Date			
Act 2010-11	Bud 2010-11	Variance	Variance
£'000	£'000	£'000	%
788	522	266	51.0%
175	286	(111)	(38.8%)
11,751	12,311	(560)	(4.5%)
748	426	322	75.6%
51	52	(1)	(1.9%)
519	446	73	16.4%
14,032	14,043	(11)	(0.1%)
3	(2)	5	(250.0%)
14,035	14,041	(6)	(0.0%)

A B C

Year to Date			
Act 2010-11	Forecast 2010-11	Variance	Variance
£'000	£'000	£'000	%
788	740	48	6.5%
175	161	14	8.7%
11,751	11,828	(77)	(0.7%)
748	733	15	2.0%
51	54	(3)	(5.6%)
519	515	4	0.8%
14,032	14,031	1	0.0%
3	3	0	0.0%
14,035	14,034	1	0.0%

Income by Activity
 Graduate Registration fees
 Readmission fees
 Renewal fees
 International scrutiny fees
 Grandparenting fees
 UK scrutiny fees
Registration Income
 Cheque/credit card write offs
Total Income

4,500	4,878	378	7.7%
168	176	8	4.5%
211	277	66	23.8%
342	350	8	2.3%
804	901	97	10.8%
827	894	67	7.5%
395	600	205	34.2%
2,091	2,094	3	0.1%
3,453	3,095	(358)	(11.6%)
236	342	106	31.0%
378	446	68	15.2%
13,405	14,053	648	4.6%

D E F G

4,500	4,514	14	0.3%
168	166	(2)	(1.2%)
211	218	7	3.2%
342	341	(1)	(0.3%)
804	806	2	0.2%
827	835	8	1.0%
395	396	1	0.3%
2,091	2,073	(18)	(0.9%)
3,453	3,449	(4)	(0.1%)
236	251	15	6.0%
378	391	13	3.3%
13,405	13,440	35	0.3%

Expenditure by Activity
 Payroll
 Travel and subsistence
 Council and committee expenses
 Property services
 Office services
 Computer services
 Communications
 Partners
 Professional fees
 Projects
 Specific departmental costs
Operating expenditure
Operating Surplus/(Deficit)

630	(12)	642
(95)	0	(95)
94	0	94
105	0	105
734	(12)	841

630	594	36
(95)	(95)	0
94	75	19
105	112	(7)
734	686	48

Costs relating to GSCC
 Investment income
 Unrealised gains/(losses)
Total surplus/(deficit)

Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	This showed a favourable variance of £266K due to a higher number of registrants taking the discounted renewal fee.
B	This showed an unfavourable variance of £11K 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 £322K mainly due to a higher number of applications being received than was originally budgeted for.
D	The favourable variance of £66K 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 £97K was due to a saving on catering of £33K, due to a change in supplier. There was also timing differences on room hire (£21K) and printing and stationery (£21K).
F	The favourable variance of £205K 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 £358K was mainly due to a timing difference on Shorthand writers (£99K) and an overspend on legal advice of £290K. Included in the legal advice is a provision of £100K relating to a judicial review.

Year to Date			
Act 2010-11	Forecast 2010-11	Variance	Variance
£'000	£'000	£'000	%
181	177	4	2.3%
1,483	1,486	(3)	(0.2%)
811	810	1	0.1%
296	295	1	0.3%
471	469	2	0.4%
64	64	0	0.0%
2,075	2,072	3	0.1%
634	632	2	0.3%
83	82	1	1.2%
993	996	(3)	(0.3%)
2,998	2,985	13	0.4%
1,269	1,279	(10)	(0.8%)
57	57	0	0.0%
1,771	1,782	(11)	(0.6%)
846	845	1	0.1%
14,032	14,031	1	0.0%
3	3	0	
14,035	14,034	1	0.0%

Year to Date			
Act 2010-11	Bud 2010-11	Variance	Variance
£'000	£'000	£'000	%
181	177	4	2.3%
1,483	1,507	(24)	(1.6%)
811	822	(11)	(1.3%)
296	295	1	0.3%
471	462	9	1.9%
64	69	(5)	(7.2%)
2,075	2,089	(14)	(0.7%)
634	652	(18)	(2.8%)
83	84	(1)	(1.2%)
993	1,009	(16)	(1.6%)
2,998	3,097	(99)	(3.2%)
1,269	1,095	174	15.9%
57	58	(1)	(1.7%)
1,771	1,779	(8)	(0.4%)
846	848	(2)	(0.2%)
14,032	14,043	(11)	(0.1%)
3	(2)	5	
14,035	14,041	(6)	(0.0%)

Year End Position			
Forecast	Annual Budget	Variance	Variance
£'000	£'000	£'000	%
211	212	(1)	(0.5%)
1,784	1,805	(21)	(1.2%)
971	982	(11)	(1.1%)
354	354	0	0.1%
561	554	7	1.3%
84	89	(5)	(5.8%)
2,485	2,502	(17)	(0.7%)
761	782	(21)	(2.7%)
99	100	(1)	(1.0%)
1,194	1,206	(12)	(1.0%)
3,553	3,696	(143)	(3.9%)
1,495	1,302	193	14.8%
68	70	(2)	(2.2%)
2,168	2,164	4	0.2%
1,012	1,016	(4)	(0.4%)
16,803	16,834	(34)	(0.2%)
3	(3)	6	
16,803	16,831	(28)	(0.2%)

Income by Profession
 Arts Therapists
 Biomedical Scientists
 Chiropodists
 Clinical Scientists
 Dietitians
 Hearing Aid Dispensers
 Occupational Therapists
 Operating Department Practitioners
 Orthoptists
 Paramedics
 Physiotherapists
 Practitioner Psychologists
 Prosthetists & Orthotists
 Radiographers
 Speech and Language Therapists
Registration Income
 Cheque/credit card write offs

Total Income

Act 2010-11	Forecast 2010-11	Variance	Variance
£'000	£'000	£'000	%
46	48	(2)	4.2%
380	377	(3)	(0.8%)
73	77	(4)	5.2%
117	112	(5)	(4.5%)
787	783	(4)	(0.5%)
434	435	1	0.2%
600	602	2	0.3%
743	737	(6)	(0.8%)
504	533	29	5.4%
5,924	5,897	(27)	(0.5%)
301	299	(2)	(0.7%)
333	333	0	0.0%
312	312	0	0.0%
780	784	(4)	0.5%
197	206	9	4.4%
404	415	11	2.7%
178	185	7	3.8%
1,425	1,416	(9)	(0.6%)
200	201	(1)	0.5%
13,405	13,440	35	0.3%
630	594	36	
630	594	36	

Expenditure by Function

Act 2010-11	Bud 2010-11	Variance	Variance
£'000	£'000	£'000	%
60	50	(10)	(19.6%)
431	313	(118)	(37.5%)
106	115	9	7.6%
201	285	84	29.5%
1,051	1,122	71	6.3%
526	541	15	2.7%
753	745	(8)	(1.0%)
863	895	32	3.5%
634	647	13	2.0%
7,280	7,146	(134)	(1.9%)
370	520	150	28.8%
360	412	52	12.7%
961	1,041	80	7.7%
216	296	80	27.0%
506	502	(4)	(0.7%)
243	313	70	22.4%
1,674	1,616	(58)	(3.6%)
239	252	13	5.3%
16,474	16,811	337	2.0%
329	20	309	
329	20	309	

Act 2010-11	Bud 2010-11	Variance	Variance
£'000	£'000	£'000	%
46	42	(4)	(9.5%)
380	263	(117)	(44.5%)
73	79	6	7.6%
117	241	124	51.5%
787	963	176	18.3%
434	450	16	3.6%
600	613	13	2.1%
743	748	5	0.7%
504	542	38	7.0%
5,924	5,942	18	0.3%
301	439	138	31.4%
312	312	0	0.0%
780	861	81	9.4%
197	266	69	25.9%
404	411	7	1.7%
178	258	80	31.0%
1,425	1,383	(42)	(3.0%)
200	209	9	4.3%
13,405	14,053	648	4.6%
630	(12)	642	
630	(12)	642	

Operating expenditure
Operating Surplus/(Deficit)

Notes to the Income and Expenditure Account - by Function

Note	Narrative
1	The unfavourable variance of £117K 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 £138K was due to a saving on recruitment costs of £88K. There was also timing differences on other payroll costs (£12K), Other professional fees (£15K) and legal expenses (£14K).
5	The favourable variance of £69K was mainly due to a savings of £26K on the Hearing Dispensers project, £15K on the fee rise 2011 project, £30K on the Partners system review project and £9K on the Education system review project.
6	The favourable variance of £80K was due to a delay in recruiting a member of staff, Printing costs of £23K, General Events of £17K and Market research £10K, most of which are permanent savings.

Statement of Financial Position

	31 January 2011		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	(27)		0	
		2,347		2,366
Computer Equipment, at cost	698		615	
Depreciation	(527)		(474)	
		171		141
Office furniture and equipment, at cost	468		418	
Depreciation	(384)		(357)	
		84		61
Intangible assets	3,534		3,001	
Depreciation	(2,346)		(2,038)	
		1,188		963
<u>Total Non-current Assets</u>		<u>3,790</u>		<u>3,531</u>
<u>Current assets</u>				
Other current assets	178		207	
Financial assets	2,064		1,926	
Cash & Cash Equivalents	5,609		5,649	
	<u>7,851</u>		<u>7,782</u>	
<u>Total assets</u>		<u>11,641</u>		<u>11,313</u>
<u>Current Liabilities</u>				
Trade and other payables	(461)		(426)	
Other Liabilities	(975)		(1,130)	
Deferred Income	(8,528)		(8,814)	
	<u>(9,964)</u>		<u>(10,370)</u>	
<u>Total asset less liabilities</u>		<u>1,677</u>		<u>943</u>
<u>General reserve</u>				
General fund b/fwd	939		939	
(Deficit)/surplus for the year	734		0	
Grant income	-		-	
General fund c/fwd	<u>1,673</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>1,677</u>		<u>943</u>

Summary of Capital Expenditure

	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Annualised Forecast £'000	Annual Budget £'000
<u>Office Equipment</u>					
Replace Park House Water tank	6	0	0	10	10
Air Conditioning units	10	0	(10)	10	
Board room table	3	0	(3)	3	
Tambour Units	1	0	(1)	1	
Access Control	4	0	(4)	4	
	24	0	(24)	28	10
<u>Information Technology</u>					
Laptops + PCs	3	12	9	9	15
Server replacement	5	4	(1)	5	4
Licences	8	12	4	8	16
Upgrade to SQL Server 2008. Software costs	6	8	2	6	8
Implementing a virtualised infrastructure to consolidate the technical infrastructure. VMWare	3	3	0	3	3
	25	39	14	31	46
	114	198	84	142	199
<u>Small Projects</u>					
<u>Major Projects</u>					
Online Renewals		0	0	0	0
Hearing Aid Dispensers		0	0	0	0
Sharing Data with Electronic Staff Records		45	45	0	45
Partner reviews		35	35	0	35
FTP case management system	407	543	136	647	563
Independent Safeguarding Authority Applicants		45	45	0	45
Independent Safeguarding Authority Registrants		0	0	0	0
Education Systems review		72	72	0	130
Credit/debit card outsourcing		0	0	0	0
Registrant publication preferences	27	25	(2)	35	35
Fee Rise 2011		2	2	0	2
NetRegulate change requests	104	0	(104)	112	110
On-Line Register Enhancements	6	0	(6)	20	0
Project 186	1	0	(1)	20	0
	545	767	222	834	965
Total Capital Expenditure	708	1,004	296	1,035	1,220

HEALTH PROFESSIONS COUNCIL

Cash Flow Statement

From 1st April 2010 - 31 January 2011

	£'000
Surplus /(deficit) over expenditure	535
Depreciation charge for the year of tangible fixed assets	434
(Increase)/decrease in debtors & prepayments	28
Increase/(decrease) in creditors (CGT and VAT Tax not included)	(120)
Increase /(decrease) in deferred income	(286)
Net cash In/(out)flow from operating activities	591
Return on investments and servicing of finance	
Investment Income (Excluding realised gains & losses)	74
Taxation	
Capital expenditure and financial investments	
Purchase of tangible assets	(630)
Disposal of tangible assets	
Purchase of investments	(182)
Proceeds from sale of investments	107
Financing	
Income from DOH	0
Increase/(decrease) in Cash	(40)
Cash at 31 March 2010	5,649
Cash at 31 January 2011	5,609
Cash Movement	(40)

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	6,407	6,904	6,072	4,776		
Receipts													
Registration Income		1,327	1,380	1,318	1,419	1,419	1,466	1,243	1,400	1,460	1,363		
Investment Income		1	6	7	13	5	7	0	24	11			
Investment Sales		11	0	12	13	11	10	0	14	0	36		
Deferred Income Movements		706	(766)	(531)	929	(1,038)	1,138	510	(810)	(904)			
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		2,045	620	806	2,374	397	2,621	1,753	628	567	2,117	0	0
Payments													
Operational													
Expenditure		1,236	1,478	1,250	1,328	1,212	1,439	1,630	1,440	1,266	1,399		
Depreciation		(49)	(51)	(35)	(40)	(42)	(43)	(43)	(43)	(44)	(44)		
Aged Cred / Accrual Movements		384	(324)	107	(106)	(251)	154	(305)	(165)	422	(38)		
Debtor Movements		282	(43)	(72)	(15)	(11)	(30)	(47)	(30)	(31)	(32)		
Payments to Creditors		1,853	1,060	1,250	1,167	908	1,520	1,235	1,202	1,613	1,285	0	0
Exceptional													
Capital Expenditure		19	100	42	30	21	24	17	205	236			
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	21	78	21	258	250	0	0	0
Closing Balance	5,649	5,822	5,269	4,771	5,916	5,384	6,407	6,904	6,072	4,776	5,608		
Budgeted Closing Balance		5,396	4,825	4,088	4,350	4,016	4,869	5,237	4,220	2,763	3,484	2,286	4,335
Difference		426	444	683	1,566	1,368	1,538	1,667	1,852	1,993	2,124		

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.

