

Finance Department Report

General

Since the last Committee Meeting, the Finance department has produced the draft year end management accounts up to April 2010. The year end accounts have not yet been finalised and the opening value of the Statement of Financial Position may change.

Supplier payments

At the end of April, 98% by value of the £356K Creditor payments (March Aged Creditor Listing) were in the 30 days or less category.

Fee adjustments and income receipts handling

At the end of April, there was a 2 day backlog in Registrant direct debit cancellations and amendments against a 2 day backlog target. We had no processing 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 had a 2 day backlog 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 Dept, with collections made two months in advance AT, BS, ODP and PHY collections occurred in April. DT and CH collections are scheduled for May and June. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of April 2010, the Business Reserve account balance was £0.1M, earning an interest rate of 0.055% per annum. In early May the Business Reserve account was amalgamated with the SIBA account as this offers a better rate of interest with instant access to funds at no penalty. £3.3M was invested in the Nat West Special Interest-bearing Account (SIBA) on a rolling daily basis, earning 0.48% per annum. The following were invested for 3 months (maturing July 2010) at fixed rates: £0.5M invested in Barclays money market account earning 0.53% and £2.0M in Lloyds TSB money market account earning 1.1%. The investment portfolio (excluding £160k portfolio cash) at the end of April was valued at £1.91M. The investment portfolio value including cash & money market instruments was £2.07M. This compares £1.51m at the start of the previous financial year.

Pensions

In April, there were 61 active members in the Friends Provident Scheme. The Employers Consultative Committee of the Flexiplan scheme has announced a meeting with the Trustees to discuss the funding position and proposed recovery plan which will be attended by HPC representatives. This will be reported on at the next Finance and Resources Committee.

Employee training and staffing levels

There are seven full-time permanent employees in the dept with one additional permanent post to be filled. Temporary staff are periodically hired to cover for staff on annual or sick leave and to help achieve Finance dept service level targets.

Sage system support and development

In the budget for 2010/11 there are a few Sage accounting system enhancements which have been identified to be implemented in 2010/11 financial year. This is expected to begin after the financial year end work has been completed.

Financial Projects/Issues (next few months)

- Finalise annual report.
- 5 year plan is currently undergoing a re-draft and will be submitted for review at the Finance and Resources committee meeting in July.
- Registrant Fees project to be reviewed in line with 5 year plan assumptions.
- The insurance broker for HPC and the investment management broker are expected to be reviewed during the year.

Consolidated Accounts to 30 April 2010
Income and Expenditure Account - By Activity

	Year to Date				Note	Annual Budget £
	Actual £	Budget £	Variance £	%		
Income by Activity						
Graduate Registration fees	77,580	19,995	57,585	288.0	A	493,215
Readmission fees	14,482	0	14,482	0.0	B	309,120
Renewal fees	1,160,131	1,197,000	(36,869)	(3.1)		14,813,703
International scrutiny fees	45,380	49,238	(3,858)	(7.8)		529,367
Grandparenting fees	5,880	5,250	630	12.0		63,000
UK scrutiny fees	23,947	51,796	(27,849)	(53.8)	C	626,056
Registration Income	1,327,400	1,323,279	4,121	0.3		16,834,461
Cheque/credit card write offs	(36)	(250)	214	(85.6)		(3,000)
Total Income	1,327,364	1,323,029	4,335	0.3		16,831,461
Expenditure by Activity						
Payroll	425,109	504,734	79,625	15.8	D	5,833,759
Travel and subsistence	15,900	18,572	2,672	14.4		217,936
Council and committee expenses	7,588	16,530	8,942	54.1		353,152
Property services	26,765	34,828	8,063	23.2		420,541
Office services	130,055	77,422	(52,633)	(68.0)	E	1,045,770
Computer services	85,789	87,100	1,311	1.5		1,077,127
Communications	45,365	43,979	(1,386)	(3.2)		680,150
Partners	146,104	260,589	114,485	43.9	F	2,507,259
Professional fees	298,524	290,063	(8,461)	(2.9)		3,732,304
Projects	28,785	56,512	27,727	49.1	G	386,025
Specific departmental costs	26,429	30,492	4,063	13.3		556,940
Operating expenditure	1,236,413	1,420,821	184,408	13.0		16,810,963
Operating Surplus/(Deficit)	90,951	(97,792)	188,743	193.0		20,498
Investment income	1,820	0	1,820	0.0		0
Unrealised gains/(losses)	(232)	0	(232)	0.0		0
Total surplus/(deficit)	92,539	(97,792)	190,331	194.6		20,498

Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	Graduate registration fees favourable variance of £57k.
B	Readmission fees favourable variance of £14k. Budgeted for May month. Expected to reverse in future months.
C	UK Scrutiny fees adverse variance of £27k.
D	Payroll costs were lower than planned in the budget as the new year recruitment process had started but posts were not filled by month end.
E	The unfavourable variance of £53K was due to printing costs for 200k registration certificates and holographic logos. This will allow savings through the year as unit costs were reduced.
F	Partner costs were lower than expected due mainly to delays in Panels £52k, CPD assessments £42k and partner training £16k. These will reverse in future months.
G	Projects show a favourable variance of £27k due to delayed start of some projects. This will reverse in future months.

Accounts to 30 April 2010

Income and Expenditure Account - By Function

	Year to Date				Note	Annual Budget £
	Actual £	Budget £	Variance £	%		
Income by Profession						
Arts Therapists	15,788	16,363	(575)	(3.5)		212,046
Biomedical Scientists	141,683	147,007	(5,324)	(3.6)		1,804,921
Chiropodists	78,810	76,318	2,492	3.3		981,838
Clinical Scientists	29,012	28,846	166	0.6		353,502
Dietitians	46,279	42,515	3,764	8.9		553,617
Hearing Aid Dispensers	0	686	(686)	(100.0)		89,188
Occupational Therapists	194,504	202,089	(7,585)	(3.8)		2,502,429
Operating Department Practitioners	62,317	60,532	1,785	2.9		781,946
Orthoptists	8,090	8,083	7	0.1		99,984
Paramedics	94,031	96,905	(2,874)	(3.0)		1,206,263
Physiotherapists	267,263	280,886	(13,623)	(4.9)		3,696,137
Practitioner Psychologists	139,900	105,253	34,647	32.9		1,302,463
Prosthetists & Orthotists	5,168	5,604	(436)	(7.8)		69,518
Radiographers	164,591	170,000	(5,409)	(3.2)		2,164,375
Speech and Language Therapists	79,964	82,193	(2,229)	(2.7)		1,016,234
Registration Income	1,327,400	1,323,280	4,120	0.3		16,834,461
Cheque/credit card write offs	(36)	(250)	214	(85.6)		(3,000)
Total Income	1,327,364	1,323,030	4,334	0.3		16,831,461
Expenditure by Activity						
Chair	1,698	4,181	2,483	59.4		50,168
Chief Executive	22,861	26,582	3,721	14.0		313,486
Committee	3,093	5,517	2,424	43.9		114,706
Council	3,318	8,363	5,045	60.3		285,052
Communications	77,353	86,142	8,789	10.2		1,121,510
Depreciation	49,349	46,420	(2,929)	(6.3)		540,546
Education	65,927	67,753	1,826	2.7		745,431
Facilities Management	55,995	77,794	21,799	28.0	1	894,708
Finance	48,312	50,711	2,399	4.7		646,715
Fitness to Practise	500,328	571,275	70,947	12.4	2	7,145,823
Human Resources	31,483	42,902	11,419	26.6	3	519,693
Human Resources Partners	13,886	34,345	20,459	59.6	4	412,144
IT Department	71,715	79,893	8,178	10.2		1,041,185
Major Projects	31,022	52,083	21,061	40.4	5	295,875
Operations Office	35,239	38,392	3,153	8.2		502,417
Policy	12,121	20,095	7,974	39.7		312,982
Registration	199,196	190,114	(9,082)	(4.8)	6	1,616,124
Secretariat	13,517	18,260	4,743	26.0		252,398
Operating expenditure	1,236,413	1,420,822	184,409	13.0		16,810,963
Operating Surplus/(Deficit)	90,951	(97,792)	188,743	193.0		20,498
Investment income	(4,459)	0	4,459	0.0		0
Unrealised gains/(losses)	2,871	0	(2,871)	0.0		0
Total surplus/(deficit)	89,363	(97,792)	190,331	194.6		20,498

Notes to the Income and Expenditure Account - by Function

Note	Narrative
1	The favourable variance of £22k in Facilities was mainly due to delay in planned consultant advice on rates review £5k, building refurbishment work £5k and lower than expected postage costs £3k
2	The favourable variance of £71k in FTP was due to lower than expected panel costs £51k and staff vacancies £21k.
3	The favourable variance of £11k in HR was mainly due to timing differences on organisational training £4k and salary review advice £4k.
4	The favourable variance of £20k in Partners was mainly due to a delay in Partner training. This is expected to reverse in future months.
5	Major projects showed a favourable variance of £21k which was due to delayed start on some projects and will reverse in future months.
6	Registrations department had an adverse variance of £9k which was due to a bulk purchase of 200k registration certificates and holographic logos. This will allow savings through the year as unit cost was reduced. This was partially offset by lower than expected costs of CPD and grandparenting assessments.

HEALTH PROFESSIONS COUNCIL

**Statement of Financial Position
Draft**

	30 April 2010		31 March 2010	
	£	£	£	£
<u>Non-current Assets</u>				
Property, Plant & Machinery				
Land & buildings, at cost or valuation	2,366,153		2,366,153	
Depreciation	<u>(2,692)</u>		<u>0</u>	
		2,363,461		2,366,153
Computer Equipment, at cost	150,394		141,171	
Depreciation	<u>(7,380)</u>		<u>0</u>	
		143,014		141,171
Office furniture and equipment, at cost	70,045		60,151	
Depreciation	<u>(2,027)</u>		<u>0</u>	
		68,018		60,151
Intangible assets	963,616		963,616	
Depreciation	<u>(37,250)</u>		<u>0</u>	
		926,366		963,616
<u>Total Non-current Assets</u>		<u>3,500,859</u>		<u>3,531,091</u>
<u>Current assets</u>				
Other current assets	488,785		206,726	
Financial assets	1,911,586		1,926,067	
Cash & Cash Equivalents	<u>5,822,113</u>		<u>5,649,422</u>	
		<u>8,222,484</u>		<u>7,782,215</u>
<u>Total assets</u>		<u>11,723,343</u>		<u>11,313,306</u>
<u>Current Liabilities</u>				
Trade and other payables	(352,244)		(426,049)	
Other Liabilities	(816,533)		(1,129,829)	
Deferred Income	<u>(9,518,551)</u>		<u>(8,813,953)</u>	
		<u>(10,687,328)</u>		<u>(10,369,831)</u>
<u>Total asset less liabilities</u>		<u>1,036,015</u>		<u>943,475</u>
<u>General reserve</u>				
General fund b/fwd	939,529		939,529	
(Deficit)/surplus for the year	92,540		0	
Grant income	-		-	
General fund c/fwd	<u>1,032,069</u>		<u>939,529</u>	
<u>Revaluation reserve</u>				
Reserve b/fwd	3,946		3,946	
Movements in the year	<u>0</u>		<u>0</u>	
Reserve c/fwd	<u>3,946</u>		<u>3,946</u>	
		<u>1,036,015</u>		<u>943,475</u>

Summary of Capital Expenditure

Office Equipment

Replace Park House Water tank
Air Conditioning Units

Actual	Budget	Variance	Annual Budget
£ YTD	£ YTD	£	£
	0	0	10,000
9,894	0	(9,894)	0
9,894	0	(9,894)	10,000

Information Technology

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

	1,250	1,250	15,000
	0	0	3,500
	1,200	1,200	15,500
	8,000	8,000	8,000
	2,500	2,500	2,500
0	12,950	12,950	44,500

Small Projects

	52,200	52,200	199,400
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Major Projects

0	0	0	1,164,457
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Total Capital Expenditure

9,894	65,150	55,257	1,418,357
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HPC 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		0	0	0	0	0	0	0	0	0	0
Receipts													
Registration Income		1,327											
Investment Income		2											
Investment Sales		12											
Deferred Income Movements		705											
Bank Loan		0											
Miscellaneous Income		0											
Total Cash Receipts		2,045	0	0	0	0	0	0	0	0	0	0	0
Payments													
Operational													
Expenditure		1,236											
Depreciation		(49)											
Aged Cred / Accrual Movements		387											
Debtor Movements		282											
Payments to Creditors		1,856	0	0	0	0	0	0	0	0	0	0	0
Exceptional													
Capital Expenditure		19											
Capital Write-off		0											
Investment Purchases		0											
Loan Repayments		0											
DOH Income		0											
Taxation		0											
Total Payments		19	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	5,649	5,820	0	0	0	0	0	0	0	0	0	0	0
Budgeted Closing Balance		5,396	4,826	4,088	4,351	4,017	4,869	5,237	4,219	2,784	3,484	2,286	4,336
Difference		424	0	0	0	0	0	0	0	0	0	0	0

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.