

Paper for the Board

This paper is for assurance and noting.

Sponsor

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Author

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Date

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Reviewed by

Executive Leadership Team

Finance Summary

1. A summary of the Management Accounts for the year to 30 September 2020 can be found in Appendix A. Key highlights are:
 - There was an overspend in the month of £133k due to a shortfall of fee income of £30k and a catch up of support costs within Fitness to Practice, in particular Partner Fees.
 - For the year to date there has been an underspend of £1.1m. The main contributing factors are as follows:
 - a. underspend in travel and subsistence expenses of £600k
 - b. underspend in capital costs of £324k
 - c. underspend in staff costs of £300k
 - d. a shortfall of fee income of £135k
2. During October we intend to undertake a further review of the full year forecast including projected fee income, staff costs, capital expenditure as well as the phasing of

the expenditure on our new corporate finance and HR system. We will also review the format of our management accounts, including the addition of a balance sheet and cashflow in future management accounting packs.

3. During the autumn we are intending to review our current financial policies and processes, seeking Board approval to any changes, as necessary.
4. In September we agreed to the purchase of our new corporate finance and HR system. Work has now begun on the configuration of this system and we expect to go live in March 2021, with a phased roll out of functionality, ending in May 2021. The budgeted implementation cost for the new system is £491k, including a 10% contingency. For reasons of prudence the full amount has been included in our forecast as a revenue cost, although the phasing of this cost is likely to change once we have agreed timings for implementation with our supplier. We are also seeking advice from our external auditors whether this expenditure can be treated as capital. Once fully operational we expect to achieve significant gains in efficiency and improved management information.

Commercial Summary

5. The Commercial Team provides a commercial service that enables successful procurement of a range of goods and services. The team also provide contract assurance and effective handover to business owners on all goods and/or service contracts.
6. Since the start of the financial year, the team has led on a number of procurement activities which has resulted in the awarding of 6 new supplier contracts and the formal variation of a further 7 contracts to extend or increase services. This is in addition to several procurements that did not require a formal contract.
7. The whole life value of all supplier contracts overseen by the Commercial Team is £13.5m.
8. Since April 2020 we supported the Fitness to Practise Directorate with the roll out of our Partner Portal, which acts as a home for our partner communications, policies and process documents. A cycle of partner refresher training also commenced in September and will continue through the autumn.
9. In addition to the above work, we intend to review our procurement processes in consultation with other directorates.

APPENDIX A

MANAGEMENT ACCOUNTS FOR THE PERIOD ENDING 30 SEPTEMBER 2020

Directorates	Period Actual	Period Budget	Variance	YTD Actual	YTD Budget	Variance	% Variance	Full Year Original Budget	Full Year Forecast	Variance
Fee Income	(722,193)	(752,269)	(30,076)	(4,378,583)	(4,513,613)	(135,030)		(9,027,226)	(9,027,226)	0
Executive Leadership										
Staff	49,363	56,753	7,390	320,566	335,412	14,846	0	675,932	675,553	378
Seconded Staff	9,271	9,271	0	55,626	55,627	1	0.0%	47,535	55,626	(8,091)
Support	14,256	3,333	(10,923)	23,370	20,000	(3,370)	(16.8%)	40,000	35,498	4,502
Total	72,890	69,358	(3,532)	399,562	411,039	11,477	2.8%	763,467	766,677	(3,210)
Corporate Services										
Staff	75,762	97,539	21,777	424,540	539,988	115,449	21.4%	1,176,148	1,025,658	150,490
Agency Staff	4,956	0	(4,956)	33,348	0	(33,348)		0	42,977	(42,977)
Support	110,533	105,226	(5,307)	492,092	623,857	131,765	21.1%	1,257,713	1,158,248	99,465
Total	191,251	202,765	11,514	949,980	1,163,845	213,865		2,433,861	2,226,884	206,977
People and Business Support										
Staff	98,463	74,472	(23,991)	499,719	438,078	(61,642)	(14.1%)	864,575	1,112,877	(248,302)
Agency Staff	0	0	0	220	0	(220)		0	5,288	(5,288)
Seconded Staff	0	0	0	0	0	0		0	0	0
Support	96,931	132,012	35,081	595,516	792,074	196,558	24.8%	1,584,148	1,380,439	203,709
Other Costs: - Unit 4	0	0	0	0	0	0		0	491,000	(491,000)
Total	195,394	206,484	11,090	1,095,455	1,230,152	134,697	10.9%	2,448,723	2,989,604	(540,881)
Fitness to Practise										
Staff	222,484	253,178	30,694	1,295,381	1,491,445	196,064	13.1%	3,010,515	2,958,387	52,128
Agency Staff	7,118	0	(7,118)	55,074	0	(55,074)		0	97,783	(97,783)

Support	446,898	345,986	(100,913)	1,927,664	2,075,913	148,249	7.1%	4,205,198	3,911,862	293,335
Total	676,500	599,164	(77,337)	3,278,119	3,567,358	289,239	8.1%	7,215,712	6,968,031	247,681
Registration, Education Quality Assurance & Legal										
Staff	123,328	111,166	(12,162)	662,371	653,752	(8,619)	(1.3%)	1,320,748	1,413,821	(93,072)
Agency	0	0	0	(8,280)	0	8,280		0	(8,280)	8,280
Support	49,912	46,058	(3,854)	203,809	276,349	72,540	26.2%	552,697	469,235	83,462
Total	173,240	157,224	(16,015)	857,900	930,100	72,200	7.8%	1,873,445	1,874,776	(1,330)
Strategy, Policy and Engagement										
Staff	98,316	103,938	5,622	547,250	585,853	38,603	6.6%	1,208,775	1,303,444	(94,669)
Seconded Staff	5,525	4,898	(627)	28,252	29,390	1,138	3.9%	26,817	52,762	(25,945)
Support	12,293	38,118	25,825	59,601	228,710	169,109	73.9%	457,420	404,827	52,593
Total	116,134	146,954	30,821	635,103	843,953	208,851	24.7%	1,693,012	1,761,033	(68,021)
Capital	253,637	192,694	(60,943)	876,511	1,200,869	324,358	27.0%	2,377,000	2,032,483	344,517
Depreciation	49,279	49,279	0	289,349	289,529	180	0.1%	593,808	593,808	(0)
Legacy - Admin	(3,319)	0	3,319	(3,319)	0	3,319		0	0	0
Legacy - Programme	2,656	0	(2,656)	2,656	0	(2,656)		0	0	0
Total Legacy	(663)	0	663	(663)	0	663		0	0	0
Total	1,005,469	871,654	(133,815)	4,002,732	5,123,231	1,120,500	81.4%	10,371,845	10,186,113	185,732