

Paper for the Board

This paper is for Assurance and Noting.

Sponsor

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Author

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Reviewed by

Tracy Watterson, Executive Director, People and Business Support

1. Summary

This paper summarises the latest Management Accounts which cover the period ending 31 January 2021.

The management accounts include an Income and Expenditure Statement, a Balance Sheet (both as of 31 January), and a Cashflow Forecast as of 31 March 2021.

In addition, the paper summarises the status of the implementation of the new corporate system, the work we are doing to train budget holders and signposts upcoming procurement activity that will require Board approval.

2. Commentary

Management Accounts

A summary set of the Management Accounts for the year to 31 January 2021 can be found in Annex A.

Whilst the total year-to-date net expenditure (revenue and capital expenditure net of fee income) is an underspend of c£1.3m, compared to budget, we are expecting that due to the unravelling of timing differences that the full year underspend will be reduced to c£134k.

The full year forecast is a total net expenditure of c£10.2m compared to the original budget of c£10.3m.

Key highlights are:

- In recent months we have seen an improvement in fee income with the year-to-date position showing a positive variance of c£50k, compared to budget. We are forecasting full year income to be on budget.
- In relation to revenue expenditure the year-to-date position totalled c£13m, a c£860k underspend compared to budget. Most of this underspend is due to timing which will unwind in the remainder months and we are forecasting total year-to-date expenditure of c£16.4m, an underspend compared to budget of c£7k. The areas affecting the timing of costs are related to the implementation of the new system, recruitment costs, CPD assessor fees and external research costs.
- Year-to-date capital expenditure is c£1.6m, which is c£340k lower than budget. As with revenue expenditure the underspend is largely the result of timing and we expect that there will be increased capital expenditure in the next two months which will reduce the underspend to c£118k. There is a risk that the underspend in capital expenditure may be higher as we transition to a new supplier of our digital development programme, as the current supplier has yet to commit to the work plan for March. The unconfirmed expenditure amounts to c£160k.
- As of 31 January, the value of liabilities exceeded assets by c£85k. Liabilities included c£4m of deferred subscription fees. During February and March, we will drawdown our remaining GIA funding of c£7.4m and expect that the closing balance of net assets will be c£6. Based on this drawdown we are forecasting to end the financial year with a cash balance of c£5.6m. The timing of the drawdown has recently been agreed with the DfE sponsor team.

Other information

Since the last board meeting work on implementing our new corporate system has accelerated and we are expecting to “go-live” from 1 April with the core finance and purchasing modules. The remaining modules will be rolled out during the remainder of the calendar year. A final “go no-go” decision will be made in March following the completion of user acceptance testing.

We have started work on reviewing our finance policies and procedures and intend to bring to the next ARAC and Board a Financial Control Handbook for approval. We are commencing manager and budget holder training on 25 February covering Budgetary Control and the Scheme of Delegation. We will develop these courses further throughout the year, including training for new starters.

In line with our new Scheme of Delegation contracts with a total value greater than £500k require approval from the Board. It will be noted that as part of this Board meeting the Board are asked to approve the awarding of a contract for capital expenditure to continue the development of our Forge system. The next contract with a value more than £500k is for the purchase of legal services in support of the Fitness to Practise Directorate and we intend to bring a paper to the May Board setting out our recommended supplier.

3. Annexes

ANNEX A MANAGEMENT ACCOUNTS FOR THE PERIOD ENDING 31 JANUARY 2021

INCOME AND EXPENDITURE STATEMENT

Directorates	Period Actual	Period Budget	Variance	YTD Actual	YTD Budget	Variance	Full Year Original Budget	Full Year Forecast	Variance
Fee Income	(780,799)	(728,856)	51,943	(7,577,517)	(7,527,374)	50,143	(9,027,226)	(9,027,226)	0
Executive Leadership									
Staff	59,167	56,753	(2,413)	557,976	562,425	4,449	675,932	676,305	(374)
Seconded Staff	0	0	0	55,626	55,627	1	47,535	55,626	(8,091)
Support	0	3,333	3,333	29,695	33,333	3,638	40,000	31,242	8,758
Total	59,167	60,087	920	643,298	651,385	8,087	763,467	763,174	293
Corporate Services									
Staff	90,288	100,360	10,072	774,200	935,787	161,586	1,176,148	957,663	218,485
Agency Staff	7,070	0	(7,070)	54,458	0	(54,458)	0	63,558	(63,558)
Support	107,940	105,226	(2,713)	1,014,483	1,075,761	61,278	1,257,713	1,210,193	47,520
Total	205,298	205,586	288	1,843,141	2,011,548	168,406	2,433,861	2,231,414	202,447
People and Business Support									
Staff	109,581	68,374	(41,207)	931,123	725,541	(205,582)	864,575	1,134,154	(269,579)
Agency Staff	0	0	0	9,823	0	(9,823)	0	9,823	(9,823)
Seconded Staff	0	0	0	0	0	0	0	0	0
Support	122,206	187,762	65,556	1,198,256	1,449,624	251,367	1,521,148	1,652,608	(131,460)
Total	231,787	256,137	24,350	2,139,202	2,175,164	35,962	2,385,723	2,796,585	(410,862)
Fitness to Practise									
Staff	256,369	253,178	(3,190)	2,235,330	2,504,158	268,828	3,010,515	2,808,340	202,175
Agency Staff	0	0	0	62,747	0	(62,747)	0	62,747	(62,747)
Support	502,078	350,433	(151,645)	3,382,051	3,475,422	93,371	4,205,198	4,269,642	(64,444)

Directorates
Total
Registration, Education Quality Assurance & Legal
Staff
Agency
Support
Total
Strategy, Policy and Engagement
Staff
Seconded Staff
Support
Total
Total Expenditure
Net Expenditure (exc depreciation)
Depreciation
Net Expenditure (Inc depreciation)
Capital Expenditure
Total

Period Actual	Period Budget	Variance
758,447	603,612	(154,835)
121,059	111,166	(9,893)
0	0	0
55,956	41,412	(14,544)
177,015	152,578	(24,437)
107,415	110,069	2,655
8,985	0	(8,985)
14,124	48,014	33,891
130,523	158,083	27,561
1,562,236	1,436,083	(126,153)
781,437	707,226	(74,211)
50,918	50,918	0
832,355	758,144	(74,211)
117,602	200,084	82,482
949,957	958,228	8,272

YTD Actual	YTD Budget	Variance
5,680,127	5,979,580	299,452
1,166,264	1,098,416	(67,847)
(8,280)	0	8,280
389,707	414,123	24,416
1,547,691	1,512,539	(35,152)
965,507	1,014,102	48,595
90,846	39,187	(51,660)
93,130	480,142	387,011
1,149,483	1,533,430	383,947
13,002,942	13,863,646	860,703
5,425,425	6,336,271	910,846
483,014	490,742	7,729
5,908,439	6,827,014	918,575
1,650,503	1,996,813	346,310
7,558,942	8,823,827	1,264,885

Full Year Original Budget	Full Year Forecast	Variance
7,215,712	7,140,729	74,984
1,320,748	1,420,068	(99,319)
0	(8,280)	8,280
496,947	486,352	10,595
1,817,695	1,898,140	(80,444)
1,208,775	1,166,948	41,827
26,817	107,095	(80,278)
576,170	316,371	259,799
1,811,762	1,590,414	221,349
16,428,221	16,420,454	7,767
7,400,995	7,393,228	7,767
593,808	586,079	7,729
7,994,803	7,979,307	15,496
2,377,000	2,258,335	118,665
10,371,803	10,237,642	134,161

BALANCE SHEET AS AT 31 JANUARY 2021

	£	£	£
Fixed Assets	Cost	Depreciation	N.B.V
Buildings	1,235,146	(479,274)	755,873
IT Equipment	671,552	(386,185)	285,367
Fixtures & Fittings	318,851	(220,430)	98,421
Forge System (WIP)	4,008,136	0	4,008,136
subtotal	6,233,685	(1,085,888)	5,147,796
Current Assets			
Prepayments			550,310
Staff Advances			2,513
Bank			1,181,994
subtotal			1,734,817
Current Liabilities			
Deferred Income			(4,188,127)
Accruals			(2,094,164)
Payables			(375,389)
subtotal			(6,657,680)
Working Capital (Current Assets less Current Liabilities)			(4,922,863)
Non-Current Liabilities			
Other Payables			(310,368)
TOTAL ASSETS and LIABILITIES			(85,434)
RESERVES			
Income & Expenditure Reserve O/Bal			(4,323,004)
Current GIA Drawdown			(1,500,000)
Current Year Income & Expenditure			5,908,438
Total Reserves			85,434

CASHFLOW FORECAST FOR THE YEAR ENDING 31 MARCH 2021

Opening balance as of 31 March 2020	5,300,000
Net YTD expenditure as at 31 Jan 2021	4,086,971
Cash balance as of 31 January 2021	1,213,029
Forecast expenditure for remainder of year	3,912,000
Remaining GIA funding to be drawn down	8,277,000
Projected closing balance as of 31 March 2021	5,578,029