Finance & Commercial Update

Agenda Item 9   Paper Ref 07

Paper for the
Social Work England Board

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Reviewed by
Colum Conway, Chief Executive

This paper is for
Assurance and Noting

Associated Strategic Objective
SO9: We will establish robust infrastructure, systems and processes that promote trust and confidence.

Impact: Risk Type and Appetite
Finance - Cautious

1. Summary

This paper provides an update on the following:

- Management Accounts for the period ending 30 September 2021
- FTP funding
- Finance KPI
- Commercial Plan

2. Action required

N/A

3. Commentary

Management Accounts

A summary set of the Management Accounts for the year to 30 September 2021 can be found in Annex A.

Key highlights are:

- Year to date revenue expenditure, net of fee income, is £3,939k which is £61k lower than budget, a variance of 1.5%.
- Over the course of the year, we have allocated (vired) a number of underspends from several areas enabling increased expenditure within the Fitness to Practice (FTP) directorate to support our efforts to reduce the backlog in legacy cases. For the year to date we have reallocated approximately £500k of budget in this way and, in addition, higher than expected fee income of £139k has also presented an opportunity to provide additional funds to the FTP budget. This increased fee income has been the result of better than expected scrutiny and restoration fees.
- Year to date capital expenditure is £774k, which is £175k less than budget due to timing differences concerning the purchase of IT equipment and development costs associated with the Forge case management system. We expect that the rate of expenditure on Forge development will increase in the remaining six months and that IT capital expenditure will be completed in the final quarter of the year.
- Total assets net of liabilities is £6,106k with cash, prepayments, and fixed assets of £10,629k offset by liabilities of £4,523k.
- We have recently completed a forecast for the remaining six months of the financial year and we expect that the outcome for the year will be close to budget, both for revenue and capital expenditure. We will continue to keep our forecast under regular review.

DFE funding

We have recently been informed that the £900k within our budget, originally classified at risk by the department, has now been approved. As we have already included this amount within our full year forecast its approval does not alter our plans for the remainder of the financial year. In addition, our request for further funding to expedite the resolution of the legacy cases inherited from the previous regulator has also been approved. The total amount for both elements is £2.316m.

As our current forecast excludes the additional FTP funding, and as we have to receive a revised grant in aid letter, we will incorporate this amount into a revised forecast as part of our November Management Accounts.

Finance KPI

At the beginning of the financial year, we agreed that a finance KPI of a +/- 2% variance from budget. To date, we have calculated this variance by comparing the year-to-date actual net revenue expenditure to budget. We have however found that due to timing differences this variance has on occasion been materially higher than 2%, which does not reflect our underlying financial performance.

Following discussion at the ARAC meeting on 5 November we now measure this KPI by comparing our budget against forecast which will remove the problems associated with timing and give a better indicator of our underlying financial performance.

Commercial Plan

We have completed our Commercial Plan for 2021/22 to 2022/23 and discussed this with ARAC at their meeting on 5 November. We have started work to implement the actions identified in this plan.

4. Conclusions and/or Recommendations

N/A

5. Annexes

ANNEX A MANAGEMENT ACCOUNTS AS AT 30 SEPTEMBER 2021

INCOME AND EXPENDITURE STATEMENT

Directorates	YTD Actual	YTD Budget	Variance	% Variance	Full Year Original Budget	Full Year Forecast	Variance	% Variance
Fee Income	(4,653,019)	(4,513,614)	139,405	3.1%	(9,027,226)	(9,306,460)	279,234	3.1%
Executive Leadership Team								
Wages & Salaries	298,112	311,987	13,875	4.4%	623,975	617,745	6,230	1.0%
Support	2,648	0	(2,648)		2,791	4,424	(1,633)	(58.5%)
Total	**300,760**	**311,987**	**11,227**	**3.6%**	**626,765**	**622,168**	**4,597**	**0.7%**
People & Business Support								
Wages & Salaries	1,084,013	1,225,057	141,044	11.5%	2,364,653	2,189,907	174,746	7.4%
Seconded & Agency Staff	(12,698)	0	12,698		0	(12,698)	12,698	0.0%
Support	1,123,637	1,337,404	213,767	16.0%	2,701,119	2,464,165	236,954	8.8%
Total	**2,194,951**	**2,562,461**	**367,509**	**14.3%**	**5,065,772**	**4,641,373**	**424,398**	**8.4%**
Fitness to Practice								
Wages & Salaries	1,675,742	1,759,143	83,401	4.7%	3,531,184	3,412,739	118,445	3.4%
Support	2,814,763	2,084,288	(730,475)	(35.0%)	4,168,577	5,196,731	(1,028,154)	(24.7%)
Total	**4,490,505**	**3,843,431**	**(647,074)**	**(16.8%)**	**7,699,761**	**8,609,471**	**(909,710)**	**(11.8%)**
Registration, EQA and Legal								
Wages & Salaries	726,351	773,245	46,895	6.1%	1,641,723	1,607,288	34,436	2.1%
Seconded & Agency Staff	13,964	0	(13,964)		0	13,964	(13,964)	0.0%
Support	74,772	236,239	161,467	68.3%	618,356	446,292	172,064	27.8%
Total	**815,086**	**1,009,484**	**194,398**	**74.4%**	**2,260,080**	**2,067,544**	**192,536**	**8.5%**
Strategy, Policy & Engagement								
Wages & Salaries	628,219	651,233	23,014	3.5%	1,316,895	1,358,755	(41,860)	(3.2%)

Directorates	YTD Actual	YTD Budget	Variance	% Variance	Full Year Original Budget	Full Year Forecast	Variance	% Variance
Seconded & Agency Staff	54,039	53,000	(1,039)	(2.0%)	106,000	107,039	(1,039)	(1.0%)
Support	108,618	82,331	(26,287)	(31.9%)	246,047	194,054	51,993	21.1%
Total	**790,876**	**786,565**	**(4,312)**	**(0.5%)**	**1,668,942**	**1,659,848**	**9,094**	**0.5%**
Total Expenditure	**8,592,180**	**8,513,928**	**(78,252)**	**(0.9%)**	**17,321,320**	**17,685,404**	**(279,084)**	(1.6%)
Net Expenditure	**3,939,160**	**4,000,314**	**61,153**	**1.5%**	**8,294,094**	**8,378,944**	**150**	**0.0%**
Depreciation	**358,039**	**358,039**	**(0)**	**(0.0%)**	**716,078**	**716,078**	**(0)**	(0.0%)
Net Expenditure inc Depreciation	**4,297,200**	**4,358,353**	**61,153**	**1.4%**	**9,010,172**	**9,095,022**	**150**	0.0%
Capital Expenditure	**774,124**	**950,000**	**175,876**	**18.5%**	**1,900,000**	**1,900,000**	**0**	0.0%
Grand Total	**5,071,324**	**5,308,353**	**237,029**	**4.5%**	**10,910,172**	**10,910,022**	**150**	**0.0%**

BALANCE SHEET AS AT 30 SEPTEMBER 2021

	£ Cost	£ Depreciation	£ Balance
Fixed Assets			
Buildings	1,264,299	(648,469)	615,830
IT Equipment	787,970	(596,719)	191,251
Fixtures & Fittings	318,851	(301,805)	17,047
Forge System (WIP)	5,186,455		5,186,455
	7,557,575	(1,546,993)	**6,010,582**
Current Assets			
Prepayments			318,364
Bank			4,300,752
			4,619,116
Current Liabilities			
Accruals			(3,640,901)
Payables			(634,469)
			(4,275,369)
Non-Current Liabilities			
Other Payables			(247,655)
TOTAL ASSETS AND LIABILITIES			**6,106,674**
TAXPAYERS EQUITY			**(6,106,674)**