Finance & Commercial Update

Agenda Item 7 Paper Ref 05

Paper for the
Social Work England Board

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Reviewed by
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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 31 December 2021
- Additional funding from the Department for Education
- 2022/2023 Budget
- Legal Services procurement

2. Action required

N/A

3. Commentary

Management Accounts

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

Key highlights are:

- As previously reported to the Board we have received additional funding from the Department for Education to support our efforts to reduce the number of outstanding legacy cases. This has now been factored into our spending plans for the remainder of the financial year. Our original budget and full year forecast have been adjusted accordingly.
- Year to date revenue expenditure, net of fee income, is £5,848k which is £258k lower than budget. This underspend is due to higher-than-expected fee income, in particular fees from overseas registrants. We have a number of expenditure plans for quarter four which we expect will result in net expenditure returning to budget.
- We have continued to allocate (vire) underspends from several areas enabling increased expenditure within the Fitness to Practise (FTP) directorate to support our efforts to reduce the backlog in legacy cases. We keep the level of virements under monthly review.
- Year to date capital expenditure is £1,197k, which is £227k lower than budget due to timing differences of IT equipment. We expect this variance to balance itself in the final quarter of the financial year as our IT team complete their procurement activity.
- Total assets net of liabilities is £6,599k with cash, prepayments, and fixed assets of £13,478k offset by liabilities of £6,879k.
- We have recently completed a forecast for the remaining three months of the financial year and we expect that the full year outcome, for both revenue and capital, will be close to budget.

Additional funding from the Department for Education

- As previously mentioned, we have recently received additional funding from the Department for Education of £1.4m to support activity within the Fitness to Practise area. We have agreed with the Department that £1m of this will be spent in the current financial year with the remaining balance of £400k to be spent in the 2022/23 financial year.

- In addition to this we have submitted a business case for a second tranche of one-off funding for an amount of £5.2m. If approved this would be spent in the 2022/23 financial year and we expect to receive the outcome of this request in February 2022.

2022/23 Budget

In tandem with our business planning process, we are currently developing our budget for the 2022/23 financial year. We expect to complete this process by the end of February 2022 and report to the Board at its next meeting in March 2022.

Legal Services procurement

Following approval at the Board meeting of 19 November 2021 for the procurement of legal services we commenced our tender exercise in December 2021. We expect to select the successful bidder in March 2022.

4. Conclusions and/or Recommendations

N/A

5. Annexes

ANNEX A MANAGEMENT ACCOUNTS AS AT 31 DECEMBER 2021

INCOME AND EXPENDITURE STATEMENT

Directorates	YTD Actual	YTD Budget	Variance	% Variance	Full Year Amended Budget	Full Year Forecast	Variance
Fee Income	(7,144,988)	(6,770,421)	374,567	(5.5%)	(9,027,226)	(9,521,622)	494,396
Executive Leadership Team							
Wages & Salaries	451,001	467,981	16,980	0	623,975	606,804	17,171
Support	9,461	0	(9,461)		2,791	10,271	(7,480)
Total	**460,462**	**467,981**	**7,519**	**1.6%**	**626,765**	**617,075**	**9,690**
People & Business Support							
Wages & Salaries	1,564,193	1,801,496	237,303	13.2%	2,364,653	2,134,040	230,613
Seconded & Agency Staff	(5,558)	0	5,558		0	(5,558)	5,558
Support	1,788,754	2,047,974	259,220	12.7%	2,701,119	2,595,272	105,847
Total	**3,347,389**	**3,849,470**	**502,081**	**13.0%**	**5,065,772**	**4,723,753**	**342,019**
Fitness to Practise							
Wages & Salaries	2,540,472	2,645,163	104,691	4.0%	3,681,492	3,567,449	114,043
Support	4,110,110	3,126,433	(983,677)	(31.5%)	5,027,652	6,216,683	(1,189,031)
Total	**6,650,582**	**5,771,596**	**(878,986)**	**(15.2%)**	**8,709,144**	**9,784,132**	**(1,074,988)**
Registration, EQA and Legal							
Wages & Salaries	1,163,507	1,207,484	43,978	3.6%	1,641,723	1,614,362	27,362
Seconded & Agency Staff	13,964	0	(13,964)		0	13,964	(13,964)
Support	134,262	416,969	282,706	67.8%	618,356	378,254	240,102
PSA Legal fees	28,099	0	(28,099)		0	0	0
Total	**1,339,831**	**1,624,453**	**284,622**	**71.4%**	**2,260,080**	**2,006,580**	**253,500**

Directorates	YTD Actual	YTD Budget	Variance	% Variance	Full Year Amended Budget	Full Year Forecast	Variance
Strategy, Policy & Engagement							
Wages & Salaries	984,440	984,064	(376)	(0.0%)	1,316,895	1,371,145	(54,249)
Seconded & Agency Staff	79,500	79,500	(0)	(0.0%)	106,000	112,773	(6,773)
Support	131,074	100,047	(31,026)	(31.0%)	246,047	204,778	41,268
Total	**1,195,014**	**1,163,612**	**(31,402)**	**(2.7%)**	**1,668,942**	**1,688,696**	**(19,754)**
Total Expenditure	**12,993,277**	**12,877,111**	**(116,166)**	**(0.9%)**	**18,330,703**	**18,820,236**	**(489,533)**
Net Expenditure	**5,848,289**	**6,106,690**	**258,401**	**4.2%**	**9,303,477**	**9,298,615**	**4,863**
Depreciation	**537,059**	**537,059**	**(0)**	**(0.0%)**	**716,078**	**716,078**	**(0)**
Net Expenditure inc Depreciation	**6,385,348**	**6,643,749**	**258,401**	**3.9%**	**10,019,555**	**10,014,693**	**4,863**
Capital Expenditure	**1,197,231**	**1,425,000**	**227,769**	**16.0%**	**1,900,000**	**1,900,000**	**0**
Total	**7,582,579**	**8,068,749**	**486,170**	**6.0%**	**11,919,555**	**11,914,693**	**4,863**

BALANCE SHEET

	£ Cost	£ Depreciation	£ Balance
Fixed Assets			
Buildings	1,264,299	(712,120)	552,179
IT Equipment	809,960	(681,687)	128,273
Fixtures & Fittings	318,851	(322,205)	(13,354)
Forge System (WIP)	5,605,252	-	5,605,252
	7,998,362	(1,726,012)	**6,272,350**
Current Assets			
Prepayments			266,462
Bank			6,940,170
			7,206,632
Current Liabilities			
Accruals			(6,184,303)
Payables			(467,696)
			(6,651,999)
Non-Current Liabilities			
Other Payables			(222,777)
TOTAL ASSETS AND LIABILITIES			**6,599,206**
TAXPAYERS EQUITY			**(6,599,206)**