

Financial position to 30 September 2009

For consideration

Background/Introduction:

1. Below is the Executive's report of the financial position to 30 September 2009.

Discussion:

Income and Expenditure (Annex 1)

2. Majority of the retention income has been received in the first quarter. An adjustment has been made to reduce the retention income to reflect 6/12th of total income received so that income matches with the expenditure incurred to September 2009.

Income and Expenditure are on track with the projected year end forecast outcome.

Variance Analysis (Annex 2)

3. An explanation has been provided for any variance that is £5,000 adverse or favourable. All variances to date arise as a result of timing differences between projected year end forecast outcome as tabled at the July 2009 Council Meeting and actual spend to 30 September 2009.

Balance Sheet (Annex 3)

4. Tangible and Intangible Assets: There has been a 75% increase in the net book value of assets in the first and second quarter compared to that reported in the year ending 31 March 2009 accounts. This is indicative of the capital expenditure made as outlined in Annex 4.
5. Cash and Other Debtors: The total cash balance at 30 September 2009 was £4,386,708, the majority of which is invested in fixed term deposits maturing within the next two years.
6. Creditors (amounts falling due within one year): The creditors balance includes the retention income adjustment referred to in 2 above.
7. Reserves: The Council's reserves, as reported at 31 March 2009, were £1,912,870. These have increased by the surplus made in the first and second quarter by £259,211 and reduced by the use of the change management provision of £117,409, net movement of £141,802; taking the Council's reserves as at 30 September 2009, to £2,054,672. This is only a timing increase as the forecast outcome for the year is a deficit of £289,465.

Capital Expenditure (Annex 4)

8. Majority of the capital expenditure in the first and second quarter relates to the investment made to refurbish 41 Harley Street and new or replacement IT equipment.

Cashflow for 2009-10 (Annex 5)

9. April-September shows the actual cash position at the end of each month as per balance sheet. October -March shows estimated monthly cash positions. The forecasted year end cashflow position remains the same as reported at the September Council meeting as the current budget is on track.
10. The movement in net funds, for the period April 2009 to March 2010, is an increase of £500,173. This increase is regardless of the deficit for the year and relatively high capital expenditure projected for the year because of the estimated figure of £5m that has been included for the 2010-11 retention fee income that is collected in the last quarter of 2009-10 based on an increase in the retention fee.

Reserves position to 30 March 2010

11. The total reserves at 30 March 2010 are projected to be £1,343,405. This includes the projected deficit for 2009-10.
12. The Audit Committee were asked to consider the Council's reserves position at its meeting on the 22nd October. The Committee recommended that they were content with the forecasted year end position level of reserves at £1.3m. The Committee requested that the Executive conduct a review of how other Health Regulators calculate reserves and report back at its next meeting.

Recommendation(s):

Council is invited to receive the attached papers for consideration.

Resource implications:

13. As identified in this paper and its annexes.

Equality and diversity implications:

Has an Equality and Diversity Impact Assessment been carried out?

14. Not applicable

Human Rights Act implications:

Has a Human Act Rights Impact Assessment been carried out?

15. Not applicable

Stakeholder engagement:

Has the Consultation Checklist been completed?

16. Not applicable