

HEALTH PROFESSIONS COUNCIL
MANAGEMENT ACCOUNTS
FOR THE 10 MONTHS ENDED 31st JANUARY 2003

COMMENTARY

INTRODUCTION

The January results have again been influenced by a shortfall of financial grant from the Department of Health, although operationally the normal activities of the organisation continue to be within budget overall. Additional grants have now been negotiated .

The deficit before unrealised losses on investments of £503,359 is £469,436 against a budgeted deficit of £384,113. This is worse than budget by £85,323.

Income before grant income is £3,397,030 against a budget of £3,419,209, a shortfall of £22,179, which is an adverse variance of only 0.65%. Operating expenses total £3,577,641 against a budget of £3,803,322, a favourable variance of £225,681 (5.93%).

The Department of Health Funded Revenue Expenditure is £1,648 above the budget for the 10 months of £1,666,667, there is also now shortfall of Grant of £198,390. The expenditure is scheduled separately (see private section of agenda). Our grants from the Department of Health are from two separate sources, one for revenue expenditure and one for capital expenditure. The grant for capital expenditure relates to the computerisation project (LISA) and the building. The revenue fund has now been utilized but the capital grant funds are still accruing.

INCOME

Income from professions is, as stated above, within 0.09% of budget. However there are large shortfalls on Occupational Therapists (£54,413) and Speech and Language Therapists (£32,123) but these are offset by similarly sized favourable variances on Physiotherapists (£61,517), Radiographers (£23,486) and Medical Laboratory Scientific Officers (£18,736). Within this, shortfalls on retention fees (£54,372) are offset by additional revenue on Non-EU fees (£46,673) and Grandparenting (£15,310).

Investment Income totals £80,073 against a budget of £99,166, a shortfall of £19,093. Whilst the income from our portfolio (including realised gains/losses) is at budgeted levels, the cash flow delay in receiving Department of Health grants has meant that we have been unable to place as much money on the money market this year as we had envisaged, hence almost all the shortfall.

The provision for unrealised losses on investments increased by £110,579 to £503,359 from October to December.

EXPENDITURE

Operating Expenses total £3,577,641 against a budget of £3,803,322, a saving of £225,681 (5.93% of budget). Most departments are within budgets with particularly large savings within Directors and Committees and Working Groups, where costs for attendance fees and expenses particularly appear to have been over-budgeted (in the absence of any clear indications of volumes a year ago when the budget was compiled).

However there are adverse variances on the cost centres of the Chief Executive (£16,244) and Operations (£67,368, being additional temporary staff required within International Registration and Grandparenting). There is a overspend in IT (£12,935 4.20%), Administration (£1,312) and in Legal Services (£73,376 16.80%). A significant overspend on Legal Services can now be anticipated, as discussed last month.

A study of the Overhead Total Schedule, which lists expenditure by group and type rather than by department and excludes Committees and Working Groups, shows Travelling and subsistence, Council and committee expenses and Property services all within budget overall. However Payroll is 2.49% over budget due to temporary staff, Office Services is 8.04% overspent (largely printing and stationery and depreciation), IT is £30,184 overspent (Internet development costs unbudgeted and some hardware maintenance) and Specific departmental expenses are 12.46% overspent. Here there are savings, which only partly compensate for the Legal Expenses overspend.

BALANCE SHEET

The expenditure on the LISA project to date is included in Fixed Assets although there is a compensating grant within Current Liabilities, which will be released to compensate for depreciation on the project costs, which will only commence when the project is fully operational during April.

Our reliance on grants is demonstrated by the need to withdraw £500,000 from our investment portfolio by the end of January. There is always a time delay between our recognition of grant-funded expenditure and the receipt of the grant. The £530,846 DoH debtor has now been received. The diminution in value of the investments is also reflected in the Balance Sheet value.

Current assets include the grant, some prepayments and £506,519 of cash at the end of January. The retention fees in advance, following the change in income recognition policy earlier in the year, are at £1.9 million. This income is released to the Income and Expenditure Account over the fee year, which differs profession by profession.

CONCLUSION

For the first time the deficit prior to unrealised losses in investments is worse than the previous month. Whilst there are now DoH funded expenses uncovered by grant, the result has been particularly adversely affected by much higher disciplinary hearing legal costs than we had anticipated.

PAUL BAKER
Finance Director
March 2003

HEALTH PROFESSIONS COUNCIL

**Management Accounts
For the 10 months ended 31st January 2003**

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 JANUARY 2003
DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
INCOME					
Professions					
Arts Therapists	39,224	41,580	(2,356)	(5.67)	50,064
Chiropodists	178,495	176,921	1,574	0.89	212,899
Clinical Scientists	73,447	83,078	(9,631)	(11.59)	99,352
Dietitians	137,203	143,374	(6,171)	(4.30)	172,558
Medical Laboratory Scientific Officers	478,409	459,673	18,736	4.08	550,587
Orthoptists	26,231	25,757	474	1.84	30,908
Occupational Therapists	555,417	609,830	(54,413)	(8.92)	727,036
Paramedics	183,347	186,868	(3,521)	(1.88)	224,244
Physiotherapists	885,658	824,141	61,517	7.46	990,329
Prosthetists & Orthotists	15,890	16,548	(658)	(3.98)	19,823
Radiographers	535,061	511,575	23,486	4.59	613,892
Speech and Language Therapists	208,575	240,698	(32,123)	(13.35)	285,608
Registration Income	3,316,957	3,320,043	(3,086)	(0.09)	3,977,300
Investment Income (Excluding Unrealised Gains & Cap Ex on Building, less revenue grant not received)	80,073	99,166	(19,093)	(19.25)	119,000
	3,397,030	3,419,209	(22,179)	(0.65)	4,096,300
Department of Health Revenue Grant	1,468,277	1,666,667	(198,390)	(11.90)	2,000,000
					0
					0
TOTAL INCOME	4,865,307	5,085,876	(220,569)	(4.34)	6,096,300
					0
EXPENDITURE					
Departments					
President	38,804	83,570	44,766	53.57	100,284
Council	186,213	202,071	15,858	7.85	240,082
Chief Executive	153,270	137,026	(16,244)	(11.85)	164,432
Education and Policy	115,222	155,776	40,554	26.03	168,508
Operations	575,832	508,464	(67,368)	(13.25)	598,475
Directors	230,715	302,349	71,634	23.69	365,913
IT Department	320,987	308,052	(12,935)	(4.20)	364,262
Finance	248,975	288,131	39,156	13.59	339,397
Administration	723,589	722,277	(1,312)	(0.18)	865,855
Legal Services	510,011	436,635	(73,376)	(16.80)	530,060
Human Resources	75,511	97,602	22,091	22.63	113,354
Communications	63,528	81,503	17,975	22.05	141,802
Committees and Working Groups	334,984	479,866	144,882	30.19	575,840
Operating Expenses	3,577,641	3,803,322	225,681	5.93	4,568,264
Department of Health Funded Revenue Expenditure & Cap Ex on Building	1,757,102	1,666,667	(90,435)	(5.43)	2,000,000
	5,334,743	5,469,989	135,246	2.47	6,568,264
SURPLUS/(DEFICIT) (Excluding Unrealised Gains)	(469,436)	(384,113)	(85,323)	22.21	(471,964)
Investment - Unrealised Gains / (Losses)	(503,359)	0	(503,359)	0.00	0
SURPLUS/(DEFICIT)	(972,795)	(384,113)	(588,682)		(471,964)

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 JANUARY 2003

DETAILED SUMMARY

	Actual	Budget	Variance	Variance	Annual
	£	£	£	%	Budget
					£
Income					
Registration fees	96,501	95,700	801	0.84	114,840
Registration fees (part year)	63,443	65,264	(1,821)	(2.79)	71,570
Restoration fees	77,295	77,273	22	0.03	92,730
Retention fees	2,503,434	2,557,806	(54,372)	(2.13)	3,069,365
EU fees	59,088	68,687	(9,599)	(13.97)	82,424
Non-EU fees	469,939	423,266	46,673	11.03	507,917
Confirmation letter fees	15,850	15,950	(100)	(0.63)	19,138
Grandfathering fees	31,407	16,097	15,310	95.11	19,316
Other	0	0	0	0.00	0
	3,316,957	3,320,043	(3,086)	(0.09)	3,977,300

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 JANUARY 2003

CODE

INVESTMENT & OTHER INCOME

BUDGET MANAGER

Paul Baker

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Income					
Other income	0	0	0	0.00	
1401 / / Bank interest - Business Reserve	3,193	3,333	(140)	(4.20)	4,000
1402 / / Bank interest - Money Market	6,266	20,833	(14,567)	(69.92)	25,000
403 / / Portfolio income	76,534	75,000	1,534	2.05	90,000
1404 / / P & L on disposal of investments (Realised)	(5,920)	0	(5,920)	0.00	0
	<u>80,073</u>	<u>99,166</u>	<u>(19,093)</u>	<u>(19.25)</u>	<u>119,000</u>
1405 / / P & L on disposal of investments (Unrealised)	(503,359)	0	(503,359)	0.00	0

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 JANUARY 2003

OVERHEAD TOTAL

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Payroll					
Basic	1,057,459	1,057,082	(377)	(0.04)	1,261,042
Overtime	32,960	37,292	4,332	11.62	44,750
National Insurance	109,959	104,289	(5,670)	(5.44)	124,920
Pension costs	126,954	174,581	47,627	27.28	209,496
Medical insurance	1,618	3,333	1,715	51.46	4,000
Staff recruitment	32,415	23,788	(8,627)	(36.27)	25,246
Temporary staff	108,847	34,167	(74,680)	(218.57)	41,000
Other payroll expense	0	0	0	0.00	0
	1,470,212	1,434,532	(35,680)	(2.49)	1,710,454
Travelling and subsistence					
Fares	17,647	29,626	11,979	40.43	35,550
Car expenses and car park	5,460	5,417	(43)	(0.79)	6,500
Subsistence	15,882	17,959	2,077	11.57	21,550
Entertaining	2,700	6,957	4,257	61.19	8,350
Council/committee expenses	0	0	0	0.00	0
Other travelling and subsistence	0	0	0	0.00	0
	41,689	59,959	18,270	30.47	71,950
Council and committee expenses					
Allowances	151,652	305,896	154,244	50.42	355,920
Travelling and subsistence	173,846	213,346	39,500	18.51	248,600
Conference expenses	9,972	16,666	6,694	40.17	20,000
Training	423	9,000	8,577	95.30	10,000
	335,893	544,908	209,015	38.36	634,520
Property services					
Business rates	4,414	5,000	586	11.72	6,000
Water	645	833	188	22.57	1,000
Electricity	9,167	10,000	833	8.33	12,000
Gas	571	833	262	31.45	1,000
Cleaning contractors	16,782	16,667	(115)	(0.69)	20,000
Cleaning materials	6,194	5,000	(1,194)	(23.88)	6,000
Waste disposal	2,153	1,458	(695)	(47.67)	1,750
Repairs and maintenance	20,365	41,667	21,302	51.12	50,000
Maintenance contracts	3,830	4,167	337	8.09	5,000
Security	3,693	4,167	474	11.38	5,000
Other property costs	0	0	0	0.00	0
Property depreciation	21,667	21,667	0	0.00	26,000
	89,481	111,459	21,978	19.72	133,750

OVERHEAD TOTAL

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Office services					
Printing and stationery	234,218	205,000	(29,218)	(14.25)	246,000
Photocopying	8,263	6,667	(1,596)	(23.94)	8,000
Microfilming	353	833	480	57.62	1,000
Postage	149,485	166,667	17,182	10.31	200,000
Telephone	26,880	25,000	(1,880)	(7.52)	30,000
Telephone system maintenance	2,331	833	(1,498)	(179.83)	1,000
Mobile telephone	2,849	4,167	1,318	31.63	5,000
Fax	1,247	833	(414)	(49.70)	1,000
Couriers	3,495	833	(2,662)	(319.57)	1,000
Office equipment < £500	11,659	8,333	(3,326)	(39.91)	10,000
Office equipment rental	4,820	0	(4,820)	0.00	0
Office equipment maintenance	0	4,167	4,167	100.00	5,000
Staff catering	7,648	11,250	3,602	32.02	13,500
Other office services	7,799	3,250	(4,549)	(139.97)	3,900
Depreciation of office equipment	26,402	13,333	(13,069)	(98.02)	16,000
	487,449	451,166	(36,283)	(8.04)	541,400
Computer services					
Hardware < £500	9,840	5,000	(4,840)	(96.80)	6,000
Hardware maintenance	13,096	8,334	(4,762)	(57.14)	10,000
Software	18,564	26,667	8,103	30.39	32,000
Software maintenance	17,051	18,334	1,283	7.00	22,000
Software development	0	833	833	100.00	1,000
Systems support	23,809	22,500	(1,309)	(5.82)	27,000
Internet development	26,918	0	(26,918)	0.00	0
Internet maintenance	9,268	10,000	732	7.32	12,000
Computer media and sundries	9,244	8,333	(911)	(10.93)	10,000
Disaster contingency plan	6,646	5,417	(1,229)	(22.69)	6,500
Computer training	3,740	5,000	1,260	25.20	6,000
Other computer services costs	1,159	1,667	508	30.47	2,000
Hardware depreciation	80,017	77,083	(2,934)	(3.81)	92,500
	219,352	189,168	(30,184)	(15.96)	227,000

OVERHEAD TOTAL

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Specific departmental expenses					
Accountancy assistance	7,000	7,000	0	0.00	7,000
Advertisements and other promotions	10,060	8,333	(1,727)	(20.72)	10,000
Annual report	0	0	0	0.00	50,000
Archive storage	9,042	10,000	958	9.58	12,000
Auditors' fees	17,500	17,500	0	0.00	21,000
Bank charges	27,814	20,833	(6,981)	(33.51)	25,000
Books and publications	1,913	6,500	4,587	70.57	7,800
Conferences	503	7,500	6,997	93.29	7,500
General insurance	19,411	12,500	(6,911)	(55.29)	15,000
Legal insurance	0	43,750	43,750	100.00	52,500
Health and safety	2,567	2,083	(484)	(23.24)	2,500
Legal expenses	435,689	281,556	(154,133)	(54.74)	340,000
Library	0	0	0	0.00	0
Other professional fees (inc Scanning & Linking)	30,046	53,500	23,454	43.84	56,000
Pension administration	4,349	4,167	(182)	(4.37)	5,000
Staff functions	5,734	12,000	6,266	52.22	12,000
Staff Handbook	0	0	0	0.00	0
Personal Performance Consultancy	2,938	0	(2,938)	0.00	0
Subscriptions to professional bodies	3,315	4,209	894	21.24	5,050
Taxation advice	13,324	20,000	6,676	33.38	20,000
Training	7,376	20,833	13,457	64.59	25,000
	598,581	532,264	(66,317)	(12.46)	673,350
OVERHEAD TOTAL	3,242,657	3,323,456	80,799	2.43	3,992,424

HEALTH PROFESSIONS COUNCIL

BALANCE SHEET
as at 31st January 2003

March 2002

	£	£	£	£
FIXED ASSETS				
Land & buildings, at cost or valuation	1,300,000		1,300,000	
Depreciation	<u>(30,333)</u>		<u>(8,667)</u>	
Net book value		1,269,667		1,291,333
Computer Equipment, at cost	1,109,688		579,635	
Depreciation	<u>(282,293)</u>		<u>(357,312)</u>	
Net book value		827,395		222,323
Office furniture and equipment, at cost	188,903		95,367	
Depreciation	<u>(44,936)</u>		<u>(44,997)</u>	
Net book value		143,967		50,370
		<hr/>		<hr/>
TOTAL FIXED ASSETS		2,241,029		1,564,026
INVESTMENTS		1,331,138		2,146,012
CURRENT ASSETS				
DOH Debtor	530,846		0	
Other debtors and prepayments	109,124		77,076	
Bank balances and cash	<u>506,519</u>		<u>1,300,067</u>	
	<u>1,146,489</u>		<u>1,377,143</u>	
CURRENT LIABILITIES				
Amounts falling due within one year				
Creditors and accrued expenses	<u>685,899</u>		<u>549,859</u>	
WORKING CAPITAL		<u>460,590</u>		<u>827,284</u>
Registration fees in advance	67,392		21,301	
Retention fees in advance	1,929,822		670,710	
Capital Grant Receivable - LISA System	<u>591,723</u>		<u>0</u>	
	<u>2,588,937</u>		<u>692,011</u>	
NET CURRENT ASSETS		(2,128,347)		135,273
		<u>1,443,820</u>		<u>3,845,311</u>
Represented by:				
Accumulated Fund at 1 April 2002		2,416,615		3,937,196
Surplus/(Deficit) for the period		<u>(972,795)</u>		<u>(91,885)</u>
		<u>1,443,820</u>		<u>3,845,311</u>
Note:				
Accumulated Fund 1st April 2002		3,845,311		
Prior Year Adjustment for Income Spread Method		<u>(1,428,696)</u>		
		<u>2,416,615</u>		