

Finance and Resources Committee – Monday 17 November 2008

6 month Reforecast for year to 31 March 2009

Executive summary and recommendations

Introduction

Discussions were held with each of the budget holders to ascertain which likely over and underspends are likely at the financial year end. This was then added or subtracted from the original budget to give a projected operating surplus or deficit at the year end. The downturn in International Security fees and additional graduate applications received (against budget) has also been taken into account.

Decision

The Council/Committee is requested to note the document. No decision is required.

A 9 month reforecast will be done for the Finance and Resources committee in February 2009.

Background information

Nil

Resource implications

Nil

Financial implications

Nil

Appendices

Appendix 1 – Forecasted surplus as at 31 March 2009

Appendix 2 – Commentary on forecasted surplus

Date of paper

5 November 2008

HEALTH PROFESSIONS COUNCIL

COMMENTRY FOR 6 MONTH REFORECAST FOR THE YEAR ENDING 31 MARCH 2009

INTRODUCTION

These accounts show our predicted year end position on 31 March 2009 based on our six monthly management accounts to 30 September 2008.

DETAILED SUMMARY

At the end of the financial year, we budgeted an operating surplus, before investments of £244,840. We now forecast the surplus to be £609,725, favourable variance of £364,885.

INCOME

We forecast at the end of the financial year income will be £51,795 below budget. Of this, £195K relates to the international security fee income. We budgeted for 2,099 applications to be received this year but we now predict to receive 1,610 applications. This is a difference of 489 applications.

We also predict that the renewal fee will be below budget by £83K. This is due to Dietitians renewal fee that was recognised in the prior financial year due to an error in the income model. To elaborate, income had been recognised a month early in 2007/08 and therefore 3 months Dietitians renewal fee income relating to 2008/09 was recognised in the previous financial year.

This is offset by the UK scrutiny fee income which we predict will be £226K above budget. We budgeted for 6,499 UK applications being received and we now predict this to be 11,551, an increase of 5,052 applications.

DEPARTMENTS

We forecast at the end of the financial year that total operating expenditure will be £416,680 above budget. Total expenditure is forecast as being £13,068,082 compared to £13,484,762 which was budgeted for.

Education

We forecast that the Education department will be £77K under spent at the end of the financial year. This is mainly due to the number of visits being down on what was budgeted for. 70 visits were budgeted for and we predict 50 visits will be done, generating a saving of £34K. The recruitment of 3 members of staff is being delayed until the next financial year, a saving of £28K.

Chief Executive

We forecast that the Chief Executive department will be £16K overspent at the end of the financial year. This is mainly due to an increase in travel and subsistence costs, where the Chief executive is travelling more frequently to Scotland and working groups. This is generating an overspend of £11K. We also forecast there to be an overspend in conferences of £6K.

Council, Committee and PLG

We forecast that the council, committee and PLG departments will be £44K under spent at the end of the financial year. This is due to average attendance decreasing from 85% to 80%.

Communications

We forecast at the year end, that the Communications department will be £13K under spent. Of this there will be saving of £55K due to the welcome packs and the student information packs student being delayed until next year. This will be offset against the temporary staff cost which will be overspent by £19K due to various members of staff leaving due the year and temporary staff being employed whilst we recruit the new staff. There will also be an overspend in the travel and subsistence of £19k due to an increase in the number of conferences attended.

Facilities

We forecast at the year end the Facilities department will be £13K overspent. Of this, there will be an overspend of £15K in Building Refurbishment due to the overrun of the 22-26 Stannary Street project and the repair work being done to the façade of 20 Stannary Street. There will be overspends in room hire of £10K, due to storage costs not being budgeted for, telephone of £15K, due to increased usage and Office equipment <£1,000 due to replacement chairs being purchased. These overspends will be offset against the saving of £36K for electricity due to overpayments being made in previous financial years.

Finance

We forecast at the year the Finance department will be £37K overspent. This is mainly due to other professional fees being overspent by £11K due to legal advice obtained for supplier contracts. Bank charges will be overspent by £11K due to a budget estimation error. We predict an overspend in taxation advice of £10K due to advice obtained from Baker Tilly for the deregistration of VAT for 22-26 Stannary Street Limited.

Fitness to Practise

We forecast at the year end the Fitness to Practise department will be £72K under spent. This is mainly due to Witness costs being under spent by £32K due to less witnesses being called to hearings and Disc Trans Writers being under spent by £66K due to hearings not taking as long as expected (they charge by the hour). These overspends will be offset by room hire which we predict will be £68K overspent due more hearings being held away from Park house and in the home countries. We also predict an overspend on panel costs of £16K due an increase in partner travel costs.

Human Resources and Partners

We predict at the year end the Human Resources and partner departments will be £3K under spent. This is mainly due to an under spend in partner recruitment of £15K due to a budget estimation error. This will be offset with a predicted overspend in training of £4K and other professional costs of £3K due to CRB checks and OPH referrals.

Information Technology

We forecast at the year end the IT department will be £141K under spent. This is mainly due to the under spend in Temporary staff of £150K, which has been transferred to the capital expenditure budget. This relates to User Acceptance Testing. This will be offset with the predicted overspend in other computer service costs of £15K due the delay in the 22-26 Stannary Street project and the cabling for the new building. We also predict an overspend in Computer equipment depreciation of £42K due to a budget estimation error.

Operations

We forecast an overspend of £26K at the year end in the Operations department. This includes not budgeting for the permanent appointment of the Director of Operations. We also predict an overspend in Archive storage costs (£4K) due to the reboxing of old boxed in storage and also an overspend in Disaster Contingency plan costs of £4K, due to the increase in the yearly rental of the Disaster recover site.

Policy and Standards

We forecast at the year end an under spend of £54K, at the year end in the Policy and Standards department. This is mainly due to the Market research being delayed until the next financial year, a saving of £30K. We also forecast a saving of £15K in General events due to events also being delayed until the next financial year.

Registration

We forecast at the year an under spend of £102K in the Registration department. This is mainly due to the decrease in International applications being received, a saving of £66K. We also forecast an under spend of £34K in the basic pay due to staff leaving during the year and the time it takes to recruit replacement staff. This is offset with a predicted overspend in Temporary staff of £14K which are used to fill the positions whilst new staff are employed.

Secretariat

We forecast at the year end the Secretariat department will be £2K under spent. This is mainly due to a member of staff leaving in the year, a saving of £4K. This is offset with the cost of a temporary staff member, an overspend of £2K, who was employed whilst a new staff member was recruited.

CONCLUSION

Overall, at the end of the financial year we predict an operating surplus of £610K, before investments against a budgeted surplus of £245K.

Charlotte Milner
Financial Controller
November 2008

Health Professions Council

Year ended 31 March 2009 Predicted 6 month forecast

	Adjusted £	Budget £	Variance £	Variance %
INCOME				
Registration fees	466,766	466,766	(0)	(0.00)
Readmission fees	264,495	264,495	0	0.00
Renewal fees	11,750,699	11,833,699	(83,000)	(0.70)
International scrutiny fees	644,203	839,592	(195,389)	(23.27)
Confirmation letter fees	-	0	0	0.00
Grandparenting scrutiny fees & other	-	0	0	0.00
UK scrutiny fee/Graduated < 2 years	551,644	325,050	226,594	69.71
Income	13,677,807	13,729,602	(51,795)	(0.38)
EXPENDITURE				
Departments				
Education	584,372	660,872	76,500	11.58
Chief Executive	294,009	277,563	(16,446)	(5.93)
Council, Committees & PLG	503,787	547,387	43,601	7.97
Communications	1,007,004	1,020,074	13,069	1.28
Facilities	922,858	909,684	(13,175)	(1.45)
Finance	607,535	570,454	(37,081)	(6.50)
Fitness to Practise	4,549,542	4,621,621	72,079	1.56
Human Resources & Partners	659,270	662,423	3,153	0.48
IT Department	995,439	1,136,657	141,218	12.42
Operations Office	401,032	375,095	(25,938)	(6.91)
Policy & Standards	329,840	384,074	54,234	14.12
President	49,433	49,433	(0)	(0.00)
Projects	262,631	262,631	0	0.00
Registration	1,612,104	1,714,259	102,155	5.96
Secretariat	290,225	292,536	2,311	0.79
Operating Expenses	13,068,082	13,484,762	416,680	3.09
			0	0.00
			0	0.00
SURPLUS / (DEFICIT) - Excl. Unrealised Gains/(Losses)	609,725	244,840	(364,885)	(149.03)