

EXECUTIVE SUMMARY AND RECOMMENDATIONS

INTRODUCTION

Management Accounts for both April and May 2004, together with a commentary for May, have been produced by the Management Accountant.

DECISION

The Committee is requested to note the documents. No decision is required.

BACKGROUND INFORMATION

Management Accounts are due to be produced by the 15th working day following the month end. Because of the work being undertaken on year end accounts and audit at this time, this target was not met for April: accounts were produced on the 29th working day. Accounts for May have been produced on 14th working day.

RESOURCE IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

BACKGROUND PAPERS

See Management Accounts for April and May 2005, together with May Commentary.

APPENDICES

None

HEALTH PROFESSIONS COUNCIL

**Management Accounts
For the 2 months ended 31st May 2004**

HEALTH PROFESSIONS COUNCIL
MANAGEMENT ACCOUNTS
FOR THE 2 MONTHS ENDED 31st May 2004

COMMENTARY

INTRODUCTION

These accounts have been compared to budget version 3, which was agreed by the Finance and Resources Committee on 17th March 2004. There has been a slight change to the format of the management accounts for 2004/05, with investment income disclosure at the bottom of the summary. This is in line with the statutory accounts.

DETAILED SUMMARY

After two months of the financial year, we budgeted an operating deficit of £99,096. The actual result for the period was a deficit of £25,444, a favourable variance of £73,652. Over the financial year the budgeted deficit will become a surplus as the final professions pay the increased renewal fees.

After 2 months income totalled £1,469,258 with overheads at £1,494,702, thus giving the operating deficit of £25,444.

INCOME

Registration income is £60,843 above budget. For this years budget, HPC took a pessimistic view to registration fees, international scrutiny fees and grandparenting scrutiny fees. At this early stage it looks like HPC was too pessimistic as registration fees (£33,843 above budget), international scrutiny fees (£46,240 above budget) and grandparenting scrutiny fees (£41,049 above budget) are all significantly above budget.

The reverse side of this is that HPC has overbudgeted renewal fee income. During the financial year 2003-04 a large number of registrants deregistered. This number was significantly higher than previous years and was mainly due to an increased in registrants voluntarily deregistering. This has clearly affected renewal fee income, with this type of income down on budget by £60,638.

This is most significantly highlighted when we consider Chiropodist income. Total income for Chiropodists is £112,366 against a budget of £66,462, a favourable variance of £45,904. This is made up of increased grandparenting income, which has a knock-on effect by increasing registration fee income (successful grandparenting applicants pay a registration fee).

Investment income is £1,284 above budget, due to deposits on the money market and some large dividend payments early in the financial year.

DEPARTMENTS

Departmental Expenditure at £1,494,702 is £12,808 better than budget. Most departments have savings, but there are small overspends in President (higher than budgeted attendance allowances and committee travel and subsistence), in Chief Executive (higher than budgeted travel costs) and Finance (higher than budgeted bank charges (DD collections, cheques paid in etc)). Two departments have larger overspends, Registrations and Fitness to Practise. Registrations have overspent due to the increased number of registrant assessments. This is offset by the increase in international and grandparenting scrutiny fees. Fitness to practise is

overspent due to the number of legal cases and consequential costs for lawyers, shorthand writers etc.

OVERHEADS

A study of the Overhead Total Schedule, which lists expenditure by group and type rather than by department, shows Payroll, Council and committee expenses, Property services, Computer services and Communications all within budget overall. Staff travelling and subsistence and Office services are marginally overspent. Partners are overspent due to the increased activity in applications and costs for registration assessors as mentioned earlier. Specific departmental expenses are overspent due to legal expenses (Kinglsey Napley and Bircham Dyson Bell) as mentioned earlier.

BALANCE SHEET

There has been very little activity in the opening 2 months to affect the balance sheet. Working capital is £1,227,161, showing HPC in a good financial position. Deferred income (i.e. income received but not yet due to be released to the Income and Expenditure Account) currently stands at £4,467,818. This is a reduction from March 2004 as some of the deferred income has been realised as income in April and May. The Net Assets are £985,703 which is represented by the Capital Grant Receivable (being released to the Income and Expenditure Account) of £565,014 and the Accumulated Fund of £420,689 (£443,987 at the beginning of the financial year less the net deficit for the year to date).

CASH FLOW

The cash flow statement indicates the cash movement from 1st April 2004 to the current month. The cash movement when compared with the deficit can often be significantly different. To arrive at the cash movement, all non cash items, e.g. depreciation, are removed and balance sheet movements taken into consideration. The net cash outflow from operating activities for the first two months of the financial year was a decrease of £489,657. The reason for this as mentioned in the balance sheet is due to a large amount of income being recognised from deferred income.

There have been no major movements in investments or capital expenditure.

The overall decrease in cash was £511,838 reflected in the cash movement on the balance sheet from 31st March 2004 until the end of May (bank balance at the end of March of £2,407,980 compared with £1,896,142 at the end of May.)

CONCLUSION

Income is above budget due to increased registration fees and application fees. Some of these gains are offset by an overestimate of renewal fees, in particular, number of deregistered registrants.

On the whole, overheads are in line with budget with the cost of registrant assessors increasing due to the increased activity of applications.

HPC is in a good financial position and over the financial year will begin to make surpluses which will increase its reserves.

Richard Ballard
Management Accountant
June 2004

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 MAY 2004

DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
INCOME					
Professions					
Arts Therapists	9,341	7,691	1,650	21.45	108,100
Biomedical Scientists	221,538	221,346	192	0.09	1,328,070
Chiropodists	112,366	66,462	45,904	69.07	631,045
Clinical Scientists	40,238	35,131	5,107	14.54	219,783
Dietitians	33,055	25,222	7,833	31.06	316,688
Orthoptists	11,976	13,100	(1,124)	(8.58)	78,600
Occupational Therapists	259,319	261,075	(1,756)	(0.67)	1,566,448
Paramedics	98,978	106,733	(7,755)	(7.27)	640,398
Physiotherapists	295,357	283,759	11,598	4.09	2,270,603
Prosthetists & Orthotists	7,614	8,300	(686)	(8.27)	49,795
Radiographers	233,214	235,457	(2,243)	(0.95)	1,412,740
Speech and Language Therapists	104,409	102,286	2,123	2.08	613,718
Regulating Department Practitioners	0	0	0	0.00	210,000
Registration Income	1,427,405	1,366,562	60,843	4.45	9,445,988
Department of Health Capital Grant Released	41,853	41,852	1	0.00	251,112
					0
TOTAL INCOME	1,469,258	1,408,414	60,844	4.32	9,697,100
					0
EXPENDITURE					
Departments					
President	10,561	8,408	(2,153)	(25.61)	50,450
Council	18,339	22,731	4,392	19.32	175,390
Secretariat	26,837	30,976	4,139	13.36	175,863
Chief Executive	35,998	35,245	(753)	(2.14)	226,463
Education and Training	134,054	160,232	26,178	16.34	721,385
Registration	269,726	219,440	(50,286)	(22.92)	1,295,629
IT Department	231,110	248,956	17,846	7.17	1,510,341
Finance	58,819	57,423	(1,396)	(2.43)	341,443
Administration	195,608	203,547	7,939	3.90	1,100,984
Fitness to Practise	245,056	227,367	(17,689)	(7.78)	1,344,207
Human Resources	35,216	48,143	12,927	26.85	453,233
Communications	233,378	245,042	11,664	4.76	1,360,504
Operating Expenses	1,494,702	1,507,510	12,808	0.85	8,755,891
(DEFICIT) (Excluding Unrealised Gains)	(25,444)	(99,096)	73,652	74.32	941,209
Investment Income (Excluding Unrealised Gains)	11,739	10,455	1,284	12.28	65,000
Investment - Unrealised Gains / (Losses)	(9,593)	0	(9,593)	0.00	0
(DEFICIT)	(23,298)	(88,641)	65,343	73.72	1,006,209

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 MAY 2004

DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Income					
Registration fees	70,675	36,832	33,843	91.88	430,988
Registration fees (part year)	(17)	0	(17)	0.00	0
Readmission fees	18,202	17,836	366	2.05	107,000
Renewal fees	1,167,588	1,228,226	(60,638)	(4.94)	8,397,000
International scrutiny fees	101,907	55,667	46,240	83.07	334,000
Confirmation letter fees	0	0	0	0.00	0
Grandparenting scrutiny fees & other	69,050	28,001	41,049	146.60	177,000
	<u>1,427,405</u>	<u>1,366,562</u>	<u>60,843</u>	<u>4.45</u>	<u>9,445,988</u>