

**HEALTH PROFESSIONS COUNCIL**  
**MANAGEMENT ACCOUNTS**  
**FOR THE 9 MONTHS ENDED 31st DECEMBER 2002**

**COMMENTARY**

**INTRODUCTION**

The December results have been influenced for the first time this financial year by a shortfall of financial grant from the Department of Health, although operationally the normal activities of the organisation are overall within budget. Negotiations to receive additional grants are continuing.

The deficit before unrealised losses on investments of £392,780 is £242,952 against a budgeted deficit of £352,930. This is better than budget by £109,978.

Income before grant income is £3,058,278 against a budget of £3,081,406, a shortfall of £23,128, which is an adverse variance of only 0.76%. Operating expenses total £3,094,070 against a budget of £3,434,336, a favourable variance of £340,266 (11.00%).

Although the Department of Health Funded Revenue Expenditure is only £27,975 above the budget for the 9 months of £1,500,000, there is a shortfall of Grant. The expenditure is scheduled separately (see private section of agenda) but on the advice of our auditors includes the expenditure on the refurbishment of the building as revenue expenditure whereas previously it had been capitalized. 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 0.36% of budget. However there are large shortfalls on Occupational Therapists (£50,744) and Speech and Language Therapists (£34,320) but these are offset by similarly sized favourable variances on Physiotherapists (£55,815) and Radiographers (£22,700). Within this shortfalls on retention fees (£56,407) are offset by additional revenue on Non-EU fees (£41,500) and Grandparenting (£13,167).

Investment Income totals £76,831 against a budget of £89,250, a shortfall of £12,419. 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 £42,177 to £392,780 from October to December.

**EXPENDITURE**

Operating Expenses total £3,094,070 against a budget of £3,434,336, a saving of £340,266 (11.00% 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 (£14,841) and Operations (£46,512, being additional temporary staff required within International Registration (£49,052) and Grandparenting (£13,812). There is a small overspend in IT (£7,342 2.56%) and in Legal Services (£9,721 2.43%). A sum of £310,000 was budgeted for the whole year for Legal Expenses connected with hearings and £300,025 has already been spent against this budget in 9 months. Although this has been partly offset in reductions in Committee Fees and Insurance, this implies an overspend of more than £100,000 by the end of the year, especially because of the high number of cases being processed at present.

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 Payroll, Travelling and subsistence, Council and committee expenses and Property services all within budget overall. However Office Services is 2.9% overspent (largely printing and stationery and depreciation), IT is £25,967 overspent (Internet development costs unbudgeted) and Specific departmental expenses are 1.82% overspent. Here there are savings, which compensate for the Legal Expenses overspend.

## **BALANCE SHEET**

The Balance Sheet reflects the change in style of the organisation during the past year. The expenditure on the LISA project to date of £453,167 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 in April.

Our reliance on grants is demonstrated by the need to withdraw £250,000 from our investment portfolio by the end of December (and a further £250,000 in January). There is always a time delay between our recognition of grant-funded expenditure and the receipt of the grant. The £681,756 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 only £248,577 of cash at the end of December. The retention fees in advance, following the change in income recognition policy earlier in the year, are at £1.7 million and are shown within Current Liabilities. This income is released to the Income and Expenditure Account over the fee year, which differs profession by profession. Showing this item as within Current Liabilities distorts the Net Current Assets. Discussions are taking place with the auditors to redesign the balance sheet to give more meaningful disclosure.

## **CONCLUSION**

Whilst the pattern of the past months has continued to December, there are now indications that certain costs will be higher than budget and that not all the development costs incurred this year will be covered by DoH grants. We currently do not expect the net effect to be materially worse than the originally budgeted deficit of £471,964, although the diminution in market value of the investments will be in addition to this.

**PAUL BAKER**  
**Finance Director**  
**February 2003**

PKHB/MgtAcctDec02Comments

**HEALTH PROFESSIONS COUNCIL**

**Management Accounts  
For the 9 months ended 31st December 2002**

## HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 DECEMBER 2002  
DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>INCOME</b>					
<b>Professions</b>					
Arts Therapists	35,129	37,336	(2,207)	(6.28)	50,064
Chiropodists	160,898	159,428	1,470	0.91	212,899
Clinical Scientists	65,330	74,939	(9,609)	(14.71)	99,352
Dietitians	123,443	128,782	(5,339)	(4.33)	172,558
Medical Laboratory Scientific Officers	429,888	414,216	15,672	3.65	550,587
Orthoptists	23,595	23,216	379	1.61	30,908
Occupational Therapists	500,483	551,227	(50,744)	(10.14)	727,036
Paramedics	164,784	168,747	(3,963)	(2.40)	224,244
Physiotherapists	796,861	741,046	55,815	7.00	990,329
Prosthetists & Orthotists	14,347	14,910	(563)	(3.92)	19,823
Radiographers	482,765	460,065	22,700	4.70	613,892
Speech and Language Therapists	183,924	218,244	(34,320)	(18.66)	285,608
<b>Registration Income</b>	<b>2,981,447</b>	<b>2,992,156</b>	<b>(10,709)</b>	<b>(0.36)</b>	<b>3,977,300</b>
<b>Investment Income (Excluding Unrealised Gains &amp; Cap Ex on Building, less revenue grant not received)</b>	<b>76,831</b>	<b>89,250</b>	<b>(12,419)</b>	<b>(16.16)</b>	<b>119,000</b>
	<b>3,058,278</b>	<b>3,081,406</b>	<b>(23,128)</b>	<b>(0.76)</b>	<b>4,096,300</b>
<b>Department of Health Revenue Grant</b>	<b>1,320,815</b>	<b>1,500,000</b>	<b>(179,185)</b>	<b>(13.57)</b>	<b>2,000,000</b>
					<b>0</b>
					<b>0</b>
<b>TOTAL INCOME</b>	<b>4,379,093</b>	<b>4,581,406</b>	<b>(202,313)</b>	<b>(4.62)</b>	<b>6,096,300</b>
					<b>0</b>
<b>EXPENDITURE</b>					
<b>Departments</b>					
President	36,046	75,213	39,167	108.66	100,284
Council	160,787	183,066	22,279	13.86	240,082
Chief Executive	138,165	123,324	(14,841)	(10.74)	164,432
Education and Policy	105,668	137,896	32,228	30.50	168,508
Operations	509,973	463,461	(46,512)	(9.12)	598,475
Directors	209,053	270,565	61,512	29.42	365,913
IT Department	287,289	279,947	(7,342)	(2.56)	364,262
Finance	225,614	262,499	36,885	16.35	339,397
Administration	624,857	650,486	25,629	4.10	865,855
Legal Services	399,641	389,920	(9,721)	(2.43)	530,060
Human Resources	60,354	89,723	29,369	48.66	113,354
Communications	56,840	76,352	19,512	34.33	141,802
Committees and Working Groups	279,783	431,884	152,101	54.36	575,840
<b>Operating Expenses</b>	<b>3,094,070</b>	<b>3,434,336</b>	<b>340,266</b>	<b>11.00</b>	<b>4,568,264</b>
<b>Department of Health Funded Revenue Expenditure &amp; Cap Ex on Building</b>	<b>1,527,975</b>	<b>1,500,000</b>	<b>(27,975)</b>	<b>(1.83)</b>	<b>2,000,000</b>
					<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>4,622,045</b>	<b>4,934,336</b>	<b>312,291</b>	<b>6.76</b>	<b>6,568,264</b>
					<b>0</b>
<b>SURPLUS/(DEFICIT) (Excluding Unrealised Gains)</b>	<b>(242,952)</b>	<b>(352,930)</b>	<b>109,978</b>	<b>(45.27)</b>	<b>(471,964)</b>
<b>Investment - Unrealised Gains</b>	<b>(392,780)</b>	<b>0</b>	<b>(392,780)</b>	<b>100.00</b>	<b>0</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(635,732)</b>	<b>(352,930)</b>	<b>(282,802)</b>		<b>(471,964)</b>

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 DECEMBER 2002

DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Income</b>					
Registration fees	86,906	86,130	776	0.90	114,840
Registration fees (part year)	61,218	62,856	(1,638)	(2.61)	71,570
Restoration fees	69,749	69,547	202	0.29	92,730
Retention fees	2,245,618	2,302,025	(56,407)	(2.45)	3,069,365
EU fees	53,639	61,819	(8,180)	(13.23)	82,424
Non-EU fees	422,438	380,938	41,500	10.89	507,917
Confirmation letter fees	14,225	14,354	(129)	(0.90)	19,138
Grandparenting fees	27,654	14,487	13,167	90.89	19,316
Other	0	0	0	0.00	0
	<u>2,981,447</u>	<u>2,992,156</u>	<u>(10,709)</u>	<u>(0.36)</u>	<u>3,977,300</u>

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 DECEMBER 2002

CODE		INVESTMENT & OTHER INCOME				Annual Budget £
		Paul Baker				
BUDGET MANAGER		Actual £	Budget £	Variance £	Variance %	
<b>Income</b>						
	Other income	0	0	0	0.00	
1401	/ / Bank interest - Business Reserve	3,193	3,000	193	6.43	4,000
1402	/ / Bank interest - Money Market	6,266	18,750	(12,484)	(66.58)	25,000
1403	/ / Portfolio income	73,292	67,500	5,792	8.58	90,000
1404	/ / P & L on disposal of investments (Realised)	(5,920)	0	(5,920)	0.00	0
		<u>76,831</u>	<u>89,250</u>	<u>(12,419)</u>	<u>(13.91)</u>	<u>119,000</u>
1405	/ / P & L on disposal of investments (Unrealised)	(392,780)	0	(392,780)	0.00	0

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 DECEMBER 2002

**OVERHEAD TOTAL**

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Payroll</b>					
Basic	949,520	955,104	5,584	0.58	1,261,042
Overtime	32,149	33,562	1,413	4.21	44,750
National Insurance	99,458	93,972	(5,486)	(5.84)	124,920
Pension costs	113,763	157,121	43,358	27.60	209,496
Medical insurance	1,416	3,000	1,584	52.80	4,000
Staff recruitment	27,715	23,059	(4,656)	(20.19)	25,246
Temporary staff	86,712	30,750	(55,962)	(181.99)	41,000
Other payroll expense	0	0	0	0.00	0
	<u>1,310,733</u>	<u>1,296,568</u>	<u>(14,165)</u>	<u>(1.09)</u>	<u>1,710,454</u>
<b>Travelling and subsistence</b>					
Fares	15,869	26,663	10,794	40.48	35,550
Car expenses and car park	4,095	4,875	780	16.00	6,500
Subsistence	14,316	16,163	1,847	11.43	21,550
Entertaining	1,146	6,261	5,115	81.70	8,350
Council/committee expenses	0	0	0	0.00	0
Other travelling and subsistence	0	0	0	0.00	0
	<u>35,426</u>	<u>53,962</u>	<u>18,536</u>	<u>34.35</u>	<u>71,950</u>
<b>Council and committee expenses</b>					
Fees	143,138	274,306	131,168	47.82	355,920
Travelling and subsistence	155,533	190,783	35,250	18.48	248,600
Conference expenses	8,304	15,000	6,696	44.64	20,000
Training	0	8,500	8,500	100.00	10,000
	<u>306,975</u>	<u>488,589</u>	<u>181,614</u>	<u>37.17</u>	<u>634,520</u>
<b>Property services</b>					
Business rates	3,973	4,500	527	11.71	6,000
Water	563	750	187	24.93	1,000
Electricity	8,633	9,000	367	4.08	12,000
Gas	523	750	227	30.27	1,000
Cleaning contractors	15,024	15,000	(24)	(0.16)	20,000
Cleaning materials	5,692	4,500	(1,192)	(26.49)	6,000
Waste disposal	1,868	1,312	(556)	(42.38)	1,750
Repairs and maintenance	17,251	37,500	20,249	54.00	50,000
Maintenance contracts	3,539	3,750	211	5.63	5,000
Security	1,293	3,750	2,457	65.52	5,000
Other property costs	0	0	0	0.00	0
Property depreciation	19,500	19,500	0	0.00	26,000
	<u>77,859</u>	<u>100,312</u>	<u>22,453</u>	<u>22.38</u>	<u>133,750</u>

**OVERHEAD TOTAL**

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Office services</b>					
Printing and stationery	194,435	184,500	(9,935)	(5.38)	246,000
Photocopying	8,131	6,000	(2,131)	(35.52)	8,000
Microfilming	317	750	433	57.73	1,000
Postage	141,937	150,000	8,063	5.38	200,000
Telephone	25,898	22,500	(3,398)	(15.10)	30,000
Telephone system maintenance	2,331	750	(1,581)	(210.80)	1,000
Mobile telephone	2,437	3,750	1,313	35.01	5,000
Fax	1,041	750	(291)	(38.80)	1,000
Couriers	1,540	750	(790)	(105.33)	1,000
Office equipment < £500	95	7,500	7,405	98.73	10,000
Office equipment rental	3,554	0	(3,554)	0.00	0
Office equipment maintenance	0	3,750	3,750	100.00	5,000
Staff catering	7,072	10,125	3,053	30.15	13,500
Other office services	6,416	2,925	(3,491)	(119.35)	3,900
Depreciation of office equipment	22,634	12,000	(10,634)	(88.62)	16,000
	<b>417,838</b>	<b>406,050</b>	<b>(11,788)</b>	<b>(2.90)</b>	<b>541,400</b>
<b>Computer services</b>					
Hardware < £500	9,840	4,500	(5,340)	(118.67)	6,000
Hardware maintenance	12,515	7,500	(5,015)	(66.87)	10,000
Software	17,930	24,000	6,070	25.29	32,000
Software maintenance	13,653	16,500	2,847	17.25	22,000
Software development	0	750	750	100.00	1,000
Systems support	8,461	20,250	11,789	58.22	27,000
Internet development	42,691	0	(42,691)	0.00	0
Internet maintenance	1,245	9,000	7,755	86.17	12,000
Computer media and sundries	7,787	7,500	(287)	(3.83)	10,000
Disaster contingency plan	6,016	4,875	(1,141)	(23.41)	6,500
Computer training	3,740	4,500	760	16.89	6,000
Other computer services costs	1,159	1,500	341	22.73	2,000
Hardware depreciation	71,180	69,375	(1,805)	(2.60)	92,500
	<b>196,217</b>	<b>170,450</b>	<b>(25,967)</b>	<b>(15.25)</b>	<b>227,000</b>



<b>OVERHEAD TOTAL</b>
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Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Specific departmental expenses</b>					
Accountancy assistance	7,000	7,000	0	0.00	7,000
Advertisements and other promotions	10,060	7,500	(2,560)	(34.13)	10,000
Annual report	0	0	0	0.00	50,000
Archive storage	8,155	9,000	845	9.39	12,000
Auditors' fees	15,750	15,750	0	0.00	21,000
Bank charges	25,460	18,750	(6,710)	(35.79)	25,000
Books and publications	400	5,850	5,450	93.16	7,800
Conferences	397	7,500	7,103	94.71	7,500
General insurance	17,022	11,250	(5,772)	(51.31)	15,000
Legal insurance	0	39,375	39,375	100.00	52,500
Health and safety	2,298	1,875	(423)	(22.56)	2,500
Legal expenses	327,134	252,333	(74,801)	(29.64)	340,000
Library	0	0	0	0.00	0
Other professional fees (inc Scanning & Linking)	25,346	52,250	26,904	51.49	56,000
Pension administration	4,349	3,750	(599)	(15.97)	5,000
Staff functions	5,151	12,000	6,849	57.08	12,000
Staff Handbook	0	0	0	0.00	0
Personal Performance Consultancy	2,448	0	(2,448)	0.00	0
Subscriptions to professional bodies	2,901	3,788	887	23.42	5,050
Taxation assistance	13,324	20,000	6,676	33.38	20,000
Training	2,044	18,750	16,706	89.10	25,000
	<u>469,239</u>	<u>486,721</u>	<u>17,482</u>	<u>3.59</u>	<u>673,350</u>
<b>OVERHEAD TOTAL</b>	<u>2,814,287</u>	<u>3,002,452</u>	<u>188,165</u>	<u>6.27</u>	<u>3,992,424</u>

**HEALTH PROFESSIONS COUNCIL**

**BALANCE SHEET  
as at 31st December 2002**

	£	£	<b>March 2002</b>	
			£	£
<b>FIXED ASSETS</b>				
Land & buildings, at cost or valuation	1,300,000		1,300,000	
Depreciation	<u>(28,167)</u>		<u>(8,667)</u>	
Net book value		1,271,833		1,291,333
Computer Equipment, at cost	946,727		579,635	
Depreciation	<u>(273,455)</u>		<u>(357,312)</u>	
Net book value		673,272		222,323
Office furniture and equipment, at cost	188,903		95,367	
Depreciation	<u>(41,168)</u>		<u>(44,997)</u>	
Net book value		147,735		50,370
		<hr/>		<hr/>
<b>TOTAL FIXED ASSETS</b>		<b>2,092,841</b>		<b>1,564,026</b>
<b>INVESTMENTS</b>		<b>1,440,896</b>		<b>2,146,012</b>
<b>CURRENT ASSETS</b>				
DOH Debtor	681,756		0	
Other debtors and prepayments	136,945		77,076	
Bank balances and cash	<u>248,577</u>		<u>1,300,067</u>	
	<u>1,067,278</u>		<u>1,377,143</u>	
<b>CURRENT LIABILITIES</b>				
<b>Amounts falling due within one year</b>				
Registration fees in advance	67,658		21,301	
Retention fees in advance	1,753,931		670,710	
Creditors and accrued expenses	545,375		549,859	
Capital Grant Receivable	<u>453,167</u>		<u>0</u>	
	<u>2,820,131</u>		<u>1,241,870</u>	
<b>NET CURRENT ASSETS</b>		<b>(1,752,853)</b>		<b>135,273</b>
		<hr/> <b>1,780,883</b> <hr/>		<hr/> <b>3,845,311</b> <hr/>
<b>Represented by:</b>				
Accumulated Fund at 1 April 2002		2,416,615		3,937,196
Surplus/(Deficit) for the period		<u>(635,732)</u>		<u>(91,885)</u>
		<u><b>1,780,883</b></u>		<u><b>3,845,311</b></u>
<b>Note:</b>				
<b>Accumulated Fund 1st April 2002</b>		3,845,311		
Prior Year Adjustment for Income Spread Method		<u>(1,428,696)</u>		
		<u><b>2,416,615</b></u>		