

Authority Paper

Committee	Authority Meeting
Meeting Date:	2 July 2008
Agenda Item:	16
Paper Number:	[HFEA (02/07/08) 455]
Paper Title:	Finance Report (Including Management Accounts and Financial Report for April 2008)
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For Information or Decision?	Information
Recommendation to the Committee:	The Authority is asked to note the enclosed Management Accounts and reports.
Enclosures	Management Accounts April 2008; Supporting Income and Cost graphs; Treatment Activity by Report graphs.

KEY ISSUES

1. This report presents the April 2008 management accounts together with supporting graphs displaying income and costs, and IVF/DI treatment activities over the past 6 years. They were reviewed by the Corporate Management Group (CMG) on 12th June.
2. The accounts show an overall surplus at the end of the month of £20k. This is the net balance of an operational surplus of £128k, less a deficit of £104k in respect of Programme 2010, and EUSTITE costs of £4k. The deficits in respect of Programme 2010 and EUSTITE have arisen as we are not yet able to draw down grant in aid for Programme 2010 (pending finalisation of our business case with the Department) and EUSTITE funding has not yet been released.
3. Total operational income generated in the month was £83k over budget, whilst costs incurred were £45k less than budgeted overall, although there were cost variances between departments ranging from £29k underspend to £32k overspend.
4. Whilst it is too early in the financial year to commence revisions to forecasts (this is the first month of the new financial year) it is all but certain that the budget allocation for legal fees will not be sufficient for the year, and therefore additional funding will be required. Reviews of fee income in particular will be undertaken from May onwards to assess potential options for meeting this requirement.
5. The 2007/08 year end balances brought forward to the April management accounts require reconciliation to the finalised financial accounts. However, it is not anticipated that this will make a material difference to the enclosed figures.
6. Negotiations with the Department in respect of the treatment of the small management accounting surplus generated for financial year 2007/08 have yet to be concluded. The total surplus calculated is £58k (out of a total spend of £7.9m.)

INCOME

Y-T-D Actual £640k, Budget £557k

Full Year Forecast £7m, Budget £7m

7. Fee income generated was £79k above budget. It is too early in the financial year to establish if this is likely to be an established trend however, although fee income was often above budget in the latter months of 2007/08.
8. An in depth review of fee income is due to be undertaken in June / July to assess treatment reporting by clinics over recent years, with particular regard to an assessment of reporting delays, and the impact on reporting of recent register data verification exercises, changes to the treatment forms, and EDI billing.

COSTS

Chief Executive's Office

Y-T-D Actual £42k, Budget £45k

Full Year Forecast £542k, Budget £542k

9. Spend for the month is £3k below budget, with £2k of this amount relating to travel and subsistence (non-pay), which is subject to monthly variations. There are still invoicing delay issues in respect of Department of Health secondees. There is the possibility therefore that accumulated accruals figures may prove to be under or over the final amounts invoiced, however it is anticipated that any differences should not be material.

Staff Costs – Other

Y-T-D Actual £24k, Budget £27k

Full Year Forecast £323k, Budget £323k

10. Other staff costs for the month are under budget, however all the costs under this heading are subject to activity that can vary significantly from month to month. No amendments to forecast are anticipated at the moment however.

Authority/Committee Costs

Y-T-D Actual £21k, Budget £24k

Full Year Forecast £278k, Budget £278k

11. Overall spend is under budget by £3.6k for the month, although there are some variations between individual cost heads. No amendments to forecasts are anticipated at the moment however.

Regulation and Corporate Planning

Y-T-D Actual £106k, Budget £113k

Full Year Forecast £1.387m, Budget £1.387m

12. Overall, there have been small underspends in all cost heads in this budget, with a total underspend of £7k. It is anticipated that these relate to timing differences, and no amendments to forecast are anticipated at present.

Communications and Policy

Y-T-D Actual £72k, Budget £101k

Full Year Forecast £1.29m, Budget £1.29m

13. There are a number of over and underspends in this directorate, resulting in a net underspend of £29k. Salaries costs are underspent by £10k due to the impact of staff revisions relating to Programme 2010. Other variations to budget relate primarily to timing differences, and no changes to forecast are anticipated as yet.

Resources and Corporate Development

Y-T-D Actual £96k, Budget £124k

Full Year Forecast £1.42m, Budget £1.42m

14. There is a net underspend of £28k in this department, with the greatest variance relating to salaries. This relates primarily to staffing revisions arising from Programme 2010 and overall no changes to forecast are anticipated as yet.

Information Management

Y-T-D Actual £97k, Budget £96k

Full Year Forecast £1.18m, Budget £1.18m

15. Overall there is a net overspend of £1k in this department. Whilst no amendments to forecast are anticipated at present, salaries costs will be re-forecast following staffing revisions arising from Programme 2010.

Legal Fees

Y-T-D Actual £55k, Budget £23k

Full Year Forecast £143k, Budget £143k

16. There is a net overspend of £32k in this department, and on the basis of the legal actions in progress, it is inevitable that this budget head will require additional resourcing in the foreseeable future. Costs estimates at this point in time are difficult to gauge with accuracy, however legal activity in May has been very high, with a court attendance and developments relating to the ongoing regulatory action. It is anticipated that legal costs for June and July will also be very high, as two sets of court proceedings are planned.

Professional Fees

Y-T-D Actual £0k Budget £2k

Full Year Forecast £186k, Budget £186k

17. No revisions to forecast in this budget head have been calculated at present.

Capital Costs

Y-T-D Actual £0k, Budget £0k

Full Year Forecast £300k, Budget £300k

18. No costs have arisen in respect of this budget head, however spend is expected to arise over the coming months, and to accelerate in the latter half of the year.

Programme 2010 Costs

Y-T-D Actual Costs £104k, Budget £125k

Full Year Forecast £1.527m, Budget £1.527m

19. Spend to date in respect of Programme 2010 has arisen primarily in respect of pay and consultancy costs. The funding for the programme has not yet been agreed with the Department, and therefore no grant in aid has been drawn down as yet. Accordingly, a deficit of £104k has arisen, however this will be met once DH funding is agreed.