

2. Finance

August Management Accounts

1. The August 2004 management accounts are enclosed at Annex A for the Committee's review. They were reviewed by SMT at their meeting on 28 September 2004, and during September the forecast 2004/05 outturns for each department were recalculated to ascertain if any forecast variances for the year were appropriate.
2. The following variances have arisen :

Fee Income

3. In view of the continued receipt of higher than budgeted fee income, the forecast for fee income has been increased by £350,000. This represents the positive variance on fee income to date.
4. It is possible that the reason for this increase relates to the work undertaken by the Authority's audit and registry teams in recent years to ensure that late reporting by clinics is identified and resolved promptly. An alternative explanation is that clinics are experiencing a significant increase in demand for their services – this has been confirmed by one major clinic recently - perhaps influenced by the recent NICE guidelines relating to IVF treatment.
5. In view of the need for prudence however, forecast expenditure has not been increased, should this fee income trend go into reverse. Future billing patterns will however be monitored closely, with a view to ascertaining how a budget surplus could best be utilised.

Expenditure

Chief Executive's Office

6. The salaries forecast has been increased by £17k to £300,000. This increase has arisen due to the need for extra temp cover for holidays and sick leave, and to provide for part time secretarial assistance to the Legal Adviser. No change to the overall forecast for this department has however arisen, as travel and subsistence costs are lower than budget.

Staff Costs – Other

7. The forecast outturn for staff costs – other has been increased by £7k to cover higher than budgeted expenditure on sundry staff costs. These costs include staff medical services and sundry travel and subsistence. At present, no other changes to forecast outturn within this budget head have been identified.

Authority Committee Costs

8. This forecast outturn has been reduced by £50k overall. Specific changes to forecasts are as follows - £40k reduction in Members' Fees; £30k reduction in members' travel and subsistence and £20k increase in meeting venue hire and catering. The decrease in the forecast for members' fees has arisen primarily because members are attending fewer inspections than budgeted. The travel and subsistence forecast has been decreased as the Inland Revenue have postponed their decision as to the tax status of members' travel and subsistence (without retrospective consequences). The increase in forecast meeting venue hire and catering costs has arisen due to the booking of all (i.e. including non-authority/committee) meeting costs to this budget head.

Regulation

9. The forecast for Regulation has increased by £34k in total. The forecasts for Inspectors' fees and Travel and Subsistence have been increased by £10k and £5k respectively. These increased costs relate primarily to the fees and costs charged during the inspectors' training programme earlier this year. The forecast for other inspection costs has been increased by £19k, to cover future recruitment of inspectors, and project management costs for a PR assessment programme.

Registry

10. (No revisions to the Registry forecast outturn are required at present.)

Communications and Policy

11. The costs of a number of projects that commenced in 2003/04, i.e. the Research Conference and the Opinion Leader research for the PGC policy decision will have to be absorbed in the budget for 2004/05. However, this overspend on Policy Research and Consultation is offset by the decrease in the forecast for HFEA Outcomes Data Analysis of £20,000. The Communications and Policy forecast outturn remains at £1.0698m overall.

Resources and Corporate Development

12. The forecast for resources and corporate development costs has been reduced by £102k overall. The overall reduction in costs is made up of a number of components. These are as follows - £119k increase in salaries, £151k reduction in rent, £79k reduction in rates, £22k reduction in service charges, £14k reduction in cleaning, £8.5k reduction in light and heat costs, £27.5k increase in building maintenance, £4k reduction in security, and £30k increase in stationery.

The increase in the forecast salaries costs has arisen due to the use of an interim consultant to cover the post of Head of HR and the cost of maternity cover for the Head of Finance. The forecast rent, rates, service charges, cleaning, light and heat and security costs have been reduced as the budget assumed that we would continue to pay rent and associated accommodation charges on Paxton House for the first six months of the year, in addition to the charges for 21 Bloomsbury Street. However, the actual charges in the current year are for 21 Bloomsbury Street only, as a full and final settlement for Paxton House was negotiated on 31 March 2004 and paid for in 2003/04. The forecast building maintenance costs for the year have been increased to provide for office alterations later in the year. The alterations would be needed to accommodate increased staff levels on the Historic Audit Project, the Electronic Data Interchange and the Human Tissue Authority. A proportion of these additional costs may prove to be rechargeable. The forecast for stationery has been increased in line with current spend level.

Legal Fees

13. No revision to the legal fee forecast outturn is required at present. However, the scope of fees relating to the House of Lords case fixed for hearing in March 2005 cannot as yet be quantified with certainty. Accordingly, it is possible that an increase to the forecast for this budget head may be needed.

Professional Fees

14. A increase in the forecast for professional fees of £10k has been made to cover an increase in Internal Audit costs to allow for the provisional work programme prepared by Kingston Smith in the first year of their new contract.

Capital Costs

15. (No revisions to the IT forecast outturn are required at present.)

Register Project

16. The overall register project costs remain on budget at £4,657k. However within the project, all cost categories have been reforecast to reflect the changes in the milestones achieved as compared to those per the budget. As the project has progressed, the methodology has been set out, enabling forecasts for expenditure to be firmed up. Significant changes in forecast (a increase or decrease of more than £70k) are as follows – Data Register (DR) Salaries reduction of £115k, Data Register Software expenditure reduction of £155k, Data Register Accommodation costs reduction of £106k, Historic Audit Project (HAP) Salaries increased by £559k, Historic Audit Project IT Hardware for the auditors increased by £72k, Historic Audit Project IT Software for the auditors increased by £77k, Historic Audit Project Travel and Subsistence costs for the auditors increased by £77k and Historic Audit Project Retrieval of Records from the Clinics costs reduced by £273k.

The salaries figure for the Data Register project has been revised in line with current staffing. Forecast hardware and software costs on the data project have been reduced as actual requirements have been minimal and no significant additional spend is anticipated. The reduction in accommodation costs reflects the overall reduction in the accommodation costs for the HFEA in total and therefore the amount apportioned to the Register project. The increases in the forecast Historic Audit Project salary costs are due to the expansion of the team. This expansion will enable the scope of the Historic Audit Project to be extended to examine records beyond the original cut off date. Increases in the forecast IT hardware and software costs are to cover the equipment requirements of these additional teams. The figure for costs of retrieval of records from clinics has been reduced as the Historic Audit Project is rolled out and clinics become aware of the actual cost impact.