

3 – Chief Executive's Report – Annex E

Income and Expenditure to 28 February 2009

1. The income and expenditure account is summarised below, followed by a commentary:

	Cumulative to February 2009			Full Year
	Budget	Actual	Variance	Budget 2009
Operating Income	12,862	12,776	-86	81,283
PLAB Income	156	213	57	821
Investment Income	220	92	-128	1,239
Total Income	13,238	13,081	-157	83,343
Staff Costs	4,614	4,444	170	29,965
Office Costs	861	688	173	5,877
Council Committee Costs	155	68	87	741
Panel Costs	2,155	1,702	453	13,482
Legal Cost	2,195	1,924	271	15,434
Accommodation Costs	1,424	914	510	11,620
Purchase of Assets	1,015	630	385	6,223
Less: Capitalisation	-1,474	-629	-845	-10,576
Add: Depreciation	969	940	29	6,147
Professional Advice	850	629	221	4,430
Asset Write Off	0	0	0	
Total Operating Exp	12,764	11,310	1,454	83,343
Surplus / (Deficit)	474	1,771	1,297	0

2. The actual surplus to 28 February 2009 is £1,771K, compared to a budget surplus for the period of £474K. Income is currently £157K below budget and expenditure is £1,454K under budget.

Income Analysis for the Year to Date

3. The table below summarises the income received by GMC for the period to 28 February 2009:

	Budget YTD £,000	Actual YTD £,000	Variance £,000	Full Year Budget £,000
ARF	12,401	12,352	-49	75,278
Registrations	402	335	-67	5,756
PLAB	156	213	57	821
Interest in Investments	220	92	-128	1,239
Sales and Other Income	59	89	30	249
Total	13,238	13,081	-157	83,343

4. ARF income is broadly in line with budget. Registration income is 16% below budget due to the timing of new applications being granted - historically our budget profile reflects a small peak of applications in January and February each year, but this year the peak occurred earlier in December 2008. Investment income is lower than budget due to the fall in interest rates since the budget was set. Sales and other income relates to the hire of the Clinical Assessment Centre and DH reimbursement of costs for the Affiliates pilot scheme.

5. This paper excludes around £0.5m of ARF income relating to doctors who were previously exempt on the grounds of age from paying the fee. We are in the process of finalising the accounting arrangements to reflect the removal of the age exemption, and the income figures will be adjusted in March 2009.

Expenditure Analysis for the Year to Date

6. Staff costs – there is currently an underspend of £171K due to 10 current vacancies, plus variations in the timing of recruitment. The underspend on permanent staff costs is partly offset by additional spending on overtime and temporary staffing. Recruitment costs are underspent due to delays in recruitment activity.

7. Office costs – there is a current underspend of £173K on printing and travel costs. Our spending on travel costs is £84K below budget, reflecting a £60K efficiency saving generated by improving our ticket selection. A credit of £13K has been received for telephone call charges overcharged in 2008, and printing costs are £39K below budget due to timing issues.

8. Council and Committee costs – these costs are below budget by £87K on member's fees and expenses. This is due to the phasing of the committee meetings.

9. Panel costs – these costs are currently below budget by £453K, due to the delay in the recruitment of the Reference Community which has been postponed until April/May 2009, together with a variation in the actual length of hearings compared to budget for the first two months of the year – shorter hearings incur a lower unit cost per day.
10. Legal costs – there is currently an underspend of £127K as more cases have been allocated to the in house legal team, which is more cost-effective than external legal advice.
11. Accommodation costs – there is currently an underspend of £510K, of which £336k relates to the Manchester and Belfast office move projects as actual costs have not yet been received. The Adjudication project to build an additional hearing room has been deferred due to difficulties in securing space in the Manchester office. We have also received a £16K VAT refund on insurance costs.
12. Purchase of assets – there is currently an underspend of £384K due to IT projects being delayed and the office move project not yet generating actual costs.
13. Capitalisation – the current variance of £842K reflects lower than anticipated spending on capital projects to date, resulting in a corresponding reduction in the level of capitalisation.
14. Professional advice – the current underspend of £221K is due to the communications exercise on the introduction of licensing being deferred for a short period. Costs relating to the Manchester office move will be incurred from April 2009 onwards