

**HEARING AID COUNCIL (HAC)
COUNCIL MEETING 2 JULY 2008
ITEM 9
MANAGEMENT ACCOUNTS**

Issue

Management accounts for the period ended 31 May 2008.

Timing

HAC Council Meeting 2 July 2008

Action

For consideration and discussion by Council.

Background

The SEC financial risks paper (agenda item 7a)i) set out the potential shortfalls in income, increase in costs and budgetary management action options for the Council. The management accounts for the two month period ended 31 May 2008 and forecast outturn for 2008/09 update the Council on these budgetary pressures.

The Council had income of £1.275m and expenditure of £0.2m for the two month period ended 31 May 2008 and a related surplus of £1.075m.

Further to information received from four of the five largest training companies that no candidates will be put forward for the 2008(2) cycle of HAC exams the numbers of forecast candidates have been updated leading to a further deterioration in the forecast exam, retention fee and registration fee income as shown. The effect of the projected fall in candidate numbers on exam costs has been calculated and a net deficit is now expected for the exams for the year of c£31k.

Legal services costs have been projected at £461k further to a review of live cases as at 31 May 2008 and their projected passage through the IC and DC process.

The forecast for IC costs is based upon 9 complaints being received a month for the remainder of 2008/09. The average number of complaints per month in 2007/08 was 11. There were 9 complaints in April 2008 and 2 in May 2008.

The forecast for DC costs is based upon the costs of projected DC's to 31 December 2008 which would clear all current complaints that are expected to pass to DC and pro rata costs from January to March 2009.

The projections are based upon the most likely cost profile and the reduction in costs for outcomes based upon the best case profile would be £132k and increase in costs for outcomes based upon the worst case profile would be £488k.

Current forecast outturn projections show income of £1.358m and expenditure of £1.404m and a resultant deficit of £46k. Together with the deficit brought forward from 2007/08 there is therefore a projected Council deficit of £61k.

Recommendation

That the Council notes the management accounts for the two month period and forecast outturn for 2008/09 and agrees the budget management actions approved by SEC in June.