

Finance and Facilities Management Departments – April 2008 Report

General

Since the last Committee Meeting, the Finance department has produced the February Management Accounts and is completing the March Management Accounts.

Supplier payments

At the end of February, at least 99% by value of the £240k Creditor payments (Feb Aged Creditor Listing) are in the 30 days or less category.

Fee adjustments and income receipts handling

At 10 March, there was a backlog in Registrant direct debit cancellations and amendments of about 5 processing days. We had about 3 days processing backlog on rejected payments/refunds and zero days backlog on mid-cycle lapsing of Registrants. Banking of Registrant cheques and credit card reconciliations were almost up to date.

Income Collection cycle

Direct debit collections of Registrants' fees (cover at least 83% of renewal fees by value) are done by the Finance Dept, with collections made two months in advance. PH and OT collections occurred in March. AS, BS and ODP collections are scheduled for April. Most of the income comprises Renewal fees collected.

Pensions

At 31 March, there were 54 active members in the Friends Provident Scheme and 1 active member in the Capita Flexiplan Scheme, excluding the "notional" members.

On the HPC's behalf, Sacker and Co, pensions lawyers, are working with Capita Trust Company Ltd ("Capita") to action the winding up of the old CPSM pension scheme. This Scheme is a defined benefit arrangement with Scottish Life, which ceased contributions and

commenced winding up with effect from 30 June 1995. Capita advise four key aspects are still outstanding;

- confirming whether any net distributions are tax free
- obtaining a full set of the rules covering the years 1962-2002
- ensuring full benefit entitlements are identified
- finding a solution that meets the entitlement rules. To elaborate, the Scheme provides for pension increases in line with RPI, subject to a minimum of 3% pa. The benefits are secured by insurance policies issued by The Scottish Life Assurance Society ("Scottish Life"). Scottish Life advise they cannot secure these benefits on this basis, and the feedback Capita Trust Co Ltd have received is that it is unlikely that other buyout organisations would take on a small arrangement such as this. The Scottish Life Actuary has recently suggested a fixed rate of increase that would be of equivalent value, which they could accommodate. Update paper to a later Committee meeting.

Funds under Management

At 6 March, the Business Reserve account balance was £438k earning an interest rate of 2% per annum. A further £5.17M was invested in the Special Interest-bearing Account (SIBA) on a rolling monthly basis, earning 5.25% per annum. NatWest, Barclays and HSBC are active Money Market providers for HPC. The value of our investment portfolio (including £208k cash) at the end of February was £1.64M.

Regarding the Reserves Policy, three average budgeted months of Operating Expenses totals £3.12M. At the end of February, the sum of Investments and Working Capital totalled £4M.

VAT deregistration

Date	Ver.	Dept/Cmte	Doc Type	Title	Status
2008-02-28	a	F&R	RPT	Finance and Facilities Management Department Report Mar08	Final DD: None

Int. Aud.
Public RD: None

HMRC confirmed that the option to tax will be disapplied, once the Stannary property is first used after the refurbishment and once the 'election to waive exemption' is received. Baker Tilly are proceeding with the deregistration application.

March 07 Annual Report

Tabled and approved in Parliament in late March 2008 and will be posted online shortly.

Employee training and staffing levels

There is a team of eight full-time permanent employees in the Finance department including the Director of Finance and the Procurement Officer. Three Finance employees are enrolled in after hours, part-time professional accountancy qualifications (CIMA, ACCA and CAT) at present. Temp staff are periodically hired to cover for staff on annual or sick leave and to help the Transaction Manager and P/L Officer achieve their required service level targets.

Significant Financial Projects/Issues (next few months)

- Financial System Upgrade Phase Two (Online Purchase Order Processing). Phase One (SAGE 200) was completed in April.
- Fee Change 2009 project (consultation phase)
- External Audit and Year End Statutory Reporting
- 22-26 Stannary St project Phase 2 (rooftop addition)

Facilities Management Report

Staffing

There are six permanent employees including the Facilities Manager. Areas covered include Reception, Building Maintenance, Post room, Catering, Health and Safety, Insurance and Building project liaison.

22-26 Stannary St Building Project

Following completion, the Registrations dept moved into the new Stannary St premises in mid April with Fitness to Practise and other

depts involved in the building restack to follow. Refer separate paper.

Insurance

Annual review and update of HPC's insurance requirements completed by Lockton, HPC's insurance broker. Some premium savings, reduced policy exclusions and increased coverage obtained. See separate paper outlining coverage details.

Health and Safety Issues

Implementation of HPC Health & Safety¹ and Fire Safety training to commence from June 2008.

Procurement Report

Work in progress to update Supplier service contracts with assistance from BDB lawyers.

Replacement travel provider for Portman Travel to be trialled for a three month period, following recent supplier presentations and after supplier travel system customisation.

Work in progress to create a centralised travel section on the HPC websites. Likely to cover travel insurance, travel booking process, contact details, FAQ's and travel expense policies.

¹ Health and Safety aspects relating to the physical environment include; Disabled Access, Fire Risk, Physical Security, Water Quality and Electrical Work testing. Health and Safety aspects relating to people (employees, contractors, Council and Committee members and Partners) include; Vehicle use, Display screen equipment, eyesight testing, first aid training, manual handling and lifts, and maintenance work by contractors.

	2007						2008						Total to Feb £000	Budget Feb £000	Variance £000	Annual Budget £000
	April £000	May £000	Jun £000	Jul £000	Aug £000	Sep £000	Oct £000	Nov £000	Dec £000	Jan £000	Feb £000	Mar £000				
INCOME																
Registration Income	835	926	818	994	1,049	950	1,193	717	1,135	987	1,020					
Department of Health Capital Grant Released	0	0	0	0	0	0	0	0	0	0	0	10,624	11,492	(867)	12,552	
Miscellaneous Income	0	0	20	(20)	0	0	0	6	0	0	0	0	0	0	0	
	0	0	20	(20)	0	0	0	6	0	0	0	6	0	6	0	
TOTAL INCOME*	835	926	838	974	1,049	950	1,193	723	1,135	987	1,020	0	10,630	11,492	(862)	12,552
EXPENDITURE																
Approvals & Monitoring	3	60	65	29	32	29	38	34	23	36	40					
Chief Executive	21	36	17	19	21	20	24	22	25	22	20	389	595	(205)	657	
Committees & PLG	(4)	14	24	(3)	8	21	11	52	(2)	11	20	247	235	12	256	
Communications	19	98	31	34	62	51	34	118	63	80	103	153	363	(210)	396	
Council	3	46	47	29	9	19	33	35	(1)	15	9	694	976	(281)	1,016	
Facilities Management	102	58	44	65	62	72	74	82	53	60	90	245	401	(157)	423	
Finance	57	43	34	20	63	17	39	65	51	65	10	760	905	(145)	981	
Fitness to Practise	185	273	347	299	351	426	298	368	233	388	349	464	411	53	449	
Human Resources & Partners	50	77	47	73	37	58	26	50	39	45	39	3,519	3,223	296	3,592	
IT Department	70	104	62	70	78	51	67	79	57	55	77	541	450	92	491	
Operations Office	17	20	13	21	27	19	19	20	18	41	29	770	760	11	844	
Policy & Standards	11	17	16	16	15	18	20	45	27	23	17	246	238	8	259	
President	2	3	2	4	2	2	3	3	3	5	1	224	395	(171)	431	
Projects	(2)	0	2	3	0	3	4	2	2	30	12	29	44	(14)	48	
Registration	16	149	160	161	119	137	130	187	147	113	171	56	344	(288)	353	
Secretariat	38	(2)	15	22	33	30	25	24	11	16	32	1,491	1,880	(389)	2,022	
	38	(2)	15	22	33	30	25	24	11	16	32	245	252	(7)	274	
TOTAL EXPENDITURE	590	996	927	863	920	973	845	1,187	751	1,004	1,020	0	10,074	11,470	(1,395)	12,493
SURPLUS/(DEFICIT)	245	(70)	(89)	112	129	(23)	348	(464)	384	(17)	0	0	556	22	534	59

* Total Income is excluding investment income

	2007										2008		Total to Feb £000	Budget Feb £000	Total Expenditure £000
	April £000	May £000	Jun £000	Jul £000	Aug £000	Sep £000	Oct £000	Nov £000	Dec £000	Jan £000	Feb £000	Mar £000			
EXPENDITURE															
Approvals & Monitoring	61	(2)	(2)	14	9	11	21	22	24	17	30	205	595	389	
Chief Executive	0	(15)	4	2	0	1	(2)	(1)	(3)	(1)	2	(12)	235	247	
Committees & PLG	32	22	1	50	16	12	44	(22)	35	14	6	210	363	153	
Communications	16	(63)	44	30	(33)	95	71	127	(0)	43	(46)	281	976	694	
Council	4	1	(41)	116	(3)	3	32	(10)	23	(8)	39	157	401	245	
Facilities Management	(30)	13	29	7	80	45	(2)	(10)	20	12	(18)	145	905	760	
Finance	(21)	(6)	4	17	(26)	21	(2)	(27)	(13)	(28)	27	(53)	411	464	
Fitness to Practise	109	21	(57)	54	(117)	(119)	11	(81)	51	(102)	(65)	(296)	3,223	3,519	
Human Resources & Partners	(9)	(36)	(6)	(32)	4	(17)	15	(9)	2	(4)	2	(92)	450	541	
IT Department	(1)	(35)	7	(1)	(9)	18	2	(9)	12	14	(8)	(11)	760	770	
Operations Office	4	1	8	0	(6)	3	2	2	3	(19)	(8)	(8)	238	246	
Policy & Standards	25	19	20	20	21	18	15	(9)	9	13	19	171	395	224	
President	2	1	2	0	2	2	1	1	1	(1)	3	14	44	29	
Projects	9	7	11	10	18	244	4	6	8	(24)	(7)	288	344	56	
Registration	185	38	4	16	46	29	65	(17)	(3)	23	2	389	1,880	1,491	
Secretariat	9	7	7	0	(19)	(4)	(2)	(2)	11	6	(7)	7	252	245	
TOTAL BUDGET VARIANCE	395	(26)	37	303	(17)	363	275	(41)	178	(44)	(28)	0	1,395	11,470	10,074
TOTAL MONTHLY BUDGET	985	970	963	1,166	904	1,336	1,120	1,146	929	960	992	0			11,470
TOTAL EXPENDITURE	590	996	927	863	920	973	845	1,187	751	1,004	1,020	0			10,074

* Total Income is excluding investment income

	<i>Actual Mar 07 £000</i>	2007										2008			<i>Budget Mar 08 £000</i>
		April £000	May £000	Jun £000	Jul £000	Aug £000	Sep £000	Oct £000	Nov £000	Dec £000	Jan £000	Feb £000	Mar £000		
FIXED ASSETS															
Tangible Fixed Assets	3,714	3,699	3,720	3,737	3,777	3,831	3,844	3,952	4,174	4,298	4,601	4,738	5,387		
Investments	1,848	1,945	1,979	1,905	1,850	1,802	1,847	1,977	1,792	1,793	1,649	1,644	1,786		
TOTAL FIXED ASSETS	5,562	5,644	5,699	5,642	5,627	5,633	5,691	5,929	5,966	6,091	6,250	6,382	0	7,173	
CURRENT ASSETS															
Debtors	240	209	195	197	162	165	214	212	254	209	237	244	89		
Bank & Cash	4,049	3,620	3,032	2,520	2,886	2,964	4,129	4,641	4,269	4,030	4,047	3,613	2,436		
CURRENT LIABILITIES															
Creditors and accrued expenses	(1,840)	(1,176)	(1,349)	(1,297)	(1,281)	(1,293)	(1,338)	(1,291)	(1,673)	(1,362)	(1,586)	(1,496)	(1,117)		
WORKING CAPITAL	2,449	2,653	1,878	1,420	1,767	1,836	3,005	3,562	2,850	2,877	2,698	2,361	0	1,408	
LOANS	0	0	0	0	0	0	0	0	0	0	0	0	0		
Deferred income	(5,429)	(5,399)	(4,705)	(4,257)	(4,528)	(4,490)	(5,678)	(6,034)	(5,939)	(5,690)	(5,752)	(5,551)	(6,056)		
NET ASSETS	2,582	2,898	2,872	2,805	2,866	2,979	3,018	3,457	2,877	3,278	3,196	3,192	0	2,525	
Represented by:															
Revaluation Reserve	651	651	651	651	651	651	651	651	651	651	651	651	651		
Income and expenditure account	1,931	2,247	2,221	2,154	2,215	2,328	2,367	2,806	2,226	2,627	2,545	2,541	1,874		
	2,582	2,898	2,872	2,805	2,866	2,979	3,018	3,457	2,877	3,278	3,196	3,192	0	2,525	

* Balance sheet includes investment income

	Actual Mar 07 £000	2007										2008			Total 11 Months £000
		April £000	May £000	Jun £000	Jul £000	Aug £000	Sep £000	Oct £000	Nov £000	Dec £000	Jan £000	Feb £000	Mar £000		
Opening Balance (1st)		4,050	3,620	3,032	2,522	2,885	2,965	4,130	4,639	4,267	4,030	4,047	3,612		
Registration Income		834	925	818	994	1,049	950	1,192	717	1,136	987	1,020		10,622	
Investment Income		2	8	44	4	5	44	5	5	13	49	3		182	
Investment Sales		0	20	84	0	27	0	25	90	17	30	13		306	
Deferred Income Movements		(29)	(694)	(447)	271	(37)	1,187	356	(96)	(247)	62	(201)		125	
Bank Loan															
Miscellaneous Income				20	(20)				6					6	
Total Cash Receipts		807	259	519	1,249	1,044	2,181	1,578	722	919	1,128	835	0	11,241	
Expenditure		590	996	927	863	920	974	845	1,187	750	1,003	1,020		10,075	
Depreciation		(15)	(14)	(17)	(3)	(17)	(12)	(16)	(17)	(17)	(16)	(17)		(161)	
Asset disposal / writeoff		0	0	0	0	0	0	0	0	0	0	0		0	
Aged Cred / Accrual Movements		664	(171)	51	16	(12)	(47)	48	(383)	313	(226)	90		343	
Debtor Movements		(31)	(15)	3	(34)	2	49	(3)	43	(48)	31	8		5	
Payments to Creditors		1,208	796	964	842	893	964	874	830	998	792	1,101	0	10,262	
Capital Expenditure		0	35	33	58	71	29	128	238	141	320	155		1,208	
Capital write-off		0	0	0	(14)	0	(4)	(3)	0	0	(1)	0		(22)	
Investment Purchases		29	16	32	0	0	27	70	26	17	0	14		231	
Loan Repayments		0	0	0	0	0	0	0	0	0	0	0		0	
Other Payments		29	51	65	44	71	52	195	264	158	319	169	0	1,417	
Closing Balance	4,050	3,620	3,032	2,522	2,885	2,965	4,130	4,639	4,267	4,030	4,047	3,612	3,612		
Budgeted Closing Balance															
Variance			3,032	2,522	2,885	2,965	4,130	4,639	4,267	4,030	4,047	3,612	3,612		

* Cash flow includes investment income