

Finance and Facilities Management Departments – September 2008 Report

General

Since the last Committee Meeting, the Finance department has produced the July Management Accounts and is currently working on the August Management Accounts.

The Chief Executive received a letter from the Privy Council Office dated 6 August, informing the HPC (and NAO) that the Privy Council would take responsibility for negotiating with HM Treasury over any novel or contentious matters arising from the HPC Accounts.

Council Fee Rise

A paper will go to the November Finance & Resources Committee meeting on this. The 2008/09 Budget includes a change in the allowance fee from £300 to £310 per day, backdated to 1 April.

Supplier payments

At the end of July, at least 97% by value of the £377k Creditor payments (July Aged Creditor Listing) are in the 30 days or less category.

Fee adjustments and income receipts handling

At 20 August, there was no backlog in Registrant direct debit cancellations and amendments. We had about 0.5 days processing backlog on rejected payments/refunds and no backlog on mid-cycle lapsing of Registrants. There is about a 3 day processing backlog on banking of Registrant cheques and credit card reconciliations.

Income Collection cycle

Direct debit collections of Registrants' fees (cover at least 79% of renewal fees by value) are done by the Finance Dept, with collections made two months in advance. CH, SL, CS and PO collections occurred in August. PH and OT collections are scheduled for September. Most of the income comprises Renewal fees collected.

Pensions

In August, there were 59 active members in the Friends Provident Scheme and no active members in the Capita Flexiplan Scheme, excluding the "notional" members. Note there are also ex employees (CPSM & HPC employees during 1994-07) who have money remaining in the Flexiplan scheme.

The HPC received a letter in early June from Entrust, the Flexiplan profession trustee, advising that they are in the process of obtaining an actuarial valuation of the Flexiplan fund value by approaching the market for pension scheme buy outs and that an Employers' Consultative Committee has been formed to represent the interests of the Flexiplan scheme employers going forward.

On the HPC's behalf, Sacker and Co, pensions lawyers, are working with Capita Trust Company Ltd 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.

Funds under Management

At 5 September, the Business Reserve account balance was £450k, earning an interest rate of 2% per annum. A further £4.75M was invested in the Special Interest-bearing Account (SIBA) on a rolling monthly basis, earning 5% per annum. NatWest, Barclays and HSBC are active Money Market providers for HPC.

The value of HPC's investment portfolio (excluding £209k portfolio cash) at the end of July was £1.55M. The portfolio value including cash was £1.763M. This compares with £1.977M at 31 July 2007.

Regarding the Reserves Policy, three average 2008/09 budgeted months of Operating Expenses totalled £3.37M. At the end of July, the sum of Investments and Working Capital totalled £4.8M.

Employee training and staffing levels

Excluding the Finance Officer vacancy, there is a team of seven full-time permanent & fixed term 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 achieve Finance dept service level targets.

Significant Financial Projects/Issues (next few months)

- Hire a permanent Finance Officer
- Resolve outstanding issues with Finance System Upgrade (FSU) project – see a separate paper
- Five Year Plan update
- Annual Budget planning including Projects
- Online Renewals project input (testing)
- Preparing for IFRS compliance (IFRS reporting at 31-3-09)
- Update aspects of the Financial Procedures manual
- 22-26 Stannary St project Phase 2 (roof top addition)

Procurement Report

Supplier contract approval, implementation and training sessions with supplier managers to follow.

The Co Operative Travel trial was extended until 6 November.

Facilities Management Report

Staffing

There is a team of six permanent employees including the Facilities Manager. Services provided include Reception, Building Maintenance, Post room, Catering, Health and Safety (jointly with HR), Insurance and Building project liaison.

22-26 Stannary St Building Project

The final CFC invoice value for Phase one is being negotiated on HPC's behalf by Davis Langdon, the quantity surveyor – see a separate paper. Phase two work involving the architect has commenced. The tender for the main contractor likely to be in last four months of this financial year.

Health and Safety Issues

The implementation of HPC Health & Safety and Fire Safety training to now commence in late November 2008.

| Date | Ver. | Dept/Cmte | Doc Type | Title | Status | Int. Aud. |
|------------|------|-----------|----------|--------------------------------------------------------|-------------------|--------------------|
| 2008-06-06 | a | F&R | RPT | Finance and Facilities Management Department Report | Final DD: None | Public RD: None |

| | 2008 | | | | 2009 | | | | | | | | Total to | Budget | Variance | Annual |
|------------------------------------|--------------|--------------|--------------|--------------|------|------|------|------|------|------|------|------|--------------|--------------|--------------|---------------|
| | April | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | YTD | YTD | | Budget |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| INCOME | | | | | | | | | | | | | | | | |
| Registration Income | 1,098 | 965 | 1,164 | 1,049 | | | | | | | | | 4,276 | 4,509 | (234) | 13,730 |
| Miscellaneous Income | 0 | 0 | 0 | 0 | | | | | | | | | 0 | 0 | 0 | 0 |
| TOTAL INCOME* | 1,098 | 965 | 1,164 | 1,049 | | | | | | | | | 4,276 | 4,509 | (234) | 13,730 |
| EXPENDITURE | | | | | | | | | | | | | | | | |
| Approvals & Monitoring | 40 | 64 | 57 | 29 | | | | | | | | | 190 | 209 | (19) | 661 |
| Chief Executive | 28 | 17 | 29 | 27 | | | | | | | | | 101 | 88 | 13 | 278 |
| Council & Committees | 0 | 18 | 96 | 12 | | | | | | | | | 125 | 162 | (37) | 547 |
| Communications | 22 | 78 | 83 | 79 | | | | | | | | | 262 | 254 | 8 | 1,020 |
| Facilities Management | 92 | 59 | 96 | 102 | | | | | | | | | 349 | 355 | (6) | 910 |
| Finance | 47 | 75 | 50 | 65 | | | | | | | | | 237 | 196 | 40 | 570 |
| Fitness to Practise | 140 | 664 | 474 | 236 | | | | | | | | | 1,515 | 1,709 | (195) | 4,622 |
| Human Resources & Partners | 29 | 66 | 78 | 38 | | | | | | | | | 211 | 279 | (68) | 662 |
| IT Department | 69 | 86 | 74 | 67 | | | | | | | | | 295 | 346 | (51) | 1,137 |
| Operations Office | 27 | 32 | 40 | 34 | | | | | | | | | 133 | 137 | (5) | 375 |
| Policy & Standards | 18 | 19 | 65 | 35 | | | | | | | | | 138 | 155 | (17) | 384 |
| President | 0 | 7 | 6 | 4 | | | | | | | | | 17 | 15 | 2 | 49 |
| Major Projects | 0 | 24 | 3 | 2 | | | | | | | | | 28 | 53 | (25) | 263 |
| Registration | 87 | 174 | 124 | 103 | | | | | | | | | 488 | 581 | (93) | 1,714 |
| Secretariat | 14 | 26 | 20 | 19 | | | | | | | | | 79 | 93 | (14) | 293 |
| TOTAL EXPENDITURE | 613 | 1,409 | 1,294 | 851 | | | | | | | | | 4,167 | 4,634 | (467) | 13,485 |
| OPERATING SURPLUS/(DEFICIT) | 485 | (444) | (130) | 198 | | | | | | | | | 109 | (125) | 234 | 245 |

* Total Income is excluding investment income

Note: No accruals have been posted for April

| | 2008 | | | | 2009 | | | | | | | | Total to July £000 | Budget July £000 | Total Expenditure £000 |
|------------------------------|--------------|--------------|--------------|--------------|------|------|------|------|------|------|------|------|--------------------------|------------------------|------------------------------|
| | April | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | | | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| EXPENDITURE | | | | | | | | | | | | | | | |
| Approvals & Monitoring | (7) | 12 | (2) | (22) | | | | | | | | | (19) | 209 | 190 |
| Chief Executive | 8 | (4) | 7 | 1 | | | | | | | | | 13 | 88 | 101 |
| Council, Committees & PLG | (27) | (12) | 39 | (38) | | | | | | | | | (37) | 162 | 125 |
| Communications | (11) | (7) | 17 | 9 | | | | | | | | | 8 | 254 | 262 |
| Facilities Manangement | 28 | (16) | (32) | 13 | | | | | | | | | (6) | 355 | 349 |
| Finance | (18) | 43 | (3) | 18 | | | | | | | | | 40 | 196 | 237 |
| Fitness to Practise | (232) | 159 | 8 | (129) | | | | | | | | | (195) | 1,709 | 1,515 |
| Human Resources & Partners | (2) | 7 | (30) | (43) | | | | | | | | | (68) | 279 | 211 |
| IT Department | 14 | (4) | (33) | (28) | | | | | | | | | (51) | 346 | 295 |
| Operations Office | (12) | (2) | 6 | 4 | | | | | | | | | (5) | 137 | 133 |
| Policy & Standards | (1) | (3) | (24) | 11 | | | | | | | | | (17) | 155 | 138 |
| President | 1 | (2) | 2 | 0 | | | | | | | | | 2 | 15 | 17 |
| Major Projects | (44) | 16 | 2 | 1 | | | | | | | | | (25) | 53 | 28 |
| Registration | (59) | 32 | (20) | (46) | | | | | | | | | (93) | 581 | 488 |
| Secretariat | (4) | 0 | (4) | (6) | | | | | | | | | (14) | 93 | 79 |
| TOTAL BUDGET VARIANCE | (366) | 219 | (67) | (253) | | | | | | | | | (467) | 4,634 | 4,167 |
| TOTAL MONTHLY BUDGET | 979 | 1,190 | 1,361 | 1,104 | | | | | | | | | | | 4,634 |
| TOTAL EXPENDITURE | 613 | 1,409 | 1,294 | 851 | | | | | | | | | | | 4,167 |

* Total Income is excluding investment income

| | <i>Actual Mar 08 £000</i> | 2008 | | | | | | | | | | 2009 | | | <i>Budget Mar 09 £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 | 3,756 | 3,933 | 3,891 | 3,903 | 3,889 | | | | | | | | | 6,278 | |
| Investments | 1,528 | 1,710 | 1,715 | 1,604 | 1,554 | | | | | | | | | 1,554 | |
| TOTAL FIXED ASSETS | 5,284 | 5,643 | 5,606 | 5,507 | 5,443 | 0 | 7,832 | |
| CURRENT ASSETS | | | | | | | | | | | | | | | |
| Debtors & Prepayments | 213 | 335 | 358 | 283 | 273 | | | | | | | | | 353 | |
| Bank & Cash | 4,899 | 5,098 | 4,308 | 3,786 | 4,579 | | | | | | | | | 5,453 | |
| CURRENT LIABILITIES | | | | | | | | | | | | | | | |
| Creditors and accrued expenses | (2,103) | (1,706) | (1,864) | (1,663) | (1,594) | | | | | | | | | (2,363) | |
| WORKING CAPITAL | 3,009 | 3,727 | 2,802 | 2,406 | 3,258 | 0 | 3,443 | |
| LOANS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Deferred income | (6,870) | (7,377) | (6,777) | (6,502) | (7,090) | | | | | | | | | (7,763) | |
| NET ASSETS | 1,423 | 1,993 | 1,631 | 1,411 | 1,611 | 0 | 3,512 | |
| Represented by: | | | | | | | | | | | | | | | |
| Revaluation Reserve | 422 | 422 | 422 | 422 | 422 | | | | | | | | | 651 | |
| Income and expenditure account | 1,001 | 1,571 | 1,209 | 989 | 1,189 | | | | | | | | | 2,761 | |
| | 1,423 | 1,993 | 1,631 | 1,411 | 1,611 | 0 | 3,412 | |

* Balance sheet includes investment income

| | Actual Mar 08 £000 | 2008 | | | | | | | | | | | | Total July £000 |
|---------------------------------|--------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
| | | April £000 | May £000 | Jun £000 | Jul £000 | Aug £000 | Sep £000 | Oct £000 | Nov £000 | Dec £000 | 2009 | | | |
| | | Jan £000 | Feb £000 | Mar £000 | | | | | | | | | | |
| Opening Balance | | 4,898 | 5,098 | 4,307 | 3,785 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | |
| Registration Income | | 1,098 | 1,083 | 1,165 | 1,049 | | | | | | | | | 4,395 |
| Investment Income | | 2 | 1 | 17 | 45 | | | | | | | | | 65 |
| Investment Sales | | 34 | 44 | 38 | 39 | | | | | | | | | 155 |
| Deferred Income Movements | | 509 | (595) | (393) | 589 | | | | | | | | | 110 |
| Department of Health funding | | 0 | 0 | 74 | 0 | | | | | | | | | |
| Bank Loan | | | | | | | | | | | | | | |
| Miscellaneous Income | | | | | | | | | | | | | | 0 |
| Total Cash Receipts | | 1,643 | 533 | 901 | 1,722 | 0 | 4,799 |
| Expenditure | | 613 | 1,467 | 1,291 | 851 | | | | | | | | | 4,222 |
| Depreciation | | (24) | (25) | (24) | (25) | | | | | | | | | (98) |
| Asset disposal / writeoff | | 0 | 0 | 0 | 0 | | | | | | | | | 0 |
| Aged Cred / Accrual Movements | | 395 | (53) | 169 | 70 | | | | | | | | | 581 |
| Debtor Movements | | 122 | (80) | (93) | (11) | | | | | | | | | (62) |
| Payments to Creditors | | 1,106 | 1,309 | 1,343 | 885 | 0 | 4,643 |
| Capital Expenditure | | 201 | (17) | 36 | 11 | | | | | | | | | 231 |
| Capital write-off | | 0 | 0 | 0 | 0 | | | | | | | | | 0 |
| Investment Purchases | | 136 | 32 | 44 | 32 | | | | | | | | | 244 |
| Loan Repayments | | 0 | 0 | | | | | | | | | | | 0 |
| Other Payments | | 337 | 15 | 80 | 43 | 0 | 475 |
| Closing Balance | 4,898 | 5,098 | 4,307 | 3,785 | 4,579 | |
| Budgeted Closing Balance | | | | | | | | | | | | | | |
| Variance | | 5,098 | 4,307 | 3,785 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | 4,579 | |

* Cash flow includes investment income