

## Finance and Facilities Management Departments – July 2008 Report

### General

Since the last Committee Meeting, the Finance department has produced the May Management Accounts and is currently completing the June Management Accounts.

### Annual Report Process

The 2008 Annual Report was laid in Parliament on 21 July 2008.

### Council Fee Rise

A paper will go to a future Council 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 March, at least 96% by value of the £350k Creditor payments (May Aged Creditor Listing) are in the 30 days or less category.

### Fee adjustments and income receipts handling

At 17 July, there was a backlog in Registrant direct debit cancellations and amendments of about 1 processing day. We had about 0.5 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 up to date.

### 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. RA, PA and OR collections occurred in July. SL, CS and PO collections are scheduled for August. Most of the income comprises Renewal fees collected.

### Pensions

At 17 July, there were 56 active members in the Friends Provident Scheme and 0 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 (ECC) has been formed to represent the interests of the Flexiplan employers going forward. The ECC's aims are to liaise with Entrust, give or withhold agreement on behalf of employers in relation to scheme funding matters, act to identify any s75 debt consequences relating to an effective scheme wind up date and resolve how to distribute any surplus upon wind up.

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. A meeting was held on 9 July between the trustees, scheme administrators and HPC's pension's lawyers to progress the outstanding issues.

### Funds under Management

At 11 July, the Business Reserve account balance was £603k (just prior to payments of £368k) earning an interest rate of 2% per annum. A further £4.2M 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 our investment portfolio (excluding £193k cash) at the end of May was £1.7M.

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

Regarding the Reserves Policy, three average 2008/09 budgeted months of Operating Expenses totalled £3.37M. At the end of March, the sum of Investments and Working Capital totalled £4.57M.

### **Building Rates**

On behalf of Lambeth Council, the Valuation Office, an agency of HMRC, made a site visit to HPC premises on 8 July in order to update the records for Council rating purposes. We received a notice of alteration to the Rating List for the premises of 184 Kennington Park Road, 20 Stannary St and 22-26 Stannary St altering the “adopted rateable value” from £85,750 to £171,000, effective from 28 May 2008. Applying the non domestic multiplier, the estimated annual rates expense (yet to be billed) would rise from £40k to £79k (Budget £108k).

### **VAT deregistration**

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. Complications have arisen because the original VAT notification was discovered to be on Purbrooks Worgan St property, not on their 22-26 Stannary St property. Baker Tilly Tax Advisory dept are writing to HMRC on the basis that Stannary St has always been a taxable property and that it was a genuine mistake in the original Purbrooks documentation.

### **Employee training and staffing levels**

Following the June resignation of the Finance Officer, 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 replacement Finance Officer
- Online Renewals project input (testing)
- Fee Change 2009 project input (testing)
- Preparing for IFReM compliance (IFRS reporting at 31-3-09)
- Financial Procedures updating
- Five Year Plan
- Annual Budget planning including Projects
- 22-26 Stannary St project Phase 2 (rooftop addition)

### **Procurement Report**

Work in progress to update supplier service contracts with assistance from BDB lawyers. Training sessions with supplier managers to follow in September. The Co Operative Travel trial ends on 6 August. EMT decision in late July about whether to extend the trial, appoint Co Operative or find an alternative supplier.

### **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.

### **Health and Safety Issues**

The implementation of HPC Health & Safety and Fire Safety training to commence in September 2008.

	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	£000
<b>INCOME</b>																	
Registration Income	1,098	965											2,063	2,222	(159)		13,730
Miscellaneous Income	0	0											0	0	0		0
<b>TOTAL INCOME*</b>	<b>1,098</b>	<b>965</b>											<b>2,063</b>	<b>2,222</b>	<b>(159)</b>		<b>13,730</b>
<b>EXPENDITURE</b>																	
Approvals & Monitoring	40	64											104	99	5		661
Chief Executive	28	17											45	41	4		278
Council & Committees	0	18											18	57	(39)		547
Communications	22	78											100	118	(18)		1,020
Facilities Management	92	59											151	139	12		910
Finance	47	75											122	97	25		570
Fitness to Practise	140	664											804	877	(73)		4,622
Human Resources & Partners	29	66											95	90	5		662
IT Department	69	86											155	145	10		1,137
Operations Office	27	32											59	73	(14)		375
Policy & Standards	18	19											37	41	(4)		384
President	0	7											7	8	(1)		49
Major Projects	0	24											24	52	(28)		263
Registration	87	174											261	288	(27)		1,714
Secretariat	14	26											40	44	(4)		293
<b>TOTAL EXPENDITURE</b>	<b>613</b>	<b>1,409</b>											<b>2,022</b>	<b>2,169</b>	<b>(147)</b>		<b>13,485</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>485</b>	<b>(444)</b>											<b>41</b>	<b>53</b>	<b>(12)</b>		<b>245</b>

\* Total Income is excluding investment income

	2008		2009										Total to May £000	Budget May £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			
<b>EXPENDITURE</b>															
Approvals & Monitoring	(7)	12											5	99	104
Chief Executive	8	(4)											4	41	45
Council, Committees & PLG	(27)	(12)											(39)	57	18
Communications	(11)	(7)											(18)	118	100
Facilities Manangement	28	(16)											12	139	151
Finance	(18)	43											25	97	122
Fitness to Practise	(232)	159											(73)	877	804
Human Resources & Partners	(2)	7											5	90	95
IT Department	14	(4)											10	145	155
Operations Office	(12)	(2)											(14)	73	59
Policy & Standards	(1)	(3)											(4)	41	37
President	1	(2)											(1)	8	7
Major Projects	(44)	16											(28)	52	24
Registration	(59)	32											(27)	288	261
Secretariat	(4)	0											(4)	44	40
<b>TOTAL BUDGET VARIANCE</b>	<b>(366)</b>	<b>219</b>											<b>(147)</b>	<b>2,169</b>	<b>2,022</b>
<b>TOTAL MONTHLY BUDGET</b>	<b>979</b>	<b>1,190</b>													<b>2,169</b>
<b>TOTAL EXPENDITURE</b>	<b>613</b>	<b>1,409</b>													<b>2,022</b>

\* Total Income is excluding investment income

	<i>Actual Mar 08 £000</i>	2008												<i>Budget Mar 09 £000</i>
		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	
<b>FIXED ASSETS</b>														
Tangible Fixed Assets	3,756	3,933	3,891											6,278
Investments	1,528	1,710	1,715											1,554
<b>TOTAL FIXED ASSETS</b>	<b>5,284</b>	<b>5,643</b>	<b>5,606</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,832</b>
<b>CURRENT ASSETS</b>														
Debtors & Prepayments	213	335	376											353
Bank & Cash	4,899	5,098	4,308											5,453
<b>CURRENT LIABILITIES</b>														
Creditors and accrued expenses	(2,103)	(1,706)	(1,832)											(2,363)
<b>WORKING CAPITAL</b>	<b>3,009</b>	<b>3,727</b>	<b>2,852</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,443</b>
<b>LOANS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Deferred income	(6,870)	(7,377)	(6,895)											(7,763)
<b>NET ASSETS</b>	<b>1,423</b>	<b>1,993</b>	<b>1,563</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,512</b>
Represented by:														
Revaluation Reserve	422	422	422											651
Income and expenditure account	1,001	1,571	1,141											2,761
	<b>1,423</b>	<b>1,993</b>	<b>1,563</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,412</b>

\* Balance sheet includes investment income

	Actual Mar 08 £000	2008										2009			Total May £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		
<b>Opening Balance</b>		4,898	5,098	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308	
Registration Income		1,098	965												2,063
Investment Income		2	1												3
Investment Sales		34	44												78
Deferred Income Movements		509	(477)												32
Bank Loan															
Miscellaneous Income															0
<b>Total Cash Receipts</b>		<b>1,643</b>	<b>533</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,176</b>
Expenditure		613	1,416												2,029
Depreciation		(24)	(25)												(49)
Asset disposal / writeoff		0	0												0
Aged Cred / Accrual Movements		395	(22)												373
Debtor Movements		122	(62)												60
<b>Payments to Creditors</b>		<b>1,106</b>	<b>1,307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,413</b>
Capital Expenditure		201	(17)												184
Capital write-off		0	0												0
Investment Purchases		136	33												169
Loan Repayments		0	0												0
<b>Other Payments</b>		<b>337</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>353</b>
<b>Closing Balance</b>	<b>4,898</b>	<b>5,098</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	
<b>Budgeted Closing Balance</b>															
<b>Variance</b>		<b>5,098</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	<b>4,308</b>	

\* Cash flow includes investment income