

Finance and Facilities Management Dept reports for the Finance and Resources Committee Meeting on 20th November 2006

General

Since the last Finance & Resources Committee Meeting, the Finance department has produced the September YTD Management Accounts and is currently preparing publication of the October YTD Management Accounts.

Supplier payments

At the end of September, at least 99% by value of the £403k Creditor payments (Sept Purchase Ledger) are in the 30 days or less category in the Aged Creditors Listing.

Fee adjustments and income receipts handling

At the time of writing (8th Nov), there is a backlog in Registrant direct debit cancellations and amendments of about three processing days. We have about zero day processing backlog on rejected payments/refunds and zero days backlog on mid-cycle lapsing of Registrants. Banking of Registrant cheques and credit card reconciliations are up to date.

Income Collection cycle

Direct debit collections of Registrants' fees (cover more than 80% of renewal fees by value) are done by the Finance Dept, with collections made two months in advance. DT and ODP collections occur in November. A further fee collection is scheduled in December for the CH profession. Most of the income comprises Renewal fees collected.

Funds under Management

At 8th November, the Business Reserve account balance was £0.30M, earning an interest rate of approx 2% per annum. A further £4.3M is invested in the Special Interest-bearing Account on a rolling monthly basis, earning 4.5% per annum.

NatWest, Barclays and HSBC are active Money Market providers for HPC. The current market value of funds in our investment portfolio is approx £1.75M. We are in compliance with the Reserves Policy level Committee-approved in November 2005.

Tax Issues

In early October, a meeting was held with VAT advisors from Baker Tilly. In order to commence with the application to cancel the VAT Registration for Stannary Street Ltd, we need to trigger the GBP 250,000 limit for refurbishment project costs incurred. Once this limit is exceeded (about Feb 2007?), the VAT dis-application provisions will likely apply. Baker Tilly will then contact HMRC to cancel the VAT Registration for the property company.

Baker Tilly advised that a review of the arrangements with providers of temporary staff be undertaken to ensure that wherever possible, temporary staff are supplied on a true agency basis (rather than a principal basis) and that VAT is therefore only charged on the agencies margin.

Baker Tilly also advised that a more detailed review of the VAT charges incurred on HPC printed matter should be undertaken to ensure that VAT is not being added in error to printed matter that qualifies for zero rating. We will investigate both areas further for cost-saving opportunities.

BSI Quality Audit of Finance Dept processes

British Standards Institute conducted a quality audit of Finance processes on the 16th of October. There were no non conformities for the Finance department. A full report on the results will go to the Audit Committee.

Five Year Plan and Fee Change proposal

A separate paper is included giving a progress update on the Fees Project. Following the October Council Meeting, the Executive re-modelling the Five Year Plan for Option 2 (a Renewal fee of £72 and UK Grad (Approved courses) fee of £102 (£30+£36+£36). This indicates financial operating deficits in Years One and Two of the latest Five Year Plan. In response, in November 2006, budget-holders will be preparing a comprehensive “bottom up” first-cut budget for the 2007/08 year with compensating cost targets.

To recap on the project, the Fee Change is likely to be a significant and high profile project for HPC, involving at least 4 external suppliers (BDB on the Fees Order drafting, a contractor such as Newchurch Ltd to analyse the consultation responses, Print UK Ltd to print the documents and Digital Steps Ltd to re-programme fees in LISA). It will also involve at least six HPC departments (the Secretariat, Communications, Finance, Registrations, Corporate Services and Policy & Standards).

March 05 and 06 Annual Report publication

The MS Word version both Annual Reports is now on the HPC website. Final copies in their design format will be available for both the YE March 05 and YE March 06, in December 2006.

Employee training and staffing levels

There is a team of six full-time employees in the Finance department, including the Finance Manager. Three Finance employees are enrolled in after hours, part-time professional accountancy qualifications (CIMA and ACCA) at present. Temp staff are periodically hired to cover for permanent staff on annual, study or sick leave and to help clear work backlogs (to maintain agreed service levels).

Significant Financial Projects/Issues (next few months in descending priority order)

- Progress the Fee Change project (to go live in June 2007)
- Progress the Pension scheme issues – see separate paper
- Launch and complete the DD Name change (CPSM to HPC) project - see separate paper
- Complete the BACS/IP project – maybe dependant on changing the CPSM to HPC DD notation first – unclear at the time of writing
- Progress the Intermediate Lapsing Project MP11 (to go live in March 07)
- Introduce project financial reporting – refer separate paper on this

NB: Any potential recoveries of past fraud-related costs from our ex-auditors are still under negotiation with BDO's lawyers.

Facilities Management Report

Staffing

There are six permanent employees including the Facilities Manager and the new permanent catering officer who started in mid October.

Procurement & Logistics

- Space-planning is in progress for the period before and during 22-26 Stannary St refit work. We expect to commence building work for 22-26 SS in April 2007 and the building work to continue until September. During that time, areas in 20 Stannary St will likely need to be evacuated to alternative premises due to ongoing construction noise. The various consultants appointed include the Architect, Client representative, Quantity Surveyor, Mechanical & Electrical engineers, Structural engineers, Acoustic engineers, Land surveyors and H&S consultants – refer separate paper on the 22-26 Stannary St project.
- A Signage project is planned to improve site signage in the next few months. Window replacement (with ones that provide ventilation) for the first floor of Stannary St also planned in November.

Health and Safety Issues

- A firm of consultants, Lawrence Webster Forrest were recently appointed to carry out work to draft suitably integrated Health & Safety¹ and Fire Safety policies. This report is expected to be completed by Jan 2007. The subsequent phase is to implement the policies including training up employees.

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.