

Finance and Resources Committee Meeting – 19 March 2008

FINANCE AND FACILITIES MANAGEMENT WORKPLAN

Executive summary and recommendations

Introduction

The Finance and Facilities Management work plan is attached for the forthcoming financial year, subject to approval of the annual budget.

Decision

The Committee is requested to approve the document.

Background information

Nil

Financial implications

Refer Annual Budget

Appendices

Appendix One – Finance and Facilities Management Department Workplan
2008-2009

Date of paper

7 March 2008

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2008-03-07	a	F&R	PPR	Finance & FM Workplan paper	Draft DD: None	Public RD: None

DRAFT

Finance and Facilities Management
Departments

2008-2009 Work Plan

Simon Leicester

Contents

Introduction.....	3
The Finance and Facilities Management departments.....	3
Priorities 2008–09.....	5
Resources.....	5
HPC Strategy : Improve.....	6
Introduction.....	6
Aim.....	6
Finance and FM Projects completed in 2007-08.....	6
Finance & FM Major Projects for 2008–09.....	6
Core Activities in 2008-09.....	7
Equality and Diversity Impact Assessment Statement.....	11
Year Two projects (2009 – 10).....	11
Year Three projects (2010-11).....	12

Introduction

The Finance & Facilities Management departments

The Finance department's core responsibilities are:

- To monitor the financial well-being of the HPC and advise the Council and Committees of the need for adjustments to the Business Plan and/or Strategy in a timely manner,
- To produce the statutory financial statements and the financial sections of the HPC Annual Report,
- To produce the monthly management accounts,
- To provide financial forecasting and analysis to support the Council and Committees in developing strategy and policy,
- To maintain good internal financial control and risk management including compliance with the Financial Regulations,
- To manage the payroll/pensions process and arrange supplier payments,
- To collect fee income and ensure LISA Registration System records are accurately updated for financial transactions,
- To manage the relationship with key external suppliers; the HPC's bankers, internal and external auditors, financial software providers, HMRC, investment fund and pension managers.

The Facilities Management department's core responsibilities are:

- To provide Office Services to internal clients in the areas of; catering, reception, stationery ordering and post room;
- To provide Facilities Management services relating to building refurbishment, maintenance, space planning & moves, insurance, health & safety compliance.

The Procurement function is now centralised in the form of a Procurement Officer and acts in a support role to supplier relationship managers across all areas of the HPC.

Procurement objectives include; encouraging greater use of preferred suppliers (to obtain bulk purchase discounts and reduce supplier management time), updating supplier service level and data protection agreements. The role is also available to assist budget holders with supplier tendering, use of OCG buying group (government buying group) and travel bookings.

This document

This work plan is underpinned by the HPC strategic intent document. It outlines how the Finance, Procurement and Facilities areas will grow, support other parts of the HPC and meet the needs of the HPC for efficient, timely and relevant service provision.

The work undertaken comprises; core operations, planned projects and work which arises as a result of changes in the external environment. For example, changes in government legislation, changes to the professions or other developments, the timing of which is difficult to predictable.

Priorities 2008-09

The priorities identified in the HPC strategy (HPC – The Next Three Years, published in March 2006) are to *Improve* and to *Influence and Promote*.

Improvement opportunities for the Finance and Facilities Management departments include; making processes and service provision faster, cheaper and/or better.

As registration transaction volumes increase, existing processes are regularly reviewed for opportunities to shorten the process time, automate more of the process, reduce re-work, empower employees to make decisions, direct more employees to handle the increased demand and/or train employees to complete process steps more efficiently.

Process costs can be reduced when service requirements are well documented, when re-work is eliminated, when better value for money suppliers are used and when process time is reduced.

Processes can be done better when the process is made more robust (more reliable and less risky¹), when the output quality is improved (for the same inputs), when greater transparency is achieved (in the financial numbers especially). Continuing to build close working relationships with other departments and suppliers will also streamline some processes and aid timely reporting. Improving the timeliness, transparency and accuracy of financial reporting and forecasting will aid decision-making about managing the increasing demand for the HPC's services.

Finally, implementing phase two of the project to refurbish 22-26 Stannary Street premises will enable additional demand for the HPC's onsite accommodation to be met.

Resources

The 2008/09 Finance dept budget and work plan involve a team of eight Finance employees, including the Procurement Officer and Director of Finance. The work plan assumes a Finance Operating budget of £570k, and Fee Rise budget of £15K.

The 2008/09 Facilities Management dept budget and work plan involve a team of six employees, including the Facilities Manager. The work plan assumes an Operating budget of £932 and Capital budget (22/26 Stannary Street project, phase two) of £423k.

¹ Examples of reducing process risk are to ensure cross-training of dept employees to reduce person-cover risk, invest in employee training and ensure adequate process documentation is available in case temporary employees need to be brought in to cover for employees on sick leave.

HPC Strategy: Improve

Introduction

The HPC operates within a changing environment, including changes to government legislation (European Union directives, employment law, tax law, data protection and other UK legislation), to the professions, and to good practice. Changes in the operating environment also impact the types and levels of risk that are faced by the organisation.

Environmental change creates opportunities to better deploy resources, become more flexible, more innovative and improve service quality. Some changes can be best effected via “leap-forward” projects, while others involve continuous incremental improvement.

In order to improve, there needs to be a sound understanding of the current position, the skills and competencies of existing resources, the organisational priorities and some cohesive planning on how to improve. Financial and non-financial indicators are useful tools in monitoring progress and planning. Improvements to financial policies, procedures and the HPC Risk Register are similarly useful in assisting risk and change management.

Any improvements that can be made to the accuracy, timeliness and transparency of the reporting will likely assist decision makers in making operational improvements, to better meet the HPC’s objectives.

Aim

The Council aims to review its standards, guidance and policies, to consult with stakeholders, to gain feedback, and to make improvements to ensure that these continue to reflect the Council’s purpose and principles.

The following part of the work plan details the projects that will be resourced over the coming financial year towards meeting this aim.

Finance & FM Projects completed in 2007-08

- Finance System Upgrade project
- LISA Access Rights project
- Intermediate Lapsing project
- Fee Rise 2007 project
- Stannary Street project (phase one)

Finance & FM Major Projects for 2008-09

1. 22-26 Stannary Street Building Project - Phase Two

Following successful completion of phase one in March 2008, phase two of the project is timed for commencement in the 2008

calendar year. The benefits of the project include providing additional meeting room space and workstation capacity.

This project links to Risk 15.3 “Large Capital Project Cost Overruns” in the Risk Register which is rated medium significance and low probability.

2. Fee Change 2009 Project

HPC is reliant on funding from Registrant and applicant fees to meet its objectives. HPC’s fees increased in June 2007, following a lengthy and comprehensive consultation process. The intention is to revise fee levels every couple of years and propose suitable adjustments, after considering stakeholder feedback and forecast changes in the HPC cost structure. Changes in the cost structure are influenced heavily by Fitness to Practise costs and changes in registrant and applicant volumes. As additional services are progressively provided, e.g. Continuing Professional Development and revalidations, these incur costs, both start up and ongoing, which need to be funded from HPC income.

The fee change project involves input from a number of departments including Finance, Communications, Registrations, Operations Office, IT, Policy & Standards and the Secretariat.

This project links to Risk 8.2 “Fee change processes not operational by June 2009” in the Risk Register, which is rated high significance and low probability.

3. View processed DDI’s project (small project)

Move the processed Direct Debit Interface (DDI) from the DDI process screen in the “financials” of LISA to provide an HPC audit trail to match to the bank’s audit trail in order to action direct debit problems. Benefits to the HPC will include Finance dept time savings and improved internal control.

Core Activities in 2008-09

These are highlighted under the four following functional areas; Accounting, Transactional, Facilities and Procurement.

1. Accounting

Year End Statutory Reporting and Annual Report Process

Production of year end financial statements is performed during the period April to July inclusive, in accordance with UK GAAP and the Government Financial Reporting Manual (FReM). The management commentary, audit reports, financial statements and notes to the accounts are included in the final sections of the Annual Report.

The Annual Report is produced jointly by the Communications dept, Secretariat and Finance dept with input from a number of contributors. After the Annual Report has been audited by HPC's external auditors and the National Audit Office, it is submitted for approval by the Finance & Resources Committee, Audit Committee and Council and then tabled in Parliament. Once approved by Parliament, the Annual Report is published and made generally accessible.

This process links to the following risks; Risk 15.14, 15.15 and 15.16 which are all rated low significance and probability.

Month End Management Reporting Process

The year to date Management Accounts and Variance Commentary are produced by the Finance dept, reviewed by budget holders and EMT and sent to the Finance & Resources Committee to note. The Management Accounts report departmental and project spending (opex and capex) against budget to highlight significant deviations from budget.

This process links to the following risks; Risk 15.2 and 15.3 which are rated medium significance and low probability.

Payroll and Pensions Process

Employee payroll and pension payments are processed on a monthly basis by the Finance and HR depts. Category one² Council and Committee members payroll processing is also performed once a month and is processed separately from the employee payroll.

This process links to the following risk; Risk 15.11 and 15.19 which are rated low and medium significance respectively and low probability.

Supplier Payment Process

Supplier pay runs for approved suppliers are performed every two weeks by the Finance dept. There are four types of suppliers; trade suppliers, employees, category two³ council & committee members and partners. One off supplier payments are actioned on an ongoing basis.

This process links to the following risk; Risk 15.10 which is rated low significance and probability.

² Council and Committee members who declare themselves to be HPC office holders and are not self-employed.

³ Council and Committee Members who are declare themselves to be principally employed by another employer and are not self-employed.

Five Year Plan Update

The Five Year Plan links to the Strategic Intent document in quantifying key assumptions, financial projections of income & cost by department, the Capital Expenditure plan and Cash Flow projections. It includes headcount projections by department, registrant & applicant volumes by profession including new professions. It also includes registrant and applicant volumes by type (International, UK Graduate Registrants etc).

Year One of the Five Year Plan essentially becomes the basis of the forthcoming Annual Budget and relates to project and departmental work plans over the forthcoming financial year. A further benefit in updating the Five Year Plan is in providing input into future fee-setting.

A key component of the Five Year Plan is the Income Model. This model identifies accrued income in the forthcoming financial year by profession, by fee type, by fee level (before and after any fee rise occurring in the financial year). A key component of the Income Model is registrant and applicant volume-forecasting. Volume forecasting (existing and new professions) is a service provided by the Policy and Standards dept.

This process links to Risks 15.1, 15.2 and 15.9 in the Risk Register which are rated low, medium, low significance and low, low, low probability respectively.

Annual Budget Process

The Annual Budget process exists to encourage budgetary control at the HPC. It involves all departmental budget holders and input from the Operations Office in compiling the agreed project plan. Compilation of the Budget by the Finance dept runs over the period September to March and involves several review steps. The final step is to gain approval from Council in March 2008, pre-dating the start of the actual Budget year. During the year, a six and nine month forecast is also performed, to forecast the likely year end result.

This process links to Risks 15.1, 15.2 and 15.9 in the Risk Register which are rated low, medium, low significance respectively and low probability.

2. Transactional

A key aspect of the LISA Register is maintaining the accuracy of the Sales and Debtor's Ledgers by Registrant. The Finance dept extracts and summarises the detail from LISA for financial reporting purposes.

At renewal, fee charges are automatically put on Registrant records, with the Registrations and Finance depts jointly collecting the income (DD, cheque and credit card payment) and updating the billing records in LISA. Unpaid registrations are lapsed.

Refunds of fee overpayments and collection of outstanding debtor balances (failed direct debit arrangements) is an ongoing process, performed by the Finance dept.

This process links to Risks 15.6, 15.7 and 15.8 which are rated low, medium and low significance respectively and low probability.

3. Facilities Management

Following Phase One of the 22/26 Stannary Street refurbishment project, various areas of Park House will be redecorated and the building “restacked” to meet the needs of the departments for future office and meeting space.

This activity links to the following risk; Risk 2.6 which is rated low significance and probability.

Health and Safety (H&S) training

Following approval of the comprehensive Health & Safety policy in 2007, training of the relevant parties will commence in 2008.

A firm of H&S consultants, Lawrence Webster Forrest (LWF) has been retained to advise HPC of legislative changes requiring compliance in this area, including disability access to premises.

Health and Safety issues were identified in four parts of the Risk Register, namely;

- H&S of Council members,
- H&S of Partners,
- H&S of Employees,
- Employee/Partner physical assault by Hearing attendees

The risk mitigations are a continuing action in 2008-09 for the respective Risk owners. This activity links to Risks 4.9, 6.3, 11.5 and 13.6 in the Risk Register which are rated low, low, low, and medium significance respectively and low probability.

4. Procurement

Procurement has traditionally been decentralised at the HPC. The appointment of a Procurement Officer in Dec 2007 will enable a review of HPC’s existing procurement procedures, supplier documentation (Service Level Agreements and Data Controller/Processor agreements) and review of opportunities to rationalise the number of suppliers used at the HPC.

The Procurement Officer will act in a procurement support role to budget holders (the supplier relationship managers) and be the relationship manager for travel.

This activity links to Risk 17.3 in the Risk Register which is rated medium significance and probability.

Equality and Diversity Impact Assessment Statement

Aspects of the work highlighted above will have an impact of equality and diversity at the HPC. To elaborate,

- Phase Two of the 22/26 Stannary Street refurbishment project will install additional meeting room and office space on the roof of the existing premises. The intention is to ensure lift (elevator) access to this area, to ensure easy access for mobility-impaired users of the space. Induction loops will also be installed in the Park House reception and Council Chamber to assist hearing-impaired visitors.
- During the consultation phase of the Fees Project 2009, we will consider the equality and diversity implications of existing fees and any proposed new fee, drawing on the existing data we hold.
- In producing the Annual Report for the year ending March 2008, we will adopt the new HPC house style of publication to ensure easy presentation for visually-impaired readers.
- In the Annual Budget process, we will allocate funding for ongoing equality and diversity work within the departments, as well as funding further progression of the equality and diversity project.
- In the procurement area, we will explore the possibility of making equality and diversity requirements of suppliers during the tender process.

Year Two projects (2009–10)

The following are a list of Finance-initiated projects. In addition, Finance resources may be involved in aspects of project design and testing for other department's projects e.g. the Worldpay aspect of Online Applications project. Some/all of the following to be incorporated into the suite of Annual Lisa improvements.

New Finance System project – Phase Two

Activate the Fixed Assets & Forecasting modules. Automate the Income Transfer monthly reporting from LISA to SAGE 200. Potentially migrate the Lotus Notes Supplier functionality/Procurement into the SAGE system. Enable automated one off supplier cheque runs.

Fee Change Project 2009

Complete the final stages of the Fee Change project in accordance with the project timetable.

Email access/Comms Log project

Email directly from LISA and store a communications log. This will allow information on registrant account statuses to be held in one central place and enable faster emailing directly from LISA.

LISA mispostings project

Reverse a transaction payment without creating an REJ status transaction. This will improve the accuracy of the Rejection Control account.

Automated refunds project (small project)

Automate the current process for generating Registrant refunds. Likely to result in cheque generation, requiring signing only.

LISA Billing Transactions project (small project)

Redesign the way fee charges and payments are applied to Registrant accounts so easier for LISA users to understand.

LISA Rejections project (small project)

Change the date notation in LISA to the date the DD/CH/CC is rejected, not the date when the payment or charge was applied.

LISA Multiple Batches project (small project)

Modify LISA to allow multiple batches (from multiple Registrant Advisors) to be matched to a single Pay In slip to streamline cashbook reporting.

Year Three projects (2010-11)

- New building acquisition (or leasing) project
- Fee Rise 2011 project