

FINANCE AND OFFICE SERVICES DEPT REPORTS FOR THE FINANCE AND RESOURCES COMMITTEE FOR 22nd June 2006

General

Since the last Finance & Resources Committee Meeting, the Finance department has been producing the March Year End, April and May YTD Management Accounts. The March Management Accounts will be tabled at the meeting with later month accounts to follow when available. Note that later months' Balance Sheets are dependant on finalisation of the March Balance Sheet figures.

March 05 Statutory Accounts

A hard copy of the signed Statutory Accounts was provided by NAO for forwarding to HPC's printers for inclusion in the Annual Report and distribution at the Annual Meeting. Any potential recoveries of past fraud-related costs from our ex-auditors are still under negotiation with their lawyers.

Supplier payments

At the end of May, at least 97% by value of the £321k Creditor payments (May Purchase Ledger) are in the 30 days or less category in the Aged Creditors Listing. The payment date schedule is posted on the HPC intranet (for the next 8 mths) and payment runs are run approx every two weeks to ensure prompt invoice processing.

Fee adjustments and income receipts handling

At the time of writing (8th June), there is a backlog in Registrant direct debit cancellations and amendments of about 3 processing days. We have about one 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 AS collections occurred in June. Further fee collections scheduled in July are for CH, RA, PA and OR professions. Most of the income comprises Renewal fees collected.

Funds under Management

At 8th June, the Business Reserve account balance was £0.56M, earning an interest rate of approx 2% per annum. A further £3.2M is invested in the Special Interest-bearing Account on a rolling monthly basis, earning 4.6% per annum.

NatWest, Barclays and HSBC are active Money Market providers for HPC. There are no bank loans outstanding. The value of funds in our investment portfolio is approx £1.7M. This is managed by professional fund managers, Rensburg Sheppards.

We are in compliance with the Reserves Policy level Committee-approved in November 2005.

Employee Training

Two Finance staff are enrolled in part-time, after hours CIMA courses (professional accountancy qualification) at present. Staff attend IT, Tax update and Payroll update courses as appropriate.

Significant Financial Projects/Issues (next few mths)

- Presentation of the March 2005 and March 2006 accounts at the July 7th Annual Meeting.
- Implement the NI/PAYE change in tax status for Council and Committee Members, now delayed until July, pending recovery of members' declaration letters, getting contracts agreed with Category 2 employers and updating the Payroll system as appropriate (to action in August).
- Implement the Council member fee increase to £300, backdated to 1st April 2006 (to action in July).
- Prepare and despatch the fee change consultation document to stakeholders and interested parties for the forthcoming Scrutiny fee rise from 1st January 2007.
- Commence analysis for a general fee change in 2007, using various inputs eg PKF Costing results, sector benchmarks, Five Year Plan modelling.
- Review/update project specifications and test the deliverables for software development (fitness for purpose) for automation projects relating to Intermediate Lapsing and Bulk Letter Generation.
- Hire permanent staff - Transaction Manager role and ensure successful handover to the new Mgt Accountant
- Update the Financial Procedures manual, reconcile SAGE suppliers to authorised supplier list and encourage greater role cross-training within the department, to minimise person risk.

Employee Issues

There is a team of six full-time employees in the Finance department, including the Finance Manager. The recent resignation of the Management Accountant has delayed some processes due to; the timing of the resignation (at Financial Year End), lack of process automation (increases the learning curve for the replacement person) and lack of comprehensive handover in some areas. Good progress is being made in achieving the new structure within the department, as outlined at the Council Away Day in late 2005 (separation of duties into Transactions and Accounting teams).

Since the last Finance Report, updating Payroll process documentation and Registration transaction process documentation has been achieved. Good progress is also being made by the temp Transaction Officer in reviewing/writing project automation specifications for Registration Transaction projects that will impact the workload of the department. Person-cover risk remains an ongoing issue while process and procedure documentation is outdated. Temp staff are periodically hired to cover for permanent staff on leave and to help clear work backlogs (to maintain service levels).

Facilities Management Report

Staffing

Interviews to recruit the permanent Facilities Manager (replaces Deborah Farley) occurred in late May and Stephen Hall was hired as the new permanent Facilities Manager. The Facilities Manager manages 2 full-time Receptionists, a part-time Post Room Officer, part-time Building Maintenance Officer and part-time Catering/Tea person. The intention is to replace the temporary catering/tea person with a permanent person shortly.

Procurement & Logistics

- New access control system ordered for installation in June.
- Security guard evening and Hearing coverage.
- Have appointed Lawrence Webster Forrest as HPC's Health and Safety Consultants (Health & Safety risk management & compliance).