

## AGM- Treasurer Report 2019/2020 Financial Year

As the Treasurer of the LPC it is incumbent upon me to maintain probity of the LPC finances midway so that contractors are getting value for their levy payments and that LPC expenditure is justified. All expenditure, including those of committee members, is agreed and the accounts are reviewed bi-monthly by the full LPC Committee and verified annually by an independently appointed Accountant. These accounts are available to contractors for examination.

I will begin to report upon key points and events that have occurred with respect to LPC Finance and our financial management. Please see attached spreadsheet.

### **Personnel**

We employed a Chief Officer until midway through January 2020. There were some associated costs with our chief officer's tenure with the committee coming to an end, meaning that there was a slight aggregated underspend on employment costs (salaries plus employment support, minus reduction in PAYE and Pension contributions). There have been some further costs incurred that will hit the accounts during the next financial year.

We retained the services of our back office administrative support throughout the financial year, at £1553 for the entire year for which Hazel has added value to the committee way beyond the financial cost.

### **Headlines**

On the 31<sup>st</sup> March 2020, our account closed with a balance of **£72,919** of which £10k of this was deferred until the next financial year due to the calendar effect on the levy holiday we granted as a committee. The true financial position was in fact in the region of £62,919. We aimed to reduce our reserves down to £46,340, which was £16,579 of an underspend. This is a significant underspend.

Key underspends can be split into two causes. They were:

#### **COVID-related underspend**

We took an early decision to withdraw from face-to-face meetings, becoming early adopters of video conferencing via MS Teams. This contributed to an underspend for Meeting costs and Travel by £4,728.

#### **Chief Officer leaving**

In total, the underspend was £5,970 due to removal of salary, pension costs and PAYE costs which were not budgeted for at the beginning of the year.

#### **LPC funded Members' expenses**

We spent a total of £9,290 on member backfill which we believe is an under-claimed expense despite operating an expenses policy. This translates into an rough claim for a days' locum cover on around 46 occasions. Based on our average committee attendance, this means our reserves funded between only four or five meetings. We are currently reviewing our expenses policies to make this easier for contractors to be recompensed for their attendance.

### **Budget**

We would usually prefer to share our budget for the next financial year; however, we were in a difficult position where we currently have no strategic lead in place with the chief officer role remaining unfilled. Consequently, the cost of the LPC has reduced substantially with the reduced number of face-to-face meetings.

We therefore have agreed a holding budget of holding back an approximate 3 months' worth of employment costs with an amount held back to support the committee in recruiting the correct candidate to fill the vacancy, as well as modest costs for running the LPC as it currently stands. We continue to review our position of giving a payment holiday on a bi-monthly basis, so should expenditure remain static in these challenging times, we will reduce the levy burden on the contractor regularly, if appropriate. This is simply passing the COVID-related and chief officer-less savings back onto the contractor.

It is anticipated that we will close the year with an operating balance of around £56,300 which is estimated to be around six months' worth of expenditure which keeps our financial assets within the remit of our constitution and financial governance. This will be achieved by focusing on our levy income primarily for the remainder of the financial year.

To summarise, we aim to continue to represent our contractors in a challenging environment, and to ensure that money is appropriately spent with probity and diligence. Please do not hesitate to contact me should you require any further information