


Finance & Investment Sub Committee Minutes 19th July 2017

Membership: Carol Gaskarth (Chair in Andria Murphy's absence) Claire Todd,
Heather Brewster, Melanie Fordham, Bee Davidson
Attending: Kath Ferry (note taker)
Apologies: Andria Murphy

Agenda No.	Notes/Actions	Lead
1	Check meeting attendance in terms of quorate (2 Trustees and 2 members of PCP staff required) It was noted that the meeting was quorate.	
2	Minutes from previous meeting 1st February 2017 and matters arising not on the agenda <ul style="list-style-type: none"> Carol confirmed that the transfer of the £250k investment funds to Rathbones in 3 stages due to PCP banking limitations/security, concluding on 22 March 2017. Changes in terms of the Ethical Investment Policy were made and discussed at Board, Approval granted therefore Policy to be circulated to SMT and included on the review cycle. Rathbones proposal – Carol confirmed that the proposal went to Board and was approved. Bank authorisation adjustment – Carol confirmed that this was not required as transfer was made in 3 stages. <p>The minutes were approved as a true record.</p>	Carol ✓ Kath
3	Terms of Reference The Terms of Reference prepared for the Investment Sub Committee were reviewed and amended to reflect the purpose, scope, membership, frequency of meetings and accountability and reporting arrangements for the Finance & Investment Sub Committee. <ul style="list-style-type: none"> Purpose – changes made Scope – changes made Membership – changes made. It was agreed that a fourth trustee member of the group should be recruited. This to be discussed and agreed at Board. Frequency of meetings – It was agreed that the frequency should be quarterly however ad hoc meetings will be held if required. It was also agreed that scheduled meetings of the group would be cancelled if financial information was not available. <p>Accountability and reporting arrangements – Minor changes made To be changed to bullet points and split between Finance and Investment. Carol to add in Finance bullet points.</p> <p>Action: Terms of Reference to be updated as agreed and brought to the next meeting of the group for review and approval.</p>	Carol ✓ Kath ✓ /Carol

	<p>Meetings agreed:</p> <ul style="list-style-type: none"> • Ad hoc combined Finance & Investment and Business Development meeting to be held 16th August. Confirm with Carol Briggs for Business Development. • Finance & Investment and Business Development quarterly meetings to be held on same day (Business Development 11 – 1, Finance & Investment 1.30 – 3.30). Meeting dates to be changed and confirmed to members of both groups 	<p>Kath ✓</p> <p>Kath ✓</p>
4	<p>Reserves Policy</p> <p>Carol tabled</p> <ul style="list-style-type: none"> • Reserves Policy presentation • Beyond Reserves – a guide on reserves prepared by ACEVO (Association of Chief Executives of Voluntary Organisations), and the Institute of Fundraising <p>Carol went through the presentation and made the following additional comments:-</p> <ul style="list-style-type: none"> • Slide 2 – Rules on how much charities should hold as reserves – As stated on the slide, there are no rules however the Charity Commission suggests that anything over 12 months can cause problems • Slide 3 – Why hold reserves? – PCP generally holds enough to cover monthly outgoings however we have recently had to top up. • Slide 5 – What are Reserves? – Grant funding is restricted to a particular purpose and if not utilised should be returned to the grant awarder. • Slide 6 – Unrestricted funds – Unrestricted funds should be reviewed in some level of detail to agree if truly unrestricted Programme related investments are those paid in advance for a contract i.e. Health Trainers Designated funds – similar to a grant and designated to a particular activity • Slide 7 – Restricted funds – Designated funds are those allocated to a particular fund i.e. Hydropool but not restricted. All European funding and any transformation funds are always restricted. • Slide 8/9 – How much do you need in reserve? – It is difficult to set a figure for this. Reserves figures look at Core & Centre costs, not projects. 4% is included in most projects to cover unforeseen day-to-day operational costs e.g. long term sick absence but this is difficult to do on small projects. In the case of covering planned commitments, e.g. pool, funding set aside for this can be taken out of the reserve calculation. <p>Heather asked if and project delivered by PCP then went out to tender and awarded to another provider, would redundancy costs be the responsibility of the new provider or PCP. Carol confirmed this would be the responsibility of the new provider. If a service came to an end and not put out to tender for renewal.</p>	 <p>Reserves Presentation.ppt</p>

	<p>PCP would be responsible for redundancy costs if staff service warranted this. This is not factored into overhead cost of projects when tendered.</p> <p>Reserves calculation stays as it is because it is reviewed at the end of year, however if PCP wins a large contract and had to TUPE in staff with long term employment, we would need to look at this in terms of reserves.</p> <ul style="list-style-type: none"> • Slide 10/11 – Current calculation as at Q4 – Needs to be reviewed.. • Slide 12 – It was agreed that the policy could not be fully reviewed at today's meeting as it required Andria Murphy's input <p>Carol advised any income from investment funds would be unrestricted. Investment is regarded cash.</p>	
5	<p>Reserves Policy Calculation</p> <p>Melanie felt that work on the reserves policy and calculation is important and timely. Trustees need to be aware that the calculation is being reviewed and that the review may show that PCP does not have the amounts of funds available as it would currently seem to have. Claire felt that staff also need to be aware of this.</p> <p>Carol did a rough calculation on increased operating costs and without the pool funding, giving a revised cover in months of 14. Carol to review and provide a draft to the next meeting.</p>	
6	<p>Management Accounts</p> <p>The budget as approved by the Board was tabled and discussed.</p> <ul style="list-style-type: none"> • It was noted that the Budget, although approved still said 'draft' • Also the carried forward figures did not correlate with the financial statement figures • Need to give rationale for deferred income. • Plan is to get policy that is more robust that provides the guidance to do the reserves calculation in a different way. • Reserves calculation is done annually and Andria repeats it in each quarter. Carol felt this needs to be reviewed in this meeting every quarter to look at what may have changed. This was agreed • In terms of deferred income, Carol suggested the accounts should show restricted and unrestricted figures. Heather agreed that this should be done as it would be easier if the group could identify restricted and unrestricted funds. <p>Action: Budget to show what is restricted and what is unrestricted.</p> <ul style="list-style-type: none"> • In the past we have not tried for contracts because there was the possibility of large TUPE. If reserves were calculated more correctly we may decide that we can use this to cover any risks from taking such a contract and that the value of what the contract 	<p>Andria</p> <p>Andria</p> <p>Carol ✓</p> <p>Carol/ Andria</p> <p>Andria</p>

	<p>brings to PCP is worth the risk. Action: Carol to review redundancy costs</p> <ul style="list-style-type: none"> Heather queried the difference in the expenditure and income figures for Core & Centre. Total expenditure is £982k, total income is £907, giving a difference of £75k. Action: Carol to check these figures. <p>Action: Carol to work on the reserves and send out what she thinks the calculation should look like and will show restricted and rationale for unrestricted. To be discussed at the next meeting to agree whether this is appropriate.</p> <ul style="list-style-type: none"> The current message to Board is that based on the 2016 financial statements PCP is not as cash rich as last year because of utilisation of funds. It was agreed that Carol will provide feedback from Finance & Investment to the next Board meeting. Heather would then take responsibility formally chair of the group. 	<p>Carol ✓</p> <p>Carol</p> <p>Carol ✓</p> <p>Carol</p>
6	<p>Management Accounts</p> <p>It was highlighted that although the meeting was scheduled in line with quarter end and senior management team reporting cycles there were no accounts available for this meeting. The staffing difficulties were acknowledged however this is not the first occasion they have been either late or tabled.</p> <p>Heather clarified that when her role as Chair commenced it would be expected that all papers would be sent out in advance, as previously agreed. Any papers not sent out would not be considered and therefore a report would not be able to be provided to the Board.</p> <p>Action: All staff to ensure that reports and papers are available in advance.</p>	<p>Staff team</p>
7	<p>Investment – Portfolio Valuation</p> <p>The portfolio update from Rathbones as at 31st March had been issued with papers for the meeting, however the update to 30th June had now been received and was tabled and reviewed.</p> <p>P 10 – Breakdown by Asset Class – The graph shows 15.5% as cash. This is the percentage of PCP's £250,000 that has not yet been invested and is still held as cash (i.e. circa £39k). Rathbones had stated that investments would not all be made at the same time and very much depended upon the market.</p> <p>The group felt that</p> <ul style="list-style-type: none"> a lot of investments had been made in the last 3 months and there were no minus figures investments seem to have been well made the report is more detailed than expected it was interesting to see the different funds invested in and how much has been put into each one. 	

	<p>3 key headlines would be taken to Board from the report:-</p> <ul style="list-style-type: none"> • Performance seems to be doing well • 84.5% of PCP's fund has now been invested • Bi-annual updates will be provided to Board <p>Melanie asked at what point Rathbones would take their fee. Action: to be checked.</p>	<p>Carol</p> <p>Carol</p>
8	<p>Any Other Business</p> <p>There was no further business.</p>	
9	<p>Date and time of next meeting</p> <ul style="list-style-type: none"> • 16th August (ad hoc meeting) – 1 – 2.30 – this meeting to be combined Finance & Investment and Business Development <ul style="list-style-type: none"> - Agenda items: Reserves Policy Calculation Business Update • 25th October – 1.30 – 3.30 – Quarterly meeting • Proposed: 24th January 2018 – 1.30 – 3.30 – Quarterly meeting 7th February 2018 – 1.30 – 3.30 – ad hoc Budget only meeting 	