

## Confidential Minutes


<b>Meeting Title:</b>	<b>Finance &amp; Investment Sub Committee</b>		
<b>Date:</b>	2 <sup>nd</sup> May 2018	<b>Time:</b>	1.30 p.m.
<b>Membership:</b>	Heather Brewster (Chair), Melanie Fordham, Carol Gaskarth, Bee Davidson, Barry Knevitt, Claire Todd, Lindsay Sheridan, Joanne Davies		
<b>Attending:</b>	Kath Ferry (notes)		
<b>Apologies:</b>	<b>Melanie Fordham</b>		

Agenda No.	Notes/Actions	Lead
1	<p><b>Check meeting attendance in terms of quorate (2 Trustees and 2 members of PCP staff)</b> It was noted that the meeting was quorate.</p> <p>Heather introduced Joanne Davies, PCP's Finance Manager and welcomed Barry Knevitt to the meeting.</p>	
2	<p><b>Minutes of the meeting held 31<sup>st</sup> January 2018</b> The minutes were reviewed for accuracy and approved as a true record of the meeting.</p>	
3	<p><b>Matters Arising</b></p> <p><b>a. West Ward</b> The deficit position has now been corrected on the finance figures to show break even.</p> <p><b>b. Options overspend</b> Lindsay is meeting with Nigel Brough and Lynsey Todd to look at this in more detail. The thought is that there has been some mis-coding.</p>	
4	<p><b>Finance Report</b> (standing item) Lindsay went through the narrative report which supports the income and expenditure spreadsheet included in the papers, providing additional narrative where required, and asked members to raise comments or questions.</p> <p><b>a. 2017-18 Significant Variances</b> <b>Centre Income</b> – Changes have been made in the way that photocopiers, telephones etc. are reported and these can now be pulled out separately.</p> <p><b>Core Expenditure</b> – The majority of the core expenditure overspend against budget year to date is due to expenditure within the ICT department. We have now purchased the CRM system and have been</p>	

	<p>carrying out some network upgrades and this has impacted on the expenditure for last year and overall against the year. Carol said that initially the budget to buy the CRM was in this current year but it was going to be capitalised. We have not done this and have taken the full allocation and do not now have to depreciate.</p> <p>Heather noted that on core sub totals it looks like we have more income than expenditure and she was not clear where the £59k deficit comes from. Lindsay explained that this was the difference between actual income received and actual spend. The figure is actual, not budget.</p> <p><b>Summary of Income and Expenditure (Core and Centre)</b> – Going forward we will not necessary have the summary of both core and centre. These are now managed by 2 different areas.</p> <p>Heather asked if the income for classes was an unrealistic budget. Lindsay said that it was and demonstrated the need for realistic budget setting.</p> <p>Carol said that it should be noted that:</p> <ul style="list-style-type: none"> <li>• The room hire variance is not really £216 in terms of income. The figure is £16,216. NE Property Services have a tenancy agreement for some areas but they also pay for ad hoc usage. Normally this would go into room hire but it has gone into centre. This does not have an impact on the bottom line. <b>Action:</b> Lindsay to check.</li> <li>• Centre pays the VAT for the whole organisation and this is more than budgeted for. The budget was £26k but the bill is around £34k this year. VAT sits in Centre but it can be argued that some should sit elsewhere and this will need to be reviewed at some point in the future.</li> </ul> <p>Heather said that everyone should be aware that this set of accounts is as accurate as possible at this moment in time. Accounts have perhaps not been as accurate as they should have been in the past and this has caused difficulties for a team coming into place in Q4 to get to the bottom of how things have worked in the previous 3 quarters. We must accept that as long as the annual accounts are accurate and everything is more or less in their correct place this is acceptable, providing from 1<sup>st</sup> April we have moved on and the situation will improve.</p> <p>Bee felt that there is historical baggage associated with the accounts. Carol agreed but felt that a lot of this has now been unpicked. Finance have done a really good job at back tracking and unpicking and she as confident that the accounts are 95% right.</p> <p>Heather agreed and said that we need to bear this in mind and also that some for the numbers could change when we come to the annual accounts.</p>	<p style="text-align: center;">LS</p>
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	<p><b>Project Income</b> – Lindsay advised that more income had been received against budget for the Health Trainer project which has largely contributed to the positive variance.          Heather asked if this would need to be re-provided next year. Carol said it would not. In the past the majority of income was coming into one code for Health Trainers with income coming into one area and staff spending from another area and sub-contractors being paid out of another. This created problems but they do balance each other out. Carol said it was perhaps useful to note that GRT and all of the Targeted Health Trainer contracts ended on 31<sup>st</sup> March as did the WBFL old contract and Social Prescribing. These figures are now complete and the new budgets did not have a surplus to carry forward. Heather asked if anything left on these contracts would go into the general carry forward. Carol confirmed it would.</p> <p><b>Summary of Income and Expenditure (Projects)</b> – The deficit of £4,185 is as accurate as can be achieved at the moment.          Carol asked if the figure of £67,176 is the actual surplus position from Projects. Lindsay confirmed it was. Carol felt that the figure should be £58,852 – income minus expenditure actuals.</p> <p>Lindsay said that the problem has been that a lot of the excel spreadsheets that we are working on have been linked to other documents and excel does not always update. We are finding that links are no longer there or changes are not being saved. This is causing issues but we are working on correcting these. It is very worrying that there are inaccuracies because of the spreadsheets and the plan is to move to having only one version so that we can be assured it is correct and any changes made will be reflected correctly.</p> <p>Carol understood the difficulties but said that this does need to be right, even if the solution is to manually type information into the spreadsheets.  <b>Action:</b> Claire/Lindsay to ensure necessary corrections are done.</p> <p><b>c. Cashflow Forecast</b> – It was noted that this was not really a forecast but actual figures. Slightly more income was received than forecast in q3. Part of the income received was because we had a big push to receive payments in that quarter.</p> <p>Carol asked that a forecast for April/May/June be issued. Dates also need to be included as it is not clear that the sheet provided was for this year or last year. Carol asked for something to be sent out in the next couple of weeks. Lindsay had concerns that the forecast would not be totally accurate as we did not have full information but Heather said that it was the nature of a forecast that it will never be exact, it will simply show what the expected position would be.  <b>Action:</b> Lindsay to send out in 2 weeks. This would also go to board in June.</p>	<p><b>CT/LS</b></p> <p><b>LS</b></p>
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	<p><b>d. Bank and Cash Balances</b> – The report recommended the amount to be held in the Unity Customer account should not fall below £250k.. Carol said that this had been discussed previously but a figure had not been agreed and she thought that £125k is a very conservative amount. She felt that the figure should factor in an average supplier run and average of salaries plus a contingency. Heather felt that it should be possible to do a forecast cash flow at the beginning of the year which will get more accurate as information comes in. This will help in setting out what the minimum should be. It was agreed after discussion that Claire and Lindsay would look at this and a proposed figure would be brought to the next meeting. <b>Action:</b></p> <p>Lindsay advised that the investment account had lost £10k since the last statement. At the last meeting with Rathbones they were quite surprised at the level of growth the account had had and said this was unusual and we should expect the figure to drop.  <b>Action:</b> Check with Rathbones why Carol is not receiving the Rathbones report as she had previously.  <b>Action:</b> A summary of Rathbones report to be brought to future meetings of the group.</p> <p><b>e. Creditors and Debtors</b> – Lindsay asked the group to be aware that we are not entirely confident of the way this is calculated at the moment. The figures are currently calculated manually. There has been a big push on payments and some of these are really old debtors and this area will be a high priority going forward. There had been things missed when the finance team was under pressure and under-resourced but hopefully this will improve now the full team is in place.  It was agreed that there would be a discussion at the next meeting on what the target days should be in the future. <b>Action:</b> Agenda</p> <p>Heather said that more descriptive narrative will be needed in the report which goes to board. Carol said that she is currently looking at the board report and what does and does not need to go to board.</p> <p><b>f. Liquidity Ratio</b> – No concerns.</p> <p><b>g. 2018/19 budget</b> – Monthly budget meetings will now be held with budget holders and we will be much better equipped to deal with looking at where we are going. Finance will be integrated with the teams and services which will allow us to report more accurately. We will be providing a monthly summary for everyone, which should highlight any unexpected expenditure or increase in income. Barry said that hopefully this will make sure everything is posted to the right budget heading.</p>	<p>CT/LS</p> <p>LS</p> <p>LS</p> <p>CT</p>
<p>5</p>	<p><b>Q4 Management Accounts and Financial Summary</b> (standing item)  Covered in item 4</p>	

6	<p><b>Cashflow Position</b> (standing item) Covered in item 4</p>	
7	<p><b>Financial Strategy Development SWOT &amp; PESTLE</b> We are moving into business plan cycle and everyone will be asked to do a SWOT (Strengths, Weaknesses, Opportunities, Threats) and PESTLE (Political, Environmental, Social, Technical, Legal, Economic). Carol will take on board comments from everyone.</p> <p>Carol asked the group to complete a PESTLE from a finance perspective in terms of longer term planning or strategy (see attached flipchart exercise).</p> <p><b>See PESTLE - Political</b></p> <ul style="list-style-type: none"> <li>• PCP is unlikely to be applying for European Social Fund (ESF) funding. It is very difficult for us to access so potentially Brexit could be an opportunity for PCP as ESF will be replaced with a domestic fund.</li> <li>• 6 people have left DCC Health Improvement in the last few days who we had very good connections with and who had many years' experience. This could be a positive or negative as because the council have lost this experience, they might ask us to do more.</li> </ul>	 <p>PESTLE Fin &amp; Investment meeting</p>
8	<p><b>Budget update</b> (standing item) Heather said that she wanted to clarify what will be put in in terms of budget. She is expecting to see what was agreed at the board meeting. Extra was asked for that Board approved and agreed would go into the calculated budget at the time. She was now expecting to see that this goes into budget lines to allow budget managers to manage their budget.</p> <p>Carol advised that what will go into Sage is the budgeted figures that went to board at 26<sup>th</sup> March. This is the starting point, then changes will occur. At the bottom of the budget that went to board in March there was a figure that we said would be apportioned out – the in year utilisation.</p> <p>Heather asked when budgets would be put into Sage. Joanne explained that there is a budget upload form but because we have Sage set up to an advance budget we cannot use the form.</p>	
9	<p><b>Receive update in changes around financial framework and implications</b> (standing item) No changes to report at this meeting.</p>	
10	<p><b>Any Other Business</b> No further business to discuss.</p>	
<b>Future Meeting Dates</b>		
<b>Date:</b>		

1 <sup>st</sup> August 2018	All meetings 1.30 – 3.30 p.m.
31 <sup>st</sup> October 2018	
6 <sup>th</sup> February 2019	
13 <sup>th</sup> February 2019 (Budget meeting)	