

Confidential Minutes

Meeting Title: Finance & Investment Sub Committee

Date: 31st January 2018 **Time:** 1.30 p.m.

Membership: Heather Brewster (Chair), Melanie Fordham, Carol Gaskarth, Bee Davidson, Claire Todd, Lindsay Sheridan

Attending: Helen Cameron (items 5 – 8)
 Kath Ferry (notes)

Apologies: No apologies received

Agenda No.	Notes/Actions	Lead
1	<p>Check meeting attendance in terms of quorate (2 Trustees and 2 members of PCP staff) It was noted that the meeting was quorate.</p>	
2	<p>Minutes of the meeting held 25th October 2017 The minutes were reviewed for accuracy and approved as a true record of the meeting.</p>	
3	<p>Matters Arising P1, Item 2a – It was noted that as reporting has now changed, the action to apply colour coding identifiers on restricted and unrestricted funds is no longer required.</p> <ul style="list-style-type: none"> a. Rathbone Fees Carol advised that £750 fees are charged quarterly in arrears and are charged to the capital account. Rathbones ensure that there is always cash within the portfolio to cover the fees. The fees will be debited automatically and not invoiced. b. Budget holder meetings Claire reported that work is being done behind the scenes to strengthen arrangements going forward. When the full staffing complement is in place monthly budget meetings will be held with relevant staff and these will feed into quarterly reporting. c. Terms of Reference Carol advised that the Terms of Reference went to Board, however as the minutes do not reflect approval, this will be noted at the next meeting on 26th February. d. Authorisation Level Now deferred to 2018-19 given the restructure and will also form part of the financial strategy. e. CRM budget Lindsay reported that a budget had been set aside to purchase the CRM this year. The ICT budget has been reviewed alongside the CRM spend and it is likely that we will spend from the ICT budget to 	

	<p>upgrade PCP's networks alongside the CRM. Claire said that we have always said the CRM system would be coming at the end of Quarter 4. PCP's network is 20 years old and the upgrade will be starting in this quarter.</p> <p>f. Recharges – Photocopying At the last sub-committee meeting, Andria Murphy explained that she needed to look at the photocopying recharges as there had not been time to look at these in Quarter 2. This will continue to the end of the year but recharges will be looked at as a whole as the process needs to be streamlined.</p> <p>g. Liquidity Calculation This has now been deferred to 2018-19.</p>	
4	<p>Recruitment Update Claire provided an update on finance recruitment:-</p> <p>a. Finance Manager Joanne Davies has been appointed and will commence on 19th February. This is a 25 hour post, to be worked over 5 days.</p> <p>b. Finance Officer Helen Richardson has been appointed, to commence 26th February.</p> <p>c. Interim arrangements Helen Cameron has been working very closely with Claire and Lindsay over the last few weeks, assisting with Quarter 3 Management Accounts and setting the process for the next financial year. Rachel Spells, who has provided operational support, will be pursuing a nursing qualification but has offered to support the team to the end of the financial year to ensure consistency.</p>	
	<p>Helen Cameron, working with PCP on a consultancy basis, attended for the following items and was introduced to members.</p>	
5	<p>Investment Update – Q3 (standing item) Carol reported that the fund value is now £266,792 from an initial investment of £250,000. The full £250,000 has not all been invested and never will, given that a cash balance is needed to meet the quarterly fee payment. The cash balance is 7.5%, investment is 92.5%. Rathbones have said that the return is slightly higher than expected at the moment but this will level out.</p>	
6 & 7	<p>Finance Report Q3 Management Accounts and Forecast Position (standing items) Claire asked that items 6 and 7 be dealt with in conjunction. This was agreed.</p> <p>Heather said that the new format is an improvement and work is in progress towards a more user-friendly and transparent approach. Much work has gone into understanding previous calculations, interpreting assumptions and applying a systematic methodology to aid the forecasting process which will be further refined over time.</p>	

	<p>Claire explained that the accounts and forecast will provide the statistical data, the report will provide a summary and explanations. The report will also provide a legislative and organisational update where relevant.</p> <p>Helen advised that she had tried to highlight any significant variance and provide the rationale behind these and asked for any questions/discussion.</p> <ul style="list-style-type: none"> i. Heather asked if there was any reason for the under recovery of income from the Pool and Therapy Suite. It was explained that the budget set for the Therapy Suite had been over-ambitious. Management Team have been considering how to progress this going forward. Carol said that income at Quarter 3 was lower than normal and felt that there were some issues of posting. Claire advised that we are now making sure posting is correct as this does have a knock-on effect. The issue with the Pool was that there were a lot of periods of closure. ii. Centre Expenditure underspend of £22,705 – Carol explained that expenditure is down at the moment but there are some additional costs to factor in that are going to continue in quarter 4 to support the transition phase. There are also staff that have increased hours worked because of the restructure and this will have an impact. iii. West Ward is showing a deficit position and this should be break even. Carol said that resource for this has been received from 2 different commissioners and asked that finance check that they have invoiced the separate contracts. Action: Claire to check with finance. iv. Heather queried the large surplus forecast for Health Trainers. Carol explained that this is because around May we started to merge some of the budgets. All the income came from one contract but was not apportioned. Where there is additional budget income this is merging of all. Also includes contract variations which moved into a merged budget. v. Counselling – Lindsay explained that the budget for Counselling was originally set incorrectly. vi. BBO Road – Helen explained that with this contract income is received on what is claimed for but there are certain things that cannot be claimed. This also applies to BBO Tees. We have not spent as much as we budgeted but claims are up to date and correct. The budget was originally set too high. Bee said that it might be helpful in future to see what the elements are that we cannot claim for. 	CT
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	<p>vii. Carol said that monthly review meetings will take place with finance and budget holders and expenditure will be closely monitored. Budget meetings will be very important in the future in finding the rationale for under and overspends. There will be much more accountability and this should minimise queries on why things have taken place. Meetings with individual managers will be minuted to allow an audit trail.</p> <p>Claire said that it is important to have the monthly meetings with budget holders so that they are fully au fait to what their budget is and what it should be used for. There will be an education campaign with staff so that they are aware what their budgets are, what the project needs to deliver, how the funding should be spent and what it cannot be spent on. Bee agreed that it was fundamental that those delivering on a budget know what it is and understand it fully.</p> <p>viii. SSNP underspend – It was explained that the £5,000 was under-utilisation of sub-contractors.</p> <p>ix. Healthwatch Stockton forecast underspend – Carol explained that this is similar to SSNP in that we are no longer working with one of the partners and there have been some savings in terms of staff.</p> <p>x. Healthwatch County Durham – Additional income has been received and there have been reductions in staff with a vacancy carried for a year.</p> <p>xi. Melanie asked what happened to money that was not utilised in projects. Carol explained that it was different for different projects but it is normal that if the contract is delivered but there is surplus funding, this money not spent would not be returned. Carol said that within contracts we would always look to make efficiencies but would not want to have surpluses where the funding should be used for the community. Healthwatch funding is ring-fenced and if the project is continuing the funding would be carried forward. With grants, any funding not spent must be returned.</p> <p>xii. Options – Helen Cameron and Claire to look at the forecast overspend of £22,640 and feedback. Action:</p>	CT/HC
	<p>Claire explained that she and Lindsay had recently met with the finance team. It has been agreed that the monthly review meetings will include the full team. Finance staff would then be more aware of projects and less likely to miss-post.</p> <p>Carol asked if the new format worked for the group. All agreed that it did but Bee said that it would be useful if the information behind the</p>	

	<p>headlines was available. Claire said that going forward the rationale to back up the figures would be provided.</p> <p>Carol said that she was not fully confident that everything is now right with the information provided but any issues will be dealt with as they arise.</p> <p>Heather said that she was aware of and was impressed by how much Claire and Lindsay have learned in the last month. Claire felt that Helen's support and the commitment of the finance team had been tremendous over the past few weeks. The team is committed and have gone over and above what could be expected. There are still some areas to look at but we now know what needs to be done to move forward.</p> <p>Heather was appreciative of the work Claire and Lindsay have done and also thanked Helen for the work that she has had to do. She felt that there was now more confidence in the numbers provided than there had been previously. Melanie felt that the Board would appreciate the new format and was sure they would want to pass on their appreciation of the work that had been done. The Board have a fairly clear view of how things have been but it is important that we are open with them on this and what the new regime will be.</p> <p>Heather asked that thanks be passed to the finance team for their commitment in producing Q3. Action: Claire</p>	CT
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Quarter 3 Finance report

e. Liquidity Ratio

Quarter 3 liquidity ratio is 8.5:1. There was no guidance as to how it had been worked out. The rationale for the ratio of 8.5:1 is that Q2 and Q3 current assets have decreased and liabilities have also decreased.

f. Staffing

Claire and Lindsay will run development sessions with finance team at the beginning of March and are starting to put strategies in place to achieve excellence.

g. Budget Setting

This is well underway and individual draft budgets have been produced by all budget holders. Work is happening behind the scenes and Helen Cameron is looking at budgets in more detail. Final budgets will go to Board for approval.

Melanie asked if, in the budget setting process, managers are being assisted to be more realistic than previously. Carol said that they are. She felt that the majority of PCP's managers are realistic, it was mainly Centre-based budgets that had been too ambitious.

8	<p>Cash Flow Forecast (see Q3 Finance Report item b for narrative) (standing item)</p> <p>Helen explained that the cash flow forecast was also in a new format and asked if this was what was needed going forward. All agreed that it was.</p> <p>Lindsay explained that debtor chasing will be strengthened going forward to ensure that money owed is received as quickly as possible.</p> <p>Heather asked if this forecast would be taken to Board. Carol said that it would.</p> <p>In August it was noted that there had been £100,000 moved from the Unity Reserve Account to the Custom Account. This was due to poor debtor control and directly linked to the debtors' days. This amount has not been moved back to the Reserve Account. An analysis of the full cash flow and a 2018-19 cash flow forecast will be in place in advance of the new financial year which will allow Finance & Investment to set a minimum level of funds to hold in the Custom Account if they wish to do so. Carol felt that we would be able to say what the minimum should be so that there is no need to do speculative transfers. She felt it was not good practice to keep 'topping up'.</p> <p>The committee agreed that the £100,000 moved to the Custom Account would be left where it is until we are able assess the position.</p>	
9	<p>Financial Strategy Development – SWOT and PESTLE</p> <p>The financial strategy had been looked at very quickly at the last meeting and it had been discussed that this should be linked with the Business Plan. The Plan is due to be refreshed next year and Carol felt it would be useful for the group to consider the internal and external environment and consider what is wanted from the financial strategy for the future.</p> <p>See attached SWOT exercise. PESTLE to be completed at the next full meeting of the group.</p>	 SWOT.docx
10	<p>Budget update (standing item)</p> <p>Previously covered</p>	
11	<p>Receive update in changes around financial framework and implications (standing item)</p> <p>Nothing to discuss at the present.</p>	
12	<p>Any Other Business</p> <p>There was no further business to discuss</p>	

Future Meeting Dates

Date:

Wednesday 14th February 2018 1.30 pm – 3.30 pm (Finance Budget/Forecast only)
 Wednesday 2nd May 2018 1:30 pm – 3:30 pm

