

THE THIRTIETH MEETING OF THE FINANCIAL ADVISORY BOARD

HELD AT 53 OLD ELVET, DURHAM, AT 1800 HOURS

ON MONDAY 2 MARCH 2020

PRESENT

Col S Hopper Chairman

Cdr G Deighton RD RNR Royal Navy Representative

Maj C Whitley Army Representative

Lt Col J Dodd ACF Representative

Maj N Wyrley-Birch Financial Advisor

APOLOGIES

There were no apologies

IN ATTENDANCE

Brig P J A Baker OBE – Chief Executive

Mr R Reed - Head of Business Services

OPENING REMARKS

1. Opening the meeting the Chairman welcomed everyone, especially Maj Charlie Whitely, representing Lt Col P Winton, CO 101 Regt RA.
2. Strategic Developments. The Chairman commented on the excellent work done by the Finance Team in compiling the NE RFCA Annual Business Case (ABC). Whilst we have not yet been ‘screened’ our submission was, yet again, one of the lowest of the thirteen RFCAs. The Chairman also thanked the Board Members for their support to the Board and reminded them that they were an invaluable source of expertise and an important part of NE RFCA’s governance process.
3. The Chief Executive gave a brief on the following key Strategic Developments, which will affect the RFCAs for the future:
	1. Tailored Review.
	2. Quinquennial Review.
	3. Cascade HR.

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| ITEM 1 APPROVAL OF THE MINUTES OF THE LAST MEETING1. A copy of the minutes of the last meeting had been circulated to Board Members. As there were no further matters arising, they were approved by Maj N Wyrley-Birch and Maj C Whitley as a true record of proceedings.
 | All |
| ITEM 2MATTERS ARISING1. There were no matters arising.
 | All |
| ITEM 3ISO 9001:2015 ACCREDITATION UPDATE1. The start of the 3 year review process will be in the FY20/21.
 | All |
| ITEM 4FY 19/201. Grant in Aid (GiA). The GiA Control Total, which pays for the operating costs of the RFCA, has not been subjected to any Savings Measures this FY and is forecast to come in on budget. We requested, and received, an additional £7.7k to cover the outsourcing of a new data capture requirement: a detailed analysis of our Dilapidations liability. This information will enable us to inform DIO of the total contractual liability for carrying out any restoration work (Dilapidations) prior to handing back any leased buildings.
2. Vehicle Purchases. The Vehicle Capital ABC has been approved and all vehicles have been ordered. Vehicle delivery is now late which may have an impact on disposal of replaced vehicles. If delivery is late, disposal sales are delayed. Receipts from Sale are part of the funding requirement for the purchase. If the sale is not completed by 31 Mar 20, we may end the FY with an overspend and negative Reserve. Whilst not ideal in accounting terms, because the issue is outwith NE RFCA’s control and disposal recipts will be received, it is ‘acceptable’.
3. Estates Maintenance. The DE Maintenance budget is broadly split into two main areas:
	1. Statutory and Mandatory Inspections and Tests (SMIT). SMIT is funded, based on need from forecasts in the Service Register. The shortfall (£25-30k) reported in Oct 19 has now been funded.
	2. Reactive Maintenance Routine/Emergency or Statutory and Mandatory Work. At the last meeting it was reported that this budget line was stretched until an additional £100k was received in Oct 19. Since then a further £90k has been received for Reactive Maintenance Routine and another £221k for Spend to Save projects. The Board should note that whilst the additional funds are most welcome, the late receipt of this money means a very busy end of year for both Estates and Finanace Teams.
4. Third Quarter Report as at AP09. A copy of the Third Quarter Report (Q3) as at AP09, submitted to the CRFCA in Jan 20 was tabled. There were no significant issues.
5. Forecast.
	1. Operating Costs. We will come in on budget in FY 19/20.
	2. Capital and MNW. We will work within the allocated budgets and seek carry forward authority from the stakeholder, if required.
	3. RGI. RGI project funding has been approved in accordance with the direction of the Board. Currently the plan would consume the majority of available funds. We may seek approval to carry forward a Reserve where projects have been delayed and/or workload exceeds our capacity. We are still carrying a Reserve for Project Stainton (£3.78M), and we will seek Board approval to carry this Reserve forward into FY20/21.
6. Capital and Minor New Works.
	1. Capital. There are currently thirteen Capital projects ongoing this FY totalling £757k. Of these, eight are part of Project AINTREE; the upgrade of ARC Armories and Magazines and five are for other projects outlined below:
		1. Normanby - £163k for refurbishing the Cleveland Detachment site.
		2. Hebburn – £60k for the replacement of the Fire Alarm system.
		3. Kingston Park - £47k for the refurbishment of the local exhaust ventilation (LEV) system.
		4. RAFAC Alarms - £44k to upgrade the security requirements for arms chests.
		5. Blackhall RAFAC - £5k – for Professional Fees
	2. Minor New Works(MNW). The following MNW are being managed within this FY:
		1. Disposal Investment Appraisal (IA) Ashington - £6k. Awaiting decision on disposal.
		2. HMS Calliope capability works - £63k.
		3. Whitley Bay RAFAC professional fees - £5k.
		4. Local Infrastructure Improvement Fund (LIIF) - £65k.
		5. Alarm monitoring funds - £8k
		6. Various other RAFAC projects - £16k
	3. Stainton Cadet Training Centre (CTC). The approvals process for Stainton CTC is ongoing. DIO have appointed a Requirements Manager and the Project has been given a Project Number. The business case was refined by RFCA/DIO and submitted in Nov 19. The Main Board will be briefed by the Chairman of the PAB.
7. RGI Update and Additional Spend Allocations. Under Board direction RGI has been used to support Units (including Cadets), through the allocation of Special grants for activities and equipment and the allocation of funds for estates improvement. The Board should also be aware that 20% of the RGI raised from Reserve Centres is given to the Units concerned under Defence policy. The Army have recently given authority for COs to accrue those funds rather than rush to spend them in year should they wish to, or to build up a bigger pot for a specific objective. The Board should note that:
	1. The termination of the Londonderry Hall Trust lease was completed in Jun 19, on budget. Londonderry Hall was subsequently sold by the Trustees of the Londonderry Hall Trust to the Local Authority and the proceeds will now be incorporated into the Trusts’s funds.
	2. The £200K ‘Risk Pot’ approved at the last Board Meeting to buy out the risk of any ‘ARC failure’ has been reduced during the year as the degree of risk lessens. Of the £200K, £132K has been committed to Betterment projects, leaving a ‘Risk Pot’ balance of £68K. Of this, £48k was spent on works, mainly asbestos, which we have not received funding for in order to allow ARCs to continue operating. The Board is recommended to retain the ‘Risk Pot’ at £200k in FY20/21 to be reduced down in stages throughout the year as the risk lessens.
	3. Of the £100k approved by the Board for the Cadet Estate Maintenance Programme (CEMP), £99.5k has been committed to 17 projects. A further 29 projects are being scoped for work in FY20/21. This work will enhance the facilities and extend the life of the buildings. The Board should note that this is a standing approval of £100k from the Main Board unless the FAB recommends any changes. Given the workload on the Estates Team and the potential implementation of the Stainton CTC project, the retention of £100k as the operating maximum for the CEMP is recommended. Should the situation change, requiring an increase, it will be put to the FAB at the next meeting or out of committee.
	4. Grants to units in support of Adventure Training and other activities and the purchase of equipment under Tranche 3 were tabled and approved.
	5. Grants to units in support of Adventure Training and other activities and the purchase of equipment for the coming FY20/21, Tranche 1 were tabled and approved.

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| ITEM 5Financial Year 20/211. FY 20/21. The NE RFCA ABC for FY 20/21 was submitted and was due to be screened in Feb 20. However, due to adverse weather effecting CE CRFCA and CE NE RFCA’s travel on the programmed date, this has yet to take place. The Board will be informed out of committee if there are any significant issues from the screening. NE RFCA anticipates, yet again, being one of the lowest ABC submissions. There are no indications from Regional Command, through whom this funding is channeled, of any savings measures being imposed at this stage.
2. Risk Register. The current Risk Register was tabled and approved.
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| ITEM 61. The Auditors, Clive Owen LLP, will conduct the FY19/20 audit in Apr 20.
 | All |
| ITEM 7ANY OTHER BUSINESS. 1. None was tabled.
 | Chairman |
| ITEM 8RECOMMENDATIONS AND POINTS TO NOTE FOR THE CHAIRMAN TO TAKE TO THE NE RFCA BOARD1. The CE summarised the points to be presented to the Main Board for approval and to note. The FAB agreed them and the FAB Chairman will report them to the Main Board.
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| ITEM 9DATE OF THE NEXT MEETING1. The date of the next meeting will be Monday 26 October 2020 at 1800 hrs in Durham. A buffet will be available from 1700 hrs.
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Colonel S Hopper

FAB Chairman Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_