

Healthwatch Oxfordshire Board of Directors

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| Date of Meeting: 25 th April 2017 | Paper No: 6 |
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Title of Presentation: Governance, Strategy and Finance Sub Group Report

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|--------------------------|-------------------|---|-----------------|---|--------------------|---|
| This paper is for | Discussion | x | Decision | x | Information | x |
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Purpose and Executive Summary (if paper longer than 3 pages): Please click the icon to access the document

Financial Implications of Paper:

Action Required:

The Board is asked to:

- Approve the draft format for accounting
- To agree the provision for three months reserves in a separate bank account
- To note the updates on the asset register, strategy and pension costs

Author: Martin Tarran-Jones

From: Martin Tarran-Jones

To: All HWO directors and Carol Ball

Please find below and attached the GSF report to the April 25th HWO Board meeting.

Governance, Strategy and Finance Sub-Group (GSF) proposal to improve HWO's management accounts' format:

This note and the separate draft management accounts' format is being circulated to the HWO board for discussion and approval at the April 25th Board meeting, under the Sub-Group report item.

The benefits of the draft proposal are:

1. In the top two boxes, you will always see the latest quarter results, together with the year to date (YTD) results.
2. In the bottom 4 boxes, you will always see the other quarters (actual and forecast), together with the forecast full year outcome.
3. In every case, you will be able to easily compare this year's actual income and costs with: budget and last year.
4. Additionally, for each quarter reported, you will see the opening cash, closing cash and cash movement. In forward quarters, this cash movement will be forecast.

The board will be asked to approve this draft format, which will then be used to report full year 2016/17 and the financial quarters, as we proceed through 2017/18.

HWO asset register:

CB has provided an asset register that contains items bought since HWO inception, but with no values. However, none of these items have been "capitalised" IE: placed on the balance sheet and subject to depreciation. Current guidance states that no item <£1k will be considered for capitalisation and this makes sense. We have asked Carol to continue to record all items purchased, adding their purchase costs, but not to go back and put costs against prior recorded items. We have also requested that should HWO purchase an item of value >£1k, that the GSF be informed so that we can form a view as to a) should it be capitalised, and b) if so, what rate of depreciation should be applied.

For Board information only.

HWO Reserves and closure provision proposal:

If the forecast surplus for 2016/17 is accurate at circa £28.8k, then HWO's cumulative reserves will amount to: £105.3k. As discussed at the March workshop, the GSF has requested, via CB, our accountant to provide an HWO closure computation, as at the end of March 2017. This will comprise: redundancy costs, contract obligation costs such as premises rent, and creditors, such as HMRC. It will also include 3 months' budgeted costs, not included in the foregoing, per Charity Commission requirements.

Once we have this figure the GSF proposes that this money be set aside in a separate "closure provision deposit bank account," with no access without full board approval.

The GSF will then make proposals to the board regarding the appropriate treatment of the balance of reserves, not included in the above closure provision.

Finally, it is proposed that the closure provision be re-visited and updated at each fiscal year end.

For Board information only.

HWO Pension scheme:

I can now confirm that the staff pension scheme is a “money purchase” scheme into which HWO pays 5% of each staff member’s salary. This is matched by the staff. There is therefore no liability accruing to HWO, other than to pay the 5% contributions for as long as staff remain employed by it. For more information on the scheme, should you wish it, please click on this:

<http://www.tpt.org.uk/docs/default-source/schemes/frp/scheme-info-for-employers-and-members/frp-member-guide.pdf?sfvrsn=33>

For Board information only.

Development of HWO forward strategy:

We have already approved a statement of goals and strategy for 2016/17, together with budget income and costs, and a detailed work-plan with KPIs, against which we can measure quarterly team progress.

It is part of the remit of the GSF sub-group to produce a rolling 3-year strategic plan, and I have agreed to put forward a discussion document to start this ball rolling for our next sub-group meeting, which will be held immediately prior to the workshop on May 9th.

I don’t expect us to have developed a fleshed-out 3-year strategic plan before the end of August this year, but we will keep the Board informed on our progress. Timing will also be influenced by the timetable for HWO to become a registered Charity, the implications of which we have yet to fully digest.

Any director who has key points they would like to see visited in the compilation of our forward goals and strategy is asked to inform MTJ by email.

Martin Tarran-Jones

On behalf of the GSF sub-group

April 11 the 2017

HWO MANAGEMENT ACCOUNTS REPORTING FORMAT

| | Q1 | | | Year to Date | | |
|----------------------|-----------------|-----------------|--------------------|---------------------|-----------------|--------------------|
| | £ Actual | £ Budget | £ Last Year | £ Actual | £ Budget | £ Last Year |
| Income: | | | | | | |
| Costs: | | | | | | |
| Staff | | | | | | |
| Premises | | | | | | |
| Board | | | | | | |
| Prof Fees | | | | | | |
| Marketing | | | | | | |
| Sundry | | | | | | |
| Project | | | | | | |
| Total Costs: | | | | | | |
| Surplus/Loss: | | | | | | |
| Open Cash | | | | | | |
| Close Cash | | | | | | |
| Movement: | | | | | | |

This box always records the quarter being reported upon.

This box always shows the YTD, so for Q1 both boxes have the same figures. After Q2, this box will total the figures for both Quarters. Etc, etc

This format to be used for the full year management figures '16/'17. This will include Q4 in the first box, YTD in the second box and below, all 4 Q's for comparison purposes but no full year totals as these will be in the YTD box.

| | Q2 | | | Q3 | | | Q4 | | | Full Year | | |
|----------------------|-----------------|-----------------|--------------------|-----------------|-----------------|--------------------|-----------------|-----------------|--------------------|------------------|-----------------|--------------------|
| | £ F/Cast | £ Budget | £ Last Year | £ F/Cast | £ Budget | £ Last Year | £ F/Cast | £ Budget | £ Last Year | £ F/Cast | £ Budget | £ Last Year |
| Income: | | | | | | | | | | | | |
| Costs: | | | | | | | | | | | | |
| Staff | | | | | | | | | | | | |
| Premises | | | | | | | | | | | | |
| Board | | | | | | | | | | | | |
| Prof Fees | | | | | | | | | | | | |
| Marketing | | | | | | | | | | | | |
| Sundry | | | | | | | | | | | | |
| Project | | | | | | | | | | | | |
| Total Costs: | | | | | | | | | | | | |
| Surplus/Loss: | | | | | | | | | | | | |
| Open Cash | | | | | | | | | | | | |
| Close Cash | | | | | | | | | | | | |
| Movement: | | | | | | | | | | | | |