

Healthwatch Oxfordshire Board of Directors

Date of Meeting: 23rd March 2015

Paper No: 5

Title of Presentation: Financial Report

This paper is for

Discussion

Decision

x

Information

Purpose and Executive Summary (if paper longer than 3 pages):

This paper sets out the forecast outturn for the current financial year and the budget for 2015/16.

Financial Implications of Paper:

This paper determines the budget for the next year

Action Required:

- To note the year end forecast outturn figure of £16,318, and consequent corporation tax liability of £3,263.31
- To approve the budget for 2015/16.

Author: Rachel Coney

1. Overview

1.1 This paper sets out:

- The forecast outturn for 2014/15
- A detailed breakdown of the expenditure this year under the biggest cost centre (after core staff costs), which is freelance wages and associated project costs
- A draft budget for 2015/16.

2. Key issues to note

2.1 HWO will end the year with an operating surplus of at least £16,000, and this will be liable to corporation tax at 20%. We are taking all reasonable steps to pull as much planned expenditure as we can into 14/15 to minimise this liability, including an upgrade of some IT equipment and purchase of an additional laptop as our headcount is increasing from 5 to 6. Paper 7 sets out proposals to mitigate this liability for corporation tax in future years.

2.2 An allowance has been made in the 15/16 budget for extending the contract for the Manager of the Discharge Project by a further £5,000 (incl. VAT) to enable him to write up the report (as recommended in Paper 3, the Major Projects Report). This will allow the new Head of Projects and her new team to focus on:

- The dignity project
- Project grant funded work
- Hearsay
- A voluntary sector conference
- The outreach programme
- Workshops on 0-19 and transition services
- Partnership working with the Locality Forums and provision of support to WOLF (west Oxfordshire Locality Forum)
- Delivery of responsibilities associated with the transfer of the Public Involvement Network from OCC (Oxfordshire County Council) to HWO.

2.3 The 2015/16 budget contains £6,500 of fee income. This is £2,500 from the SAID business school to undertake some Mental Health service user research for an academic, and £4,000 from OCCG (Oxfordshire Clinical Commissioning Group) to support the West Oxfordshire Locality Forum. As described in Paper 2, the SAID work will be undertaken by a freelancer, with 20% of the fee being retained by HWO. The OCCG work will be delivered through an increase in the core hours of the Community Involvement Officer (Public).

2.4 There is a small risk for 2016/17 associated with contracting this post at 30 hours as the OCCG income is only guaranteed for 1 year. However as our OCC contract only runs until March 31st 2016, and we have no guarantee on any of our income beyond this point, this is a risk that we can quite comfortably take. The planned contingency would cover redundancy costs in the event of our contract not being renewed or being significantly reduced in scale.

- 2.5 The budget for 2015/16 shows a significant increase in staff costs, but this is offset by a significant decrease in fees paid to freelancers, and overall represents better value for money.
- 2.6 In 2014/15 the project grant fund spent £25,000 on large grants and just under £5,000 on small grants. The sub group agreed not to run the small grants fund in 2015/16, so this budget line has reduced in 2015/16 to £25,000, from a forecast outturn in 2014/15 of just under £30,000.
- 2.7 The 2015/16 budget creates a fund of £25,000 to support delivery of all outreach and project work. This will be under the control of the Head of Projects and will be used to meet the print, room hire, materials, data entry, volunteer costs etc. of delivering our core activity.
- 2.8 This budget line probably represents the biggest financial risk for the year ahead as the financial tracking systems inherited by the incoming CEO have made it difficult to work out the real costs of project delivery in 2014/15, and we do not yet have the experience of completing a large scale enter and view based project on which to build accurate estimates of future costs.
- 2.9 The budget assumes that SPX will continue to provide financial admin as well as year-end support and management accounting services, rather than core financial admin going over to the Business Manager. This can be revisited in year as new staff bed in, and the workload of the Business Manager can be reviewed.
- 2.10 The budget assumes we retain Firebird PR for a further 12 months on the current terms, but the long term ambition remains to bring this in house by April 2016, as set out in the staff restructuring document agreed in December 2014. Training and support is being given to the Communications Officer to give him the best possible chance of being able to grow into a comms and media post, with an agreed review date of December 2015 to assess his progress in meeting required development goals.
- 2.11 Financial tracking systems are being revised for the new financial year, so that the costs of each activity line and project can be separately identified and financial control can be improved for 2015/16.

3. Forecast Outturn for 2014/15

	Feb-2015	Forecast Mar	Total	
Income				
Donations received	£200.00		£200.00	
Healthwatch grants received	£345,585.00	£0.00	£345,585.00	
Investment Income	£65.67		£65.67	
Total Income	£345,850.67	£0.00	£345,850.67	
Gross Profit	£345,850.67	£0.00	£345,850.67	
Less Operating Expenses				
ORCC				
Agency Fees Payable	£23,308.51	£2,700.00	£26,008.51	ORCC recharges
PAY				
Gross Wages	£101,508.22	£9,721.00	£111,229.22	March for existing staff.
Employers NI	£9,164.53	£976.00	£10,140.53	
Employers Pensions	£1,416.67	£229.00	£1,645.67	
Mileage - Staff	£1,429.45	£600.00	£2,029.45	Assume approx £300 / month for two months
Subsistence - Staff	£22.39		£22.39	
Other Travelling Costs - Staff	£566.40	£100.00	£666.40	
Training & Conferences - Staff	£1,276.80		£1,276.80	
RECRUITMENT				
Recruitment Expenses	£7,297.93	£100.00	£7,397.93	Advert paid for
BOARD				
Room Hire	£3,140.79	£200.00	£3,340.79	
Meeting Refreshments	£1,517.31		£1,517.31	
PURE OFFICE COSTS				
Office costs	£3,523.07	£1,550.40	£5,073.47	1 months rent and handsets
Office Stationery	£625.09		£625.09	
Telephone	£724.48	£150.00	£874.48	
Moving costs	£2,031.69	£1,202.00	£3,233.69	
electricity		£150.00	£150.00	
PROFESSIONAL FEES				
Promotional Activities	£17,929.32	£5,653.05	£23,582.37	Firebird Dec, Feb & Mar
Audit & Accountancy Fees	£1,340.80	£620.00	£1,960.80	SPX & Wenn Townsend
HR advice	£1,620.00		£1,620.00	HR advice
PROJECT COSTS				
Professional & Consultancy	£50,068.60	£24,100.00	£74,168.60	
Grants paid	£23,445.20	£6,036.80	£29,482.00	
Learning Links	£759.00		£759.00	
Training costs - Volunteers			£0.00	
Travel - Volunteers	£1,153.87	£1,000.00	£2,153.87	
SUNDRY RUNNING COSTS				
Insurance	£1,371.66	£200.00	£1,571.66	Contents insurance for new offices
Advertising	£1,322.00	£1,000.00	£2,322.00	Branded items
Affiliations & Subscriptions	£948.00		£948.00	
Bank Charges	£49.50		£49.50	
DBS checks	£533.50	£120.00	£653.50	
IT Support	£1,629.60	£1,000.00	£2,629.60	Solve IT
IT upgrade		£3,000.00	£3,000.00	New IT eqpt for new staff
Other Meeting Costs	£37.99		£37.99	
Postage and Carriage	£219.00		£219.00	
Printing	£1,978.62	£3,000.00	£4,978.62	£1,000 for leaflet reprint with new address + £2,000 for annual report
Software	£360.40		£360.40	
Subsistence - Trustees	£148.48		£148.48	
Training & Conferences - Trustees	£322.00		£322.00	
Travel - trustees	£1,145.53	£500.00	£1,645.53	
Website	£641.42		£641.42	
contingency for unforeseen	£46.56	£1,000.00	£1,046.56	
Total Operating Expenses	£264,624.38	£64,908.25	£329,532.63	
Net Profit	£81,226.29	-£64,908.25	£16,318.04	
Less Corporation Tax @ 20%			£3,263.61	
Carry forward			£13,054.43	

4. Breakdown of professional, consultancy and project costs 2014/15

		Apr-Feb	Mar	Total	
Discharge project manager		0.00	9,000.00	9,000.00	fee incldues VAT
Dignity project manager		2,450.00	5,350.00	7,800.00	
Project fund manager	Apr	2,400.00		2,400.00	
	May	2,400.00		2,400.00	
	Jun	1,833.30		1,833.30	
	Jul	3,200.00		3,200.00	
	Aug	1,764.00		1,764.00	
	Sep	1,575.00		1,575.00	
	Oct	1,800.50		1,800.50	
	Nov	1,400.00		1,400.00	
	Dec	1,400.00		1,400.00	
	Jan	2,450.00		2,450.00	
	Feb		2,450.00	2,450.00	
	Mar		2,900.00	2,900.00	Total paid to this contractor £25,573
enter and view project costs		600.00	4,400.00	5,000.00	
Interim CEO		18,720.00		18,720.00	
OCVA event coordination		840.00		840.00	
ORCC management support during handover		6,616.80		6,616.80	
CIC set up		45.00		45.00	
Annual report advice		250.00		250.00	
Training links advisory visit		324.00		324.00	
		50,068.60	24,100.00	74,168.60	

5. Budget for 2015/16

	2014-15 Forecast	2015-16 Budget	
Income			
Donations received	£200		
Healthwatch grants received	£345,585	£335,588	No transition funding in 2015-16
Investment Income	£66		
Fee income		£6,500	
Total Income	£345,851	£342,088	
c/f		£13,054	
Gross Profit	£345,851	£355,142	
Less Operating Expenses			
STAFFING COSTS			
Gross Wages	£111,229	£173,696	Higher wages costs but fewer consultants
Employers NI	£10,141	£17,370	
Employers Pensions	£1,646	£8,685	Assumes all staff sign up
Mileage - Staff	£2,029	£4,500	
Subsistence - Staff	£22		
Other Travelling Costs - Staff	£666		
Recruitment Expenses	£7,398	£1,000	
Training & Conferences staff	£1,277	£3,500	
Total staffing costs	£134,408	£208,751	
PREMISES COSTS			
Agency Fees Payable (ORCC)	£26,009	£0	
Office costs	£5,073	£20,570	
Rates	£0	£1,410	
Office Stationery	£625		
Telephone handsets	£874	£1,152	
Call charges	£0	£800	
Moving costs	£3,234		
Electricity	£150	£600	
Total premises costs	£35,965	£24,532	
BOARD			
Room Hire	£3,341	£1,500	
Meeting Refreshments	£1,517		
Travel - trustees	£148	£4,000	
Subsistence - Trustees	£322		
Training & Conferences - Trustees	£1,646	£500	
Total board costs	£6,974	£6,000	
PROFESSIONAL FEES			
Promotional Activities	£23,582	£22,800	Firebird contract
Audit & Accountancy Fees	£1,961	£4,445	SPX contract and year end
HR advice	£1,620		
Legal costs		£2,800	Allowance for conversion to charity
Total professional fees	£27,163	£30,045	

SUNDRY RUNNING COSTS			
Insurance	£1,572	£1,600	
Advertising	£2,322	£1,000	
Affiliations & Subscriptions	£948	£0	
Bank Charges	£50	£0	
CRM database		£600	
IT Support	£2,630	£3,000	
IT upgrade	£3,000	£0	
Mobiles / PAYG		£1,200	
Other Meeting Costs	£38		
Postage and Carriage	£219	£1,420	
Printing	£4,979	£2,500	
Software licences & Sophos	£360	£2,400	
Website	£641		
Stationery		£500	
Publicity distribution		£2,000	
Misc other	£1,047		
Total running costs	£17,805	£16,220	
PROJECT COSTS			
Grants paid	£29,482	£25,000	
Professional & Consultancy Fees - Projects	£48,833	£7,000	Allows retention of project manager to write up discharge project & freelancer to deliver SAID project
Project delivery costs (incl vol costs)		£25,000	
WOLF delivery costs		£1,000	
Professional & Consultancy Fees - Interim CEO	£18,720		
Professional & Consultancy Fees - ORCC support	£6,616		
Learning Links	£759		
Training costs - Volunteers	£0		
Travel - Volunteers	£2,154		
DBS checks	£654		
Total project costs	£107,217	£58,000	
Total Operating Expenses	£329,533	£343,548	
Net Profit	£16,318	£11,594	
Less Corporation Tax	£3,264	£2,319	
Carry Forward / Contingency	£13,054	£9,275.30	