

## HWH Budget for Financial Year 2025-6

### **1. Purpose of paper and what trustees are being asked to consider.**

- 1.1. This paper presents the final proposed Budget for FY25-6, following the direction given at the Board Advisory Committee meeting in February 2025.
- 1.2. Board is asked to **agree and sign off the recommended budget.**

### **2. Context**

- 2.1 In recognising that our income streams are exclusively dependent on public moneys from organisations grappling with increasing budget pressures and cost efficiency targets, our board has spent the last four months reflecting on our income model, opportunities for savings, and increasing our impact with limited resource. This comes with the backdrop of increasing staff costs related to National Insurance and inflationary pressures on pay.
- 2.2 Our core contract grant covers approximately 80% of our total expenditure, and our forecast for revenue generation from other funded sources is anticipated to reduce, resulting in a forecasted end of year deficit in financial year 2025 - 2026.
- 2.3 The next year will test our resilience in these challenging times, but we will continue to ensure that Healthwatch Hertfordshire brings about positive change in the health and social care system, to the benefit of its residents for whom we are an independent champion.
- 2.4 It is with this commitment to our purpose and crucial role, that Trustees have agreed that a deficit position is acceptable – our work must always be driven by the needs of the people we champion and not the bottom line.
- 2.5 It is with thanks to the staff team's success in raising income over the past few years, and the commitment of our core commissioners in supporting the establishment of a three (plus 2) year contract, that we are in a privileged position to have sufficient general reserves to approach this with careful consideration and time to implement required changes.
- 2.6 However, we will have need to review our cost base and charging model – as you will see in our annual business plan – which also has strands of work seeking to increase our partnerships for bigger impact and growing our reputation, hopefully leading to increased revenue in the future.
- 2.7 Over the past quarter, Trustees have supported a number of discussions to agree:
  - The approach to our budget and reserves
  - Cost of living and market rate recognition in staff remuneration

- The purchasing of laptops to replace eight machines at the end of their useful life.

### 3. Overview of Financial Year 2025 - 2026

- 3.1 We are anticipating closing off the 2024 -2025 financial year [FY 24-5] in a strong financial position with Total Income at £562.2K against Total Costs of £574.0K giving us a Deficit of £11.8K at year end. Our year end Reserves will reflect a healthy balance of £374.8K.
- 3.2 In FY 25-6, our forecast Total Income at £533.3K against costs of £597.5K means we are currently projecting a Deficit of £64.3K at year end. This will result in a decrease in our reserves to £310.5K.
- 3.3 The following sections illustrate the key changes between the two financial years, and the % change for each of the elements of the budget: cost (Figure 1), income (Figure 2) and end of year picture (Figure 3).

<b>Fig 1. Costs</b>	<b>FY24-5</b>	<b>FY25-6 budget</b>	<b>Change %</b>
Staff Costs	£494,189	£518,232	+5.4%
Other Employment Costs	£5,160	£12,500	+129.7%
Non-Staff Costs	£74,674	£66,783	-10.7%
Total Costs	£574.023	£597,515	+2.4%

- Staff costs account for 87% of our total costs, and represent a very lean structure built around our core services provision:
  - Signposting (unsolicited information, advice and guidance of the public with health and social care matters)
  - Research (proactive engagement with the public on matters affecting their health and social care)
  - Holding to Account (consolidation of the above and bringing to decision makers for action, and accountability)
  - The running of an effective Healthwatch that meets its legal, statutory and regulatory obligations and is financially well managed.
- Staff cost increases include agreed changes to staff remuneration
- The increase in other employment costs is mainly the result of National Insurance increases.
- The change in non-staff costs reflect the Board's decision to purchase new staff computers in FY24-5.

<b>Fig 2. Income</b>	<b>FY24-5</b>	<b>FY25-6 budget</b>	<b>Change %</b>
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HCC Grant & Interest	£465,679	£493,265	+6%
Contract Variation	£26,354	£20,000	-24.1%
Other Income	£70,150	£20,000	-71.4%
Total Income	£562,183	£533,265	-5.1%

- As per 2.1. we have reduced the figures for forecasted Income with support of conversations at February Board Advisory Committee.
- We have just had formal confirmation that our inflationary uplift for our grant is 6%, and this has been reflected in an updated figure since the budget was previously presented.

<b>Fig 3. End of year</b>	<b>FY24-5</b>	<b>FY25-6</b>	<b>Change</b>
Total Costs	£574,023	£597,515	+4.1%
Total Revenue	£562,183	£533,265	-5.1%
Surplus/ Deficit	£11,840	£64,250	Decrease

#### **4. Approach to Reserves**

- 4.1 In reviewing the proposed budget for FY 25-6, we have aligned our reserves to our reserves policy

<b>Fig 4. Reserves</b>	<b>FY24-5</b>	<b>FY25-6</b>
General Reserve	£145,706	£68,801
Contingency Reserve	£229,146	£241,801
Total Reserves	£374,852	£310,602

#### **5. Final Budget figures**

- 5.1 The following table shows the full FY25-6 Budget compared to the forecast FY24-5 year end close.
- 5.2 Board is asked to **agree and sign off the recommended budget for FY 25 -6 as presented below.**

<b>Budget</b>	<b>FY24/25 (original budget)</b>	<b>FY 24/25 (additional revenue)</b>	<b>FY 24/25 Forecast &amp; totals</b>	<b>FY 25/26 Final Budget</b>
HCC + bank interest	£456,228		£465,679	£493,265
Contract Variation figure		£26,354		
Backlog				
Revenue (project paid work)	£65,000	£70,150		£40,000
<b>Total Income</b>	<b>£521,228</b>	<b>£96,504</b>	<b>£562,183</b>	<b>£533,265</b>
Staff Salaries	£492,510		£494,189	£518,232
Other Employment Costs	£11,000		£5,160	£12,500
Non Staff Costs	£57,710		£74,674	£66,783
<b>Total Costs</b>	<b>£561,220</b>		<b>£574,023</b>	<b>£597,515</b>
<b>Deficit / surplus</b>	<b>£39,992</b>		<b>£11,840</b>	<b>£64,250</b>
General Reserve	£149,893		£145,706	£68,801
Contingency Reserve	£200,000		£229,146	£241,801
<b>Total Reserves</b>	<b>£349,893</b>		<b>£374,852</b>	<b>£310,602</b>

**Alan Bellinger, Treasurer and Ivana Chalmers, CEO**

**18.03.2025**