

# Quarter 2 Finance Report Board Meeting November 2018



Report of: **Joanne Davies, Finance Manager, Pioneering Care Partnership (PCP)**

## 1.0 Purpose of the Report

The report outlines the year to date financial position for the period, 1 April to 30 September 2018, along with an overview for each service area.

The report also summarises the current position for Cash flow, Bank and Cash Balances, Reserves, Creditor and Debtor Days, Liquidity Ratio and Investment.

## 2.0 Quarter 2 Financial Position (1 April to 30 September 2018)

### I. Organisational Position

At the end of quarter 2 the overall financial position is a surplus of **£72,492**. Below is an overview for each service area as highlighted in the Financial Summary.

### II. Chief Executive

Overall the actual year to date position for Chief Executive is positive at **£25,150**.

Management and admin fees have increased in the quarter as a result of new projects commencing. Following the reallocation of a proportion of Senior Managers hours being transferred to the relevant Healthwatch projects the current forecast position is predicting a surplus of **£44,635** at year end.

### III. Business Excellence

Overall the actual year to date position for Business Excellence is positive at **£17,415**.

An increase in bank interest was received from the reserve account in the quarter and expenditure is less mainly due to no staffing costs for Health and Safety and the current consultancy fees are more economical. The current forecast position is predicting a surplus of **£10,646** at year end.

### IV. Customer Experience

Overall the actual year to date position for Customer Experience is positive at **£14,330**. Centre service income is higher than budgeted and external room hire is also consistently higher than budgeted each month. Classes, Options and Garden Kitchen income is less and expenditure higher than budgeted, however these areas are currently being analysed. A new budget will be submitted for the Hydropool to reflect the pool remaining open for 2018/19.

The current forecast position is currently predicting a deficit of **-£33,353** at year end. However, if the VAT and Depreciation costs of **-£36,902** were removed the predicted forecast would result in a surplus of **£3,549**.

## V. Project Development

Overall the actual year to date position for Project Development is positive at **£50,072**.

Less income was received for Wellbeing for Life, BBO SFTV and Joining the Dots than budgeted, this is due to expenditure being less than expected as income can only be claimed for spend incurred.

Expenditure is less overall across projects with the exception of Healthwatch where a proportion of Senior Managers hours have been reallocated to the individual Healthwatch projects. The current forecast position is predicting a deficit of **-£2,516** at year end.

### 3.0 Reserves Position at 30 September 2018

	Annual	Monthly
Core and Centre Operating Costs	£1,092,805	£91,067

#### Reserve finances

Reserves as per Financial Accounts	£1,318,663
Less, Restricted Funds	£38,102 (Healthwatch CIC)
Less, Designated Funds - In year utilisation (forecast deficit)	£289,629
Less, Designated Funds – Investment	£250,000
Less, Designated Funds – Pool	£150,000
Less, Designated Funds - potential redundancy costs	£24,027
Less, Designated Funds - emergency	£15,000
<b>Actual reserves</b>	<b>£551,905</b>

#### Reserve Calculation

As per the Reserves policy the number of months should not be less than 6 months. As at 30 September 2018 the number of operating months is **6.10**.

In quarter 2 £6,898 has been transferred from the Healthwatch CIC reserves into the department budget to offset the year to date spend. Also during quarter 2 £5,973 of redundancy costs have been incurred within the Garden Kitchen.

### 4.0 Cash flow Position (Income and Expenditure)

At 30 September 2018 the current cash flow position is **£320,714**. A breakdown of the 2018/19 cash flow is attached to this report.

PCP's cash flow threshold is currently set at £220,000 (to be held in Unity Custom Account). The cash flow forecast is currently predicting £164,953 which will be held in the Custom Account at the end of March 2019. This is less than the cash flow threshold, however, the forecast is based only on existing income and any additional income through 'new' projects/services will impact positively. The cash flow will continue to be monitored on a monthly basis and reviewed in quarter 3.

### 5.0 Bank and Cash Balances

At the 30 September 2018 the total Bank and Cash Balances is **£1,392,659**. The Bank and Cash Balances includes monies in all PCP bank accounts and cash floats, a breakdown of the accounts are attached to this report.

## 6.0 Creditors and Debtors

**Creditor days** - the average time that it takes PCP to pay suppliers/creditors is as follows:

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2018-19	22 days	23 days		
2017-18	17 days	27 days	30 days	30 days

**Debtor days** - the average time that for others/debtors to pay PCP is as follows:

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2018-19	25 days	23 days		
2017-18	42 days	78 days	35 days	62 days

## 7.0 Liquidity Ratio

Liquidity Ratio outlines the organisations ability to repay short-term creditors out of its total cash. PCP aims to maintain a ratio of 2.5:1 or above.

The current ratio is **6.3:1** (which equates to £6.30 of current assets for every £1 of current liabilities) demonstrating that PCP is low risk and fully able to meet any liability of short term creditors.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2018-19	5.7:1	6.3:1		
2017-18	TBC	6.2:1	8.5:1	5.8:1

## 9.0 Overall Summary as at the end of September

The Board approved utilisation of reserves to the value of £289,629. This has been incorporated into budget projections at an individual cost centre level.

A review of Administration and Management fees have been reviewed during quarter 2 and they are now being accounted for more accurately.

Monthly meetings with budget holders have been held during quarter 2 which has aided the financial planning and forecasting process and the recommendations received in these meetings have been actioned.

In summary the position is as would be expected at the end of September. Projections will become more accurate from quarter 3 onwards supported by more effective communication channels.

As we move into quarter 3 we have started budget planning for 2019/20, meetings have been arranged with relevant SMT members with a view to producing a draft budget mid-November. Work is also being undertaken to review a full cost recovery model for PCP.

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