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| CN Logo.JPG | **Financial Strategy****2025 - 2028** |
| **Author:** | Peter Stonell updated by Debra Blakey and Dorinda Jack |
| **Last approved by Trustees:** | 15 October 2020 |
| **Approved by Trustees:** |  |
| **Date next Review due:** | February 2026 |

1. **Introduction and means of review**
	1. This document seeks to outline the financial strategy for Carers Northumberland (CN) for the period 1 April 2025 – 31 March 2028 agreed by the Trustee Board.
	2. The strategy reviewed annually by the Financial Strategy Group (FSG).
	3. The FSG will meet regularly in accordance with its Terms of Reference. Its primary function is to oversee CN’s finances. The FSG has the remit to advise and make recommendations to the Trustee Board on financial matters.
	4. The Trustee Board is responsible for financial decision making.
2. **Funding Strategy**

The Trustee Board’s funding strategy is to establish an annual budget which ensures:

* + - that budgeted expenditure on core activities is limited to the amount of anticipated core funding
		- all projects undertaken are subject to “full cost recovery”, including a contribution to the core costs of delivering the project.
1. **Funding Streams and Income generation**

Core funds in the form of grants will be agreed annually between Carers Northumberland and

* Northumberland County Council
* North East and North Cumbria Integrated Care Board
* Cumbria, Northumberland and Tyne And Wear NHS Foundation Trust

Opportunities for project funding (as grants) for additional carer support services will be pursued as they arise, where the Trustee Board agrees they meet the aims and objectives of the charity.

Opportunities for diverse income generation will be considered where they offer a realistic and sustainable funding stream without affecting core work.

**4) Financial Sustainability**

The Trustee Board also needs to consider the medium and longer term financial sustainability of the organisation. It further considers what contingency actions might be required if known funding falls short of forecasted future budgets.

The process of ensuring financial sustainability involves on-going monitoring of funding applications (both independent and with partners), alongside regular engagement with statutory funders who provide key core funding.

All funding opportunities will be considered where they align with organisational aims, objectives, ethos, and values, and do not detract from, or risk, the ongoing core service provision.

In order to plan for each financial year, a financial stability timeline is attached in Appendix 1. The purpose of the timeline is to be clear on the financial planning required for the subsequent financial year.

**5) Financial Contingency Planning**

Rigorous monitoring of the financial situation as detailed above is expected to ensure that the organisation has the funding it requires to continue to offer core services to carers as a minimum. However, it is important that there is a contingency plan in place with a timeline for key decision should future budgets show a deficit which can no longer be managed. The plan for this is attached in Appendix 2.

1. **Reserves Policy**

Carers Northumberland has a Reserves Policy which is reviewed and agreed annually by the Trustee Board ahead of setting the budget for the next operational year.

1. **Investment Policy**

The investment policy is documented within the Reserves Policy and is reviewed at least annually by the Board. The FSG will monitor the ongoing suitability of investment products and advise the Board of any recommended changes.

**Financial Risks**

Financial risks will be captured and monitored via the Organisational Risk Register, which is considered at every Trustee Board meeting. The FSG will consider financial risk when making recommendations to the board.

The aim of risk assessment is to identify potential risks and their potential impact and consequences to Carers Northumberland. Following which, action will be taken to remove or ameliorate the risk.

**Appendix 1.**

**Financial Sustainability Timeline**

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|  | **When** | **Action** |
| **1** | **February/March** | An Operational Plan and Budget is agreed for the upcoming financial year based on anticipated income. |
| **2** | **April** | Annual funding from the local authority and health service commissioners is confirmed and the amount is clarified in both the in-year approved budget and future budget forecasts. |
|  |  | If funding meets the approved budget expectation then standard monitoring is ongoing. |
|  |  | If funding does not meet the immediate needs of the approved budget, then mitigations as per the risk register will be invoked. |
|  |  | Where current funding suggests that future budget expectation will not be met, then the funding sustainability contingency plan will be invoked. |
| **3** | **May/June** | Appropriate work begins to influence the funding required for the following and future years. This will not be necessary if:a) the current income has been guaranteed for two or more yearsb) the current income stream, if maintained, covers the budget forecast for two or more yearsc) the organisations’ free reserves cover the budget forecast for two years or more. |
| **4** | **Ongoing** | Every opportunity is taken to apply for additional funding where the organisation meets the relevant funders’ criteria. |

**Appendix 2.**

**Funding Sustainability Contingency Plan**

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|  | **When**  | **Action** |
| **1** | **April/May** | Confirm the impact of known/anticipated funding awards on the budget forecast for the next three years, and identify the probable date when:a) the forecasted budget moves into deficit ANDb) the free reserves are NILThis date will be known as D-Date |
|  |  | Further action is unlikely to be required unless both scenarios are met. |
| **2** | **Ongoing** | Every opportunity is taken to apply for additional funding where the organisation meets the relevant funders’ criteria. |
| **3** | **May** | Immediately commence engagement with core funders to negotiate additional funds and/or agree potential service reductions. |
| **4** | **D-Date minus four months** | Design and agree potential alternative operational design structures and service levels. |
| **5** | **D-Date minus three months** | If no additional funding is confirmed then commence restructure consultation with staff. |
| **6**  | **D-Date**  | Restructure organisation. |