

FINANCIAL AND OPERATIONAL OVERVIEW

Summary: To provide the Executive Committee with (1) a high-level update on the Q1 financial position of the organisation, (2) a summary of the first reforecast for 2023/24, (3) an overview of the Key Performance Indicators [KPIs] for 2023/24 and (4) a progress update on the Business Plan Framework 2023-26.

Recommendation: That the Executive Committee notes the report

Report by: Andy Parsons – Chief Executive
Magda Glanowska – Head of Finance

1. QUARTER 1 FINANCIAL REPORT

- There are currently no concerns about major variances against budget during Q1.
- A reforecast for the year has been prepared in consultation with the budget holders based on Q1 financial results. This has been discussed and agreed by the Finance and Governance Committee at the August meeting.
- The quarter end position has improved vs budget for both restricted and core areas. **Total net surplus** as at the end of June 2023 was **£747k** (vs £279k budget, vs £385k prior-year).
- The balance sheet is in healthy position with no concerns. Total capital assets and reserves stood at £1,407,754 as at 30 June 2023 compared to £660,732 as at year-end (31 March 2023).

Core Income and Expenditure

- The Q1 position has improved vs budget. **Core surplus to date of £159k** vs £125k budget.
- **Core income to date of £421k** vs budgeted £386k. £34k improvement vs budget mainly driven by higher income than predicted in:
 - CEO & Board, +£23k, all local authority contributions received in Q1, whereas the budget assumed £21k to be received in July (timing only);
 - Rural Skills +£9k in other grants due to carried over £14k of residual grants received in 2021.
- **Overheads broadly in line with budget** with some savings and overs across different lines.
- Main savings in payroll driven by Policy and Planning. In addition, some savings due to timing and costs will be incurred later in the year relating to printing and design, consultants and professional fees. Small IT savings due to new managed service cheaper than budgeted.
- Savings in the overheads offset by:
 - Increased rent and rates due to rent being £7k higher than budgeted as having to pay until 17th July for the Old Prison;
 - An increase in rates due to still awaiting Not for Profit relief;
 - Property costs higher due to converting toilets into a storage room at Greystones.

Restricted Funds/Projects Income and Expenditure

- The Q1 position has improved vs budget. **Restricted surplus to date of £588k** vs £153k budget.
- **Restricted income to date £944k** vs budgeted £340k. This is driven predominantly by higher than budgeted Defra Project Funding by £126k and significantly higher other grants for National Grid LEI than originally budgeted +£403k (of which £279k true FY increase, £124k timing – received earlier than budgeted), note all expected National Grid LEI income now received. Other income also +£82k due to Thames Water grant higher than budgeted.
- Grants paid £184k higher than budgeted to reflect more grants received.

- **Small savings in the restricted overheads of £15k to date.** These are across multiple lines but mainly in contractors for Trails and Access, however this is due to timing and will be spent later in the year.

2. 2023/24 REFORECAST

- The 2023/24 Year-End re-forecasted position is showing a **General Fund of £73k** (vs £69k budget and vs £76k prior year).
- **Total unrestricted reserves** (General Fund plus Designated Funds) of **£310k** (vs £301k budget and vs £228k prior year).
- **The restricted reserves are forecasted at £704k** (vs £583k budget and vs £433k prior-year).
- A new Designated reserve for A417 BNG Management and Administration long term fees has been created in addition to the existing A417 BNG Restricted reserve.
- The year-end forecasted position has improved for both restricted and core areas vs original budget. The re-forecasted year-end **total net surplus is £362k** vs £256k budget.
- **Total income forecasted is £3.6m** compared to £2.7m budget.
- There are no concerns in meeting the budget, with reforecast showing improved position.
- A second reforecast will be prepared following Q2 and will be presented to the Finance and Governance Committee during the meeting in November. This reforecast will be used as a comparison (along with the original budget) for the final year actuals.

Core Income and Expenditure Reforecast

- The 2023/24 core year-end forecasted position has slightly improved vs the original budget. **Core deficit of -£77k** (vs -£79k deficit budget).
- **Core income forecasted at £735k** (£703k budget). **Core overheads forecasted at £811k** (£781k budget). £32k increased income vs the budget is offset by £30k increased overheads.
- Main reasons for improved income are +£13k due to additional income for Gloucestershire Local Nature Partnership on the Local Nature Recovery Strategies (LNRS), +£7k saving in payroll due to lower New to Nature pension and payroll costs than expected, +£4k interest received.
- Main reasons for higher overheads are slightly higher dilapidation costs, higher rates and rent, and higher consultants and professional costs.

Restricted Funds/Projects Income and Expenditure Reforecast

- The 2023/24 forecasted year-end position has significantly improved vs the original budget. **Restricted surplus of £439k** (vs £334k budget).
- **Restricted income of £2,868k is £834k (40%) above the budget.** The increase vs budget is driven predominantly by higher Defra Project funding than originally budgeted (£1,367k vs £882k budget). Additionally, other grants and income are £337k higher than budgeted (mainly National Grid LEI +£279k – all income now received, Thames Water +£36k and +£13k Natural England). Grants paid are significantly higher to reflect higher project funding.
- **Restricted overheads** are forecasted **25% above the budget at £624k**. This is mainly to accommodate additional work due to higher Defra grants and National Grid LEI and specifically higher employee costs recharges to projects, consultants and professional fees and other contractors to accommodate increased number of projects.

3. PROGRESS AGAINST KEY PERFORMANCE INDICATORS (Q1 2023/24)

- Please see *Appendix A* for details.
- The team have reviewed and updated the KPIs for the current financial year. The key changes being:

- **KPI1 (People)** – the training and development KPI has been replaced by Board Member attendance at both Board and Executive Committee meetings.
 - **KPI2 (Process)** – the social media KPI has been replaced by one that tracks the performance of our newly appointed IT Managed Service Provider, Orbits.
 - **KPI5 (Customer)** – now focuses on levels of engagement with the Board’s climate action work and target setting.
 - **KPI7 (Finance)** – the General Fund KPI has been replaced by one which tracks the newly created Development Fund (Designated), as the performance of this KPI will determine the ability of the organisation to grow sustainably.
- The Q1 results are shown in the Appendix. As the contract with Orbits didn’t start until the end of June, this KPI has gone live during Q2.

4. BUSINESS PLAN FRAMEWORK 2023-26 (PROGRESS)

- Please see *Appendix B* for details.
- Although it is still very early days in terms of the term of the Framework, it is encouraging to see positive progress being made across all disciplines.
- The only ‘red’ action is the recruitment of a Trails and Access Officer for the north of the CNL. It was subsequently agreed that there wasn’t a pressing need for this role at this time.

Supporting documents

- Appendix A - Key Performance Indicators (2023/24)
- Appendix B - Business Plan Framework (2023-2026)

SEPTEMBER 2023