

FINANCIAL AND OPERATIONAL OVERVIEW

Summary: To provide the Executive Committee with (1) a high-level update on the current financial position of the organisation, (2) an overview of the Key Performance Indicators [KPIs] for 2023/24 and (3) a verbal update of the budget setting process

Recommendation: That the Executive Committee notes the report

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

1. QUARTER 3 FINANCIAL REPORT

- There are currently no concerns about major variances against Forecast 2 during Q3. Variances against the budget were discussed at the last Finance and Governance Committee meeting in November and the revised Forecast 2 was approved.
- A second reforecast for the year was prepared in consultation with the budget holders based on Q2 financial results. This was discussed and agreed by the F&G Committee at the November meeting.
- The December quarter end position is tracking broadly in line with Forecast 2 and slightly behind the original budget for core areas. Restricted operating surplus is c.£107k behind the Forecast 2 and behind the budget, however these are mainly timing differences and we do not anticipate major variances at the year end. **Total net surplus** as at the end of December 2023 was **£980k** (vs £1,088k Forecast 2, vs £1,101k budget).
- The balance sheet is in healthy position with no concerns. Total capital assets and reserves stood at £1,640,466 as at 31 Dec 2023 compared to £660,732 as at year-end (31 Mar 2023).

Core Income and Expenditure

- The Q3 position is tracking broadly in line with Forecast 2. **Core surplus to date of £80k** vs £81k Forecast 2 and £91k budget.
- **Core income to date of £699k** vs forecasted £703k and £682k original budget. Income from Local Nature Recovery Strategy project (for provision of expert advice to Gloucestershire Wildlife Trust) slightly smaller than forecasted due to less work provided.
- **Overheads show small savings vs Forecast 2**, which is due to higher contribution from Glorious Cotswolds Grasslands (restricted area), however this is timing only as income forecasted for January has already been received in December.

Restricted Funds/Projects Income and Expenditure

- The Q3 position is currently tracking behind the Forecast 2 and the original budget. However, most of the variances are timing only and there are no concerns for the year-end position. **Restricted surplus to date is £900k** vs £1,006k Forecast 2 and £1,011k original budget.
- **Restricted income to date £1,788k vs £2,293k forecasted.** This is driven predominantly by the National Highways Biodiversity Project as we are still due to invoice National Highways for the implementation phase of the Project, which was forecasted at £522k to be invoiced in this quarter. This is a timing issue as further conversations have been ongoing regarding a potential uplift of this amount due to updated estimates delaying issuing of the invoice. We are pleased to confirm that the total value of the Project for Year 1 has now been revised to £622k for Revenue (30-year management plan) and £103k capital which is above the Forecast 2 and the original budget. In addition, Trails

and Access are £24k behind the forecasted income, which again is timing only, and we are due to receive funding from DEFRA shortly for the Removing Barriers project.

- **Grants paid are £397k lower than forecasted** driven predominantly by FIPL mainly due to delays in projects being able to complete activities, or to prepare their claim and supporting evidence.
- **Total overheads broadly in line with Forecast 2** with some small differences across the lines and projects and there are currently no concerns in meeting the Reforecast 2.

2. 2023/24 RESERVES

- The 2023/24 Year-End Forecast 2 position is showing a **General Fund of £71k** (vs £69k budget and vs £76k prior year).
- **Total unrestricted reserves** (General Fund plus Designated Funds) of **£205k** (vs £301k budget and vs £228k prior year).
- **The restricted reserves are forecasted at £628k** (vs £583k budget and vs £433k prior year).
- The above is in line with the revised Reserves Policy which will be presented to the Board for adoption at February's Board meeting.

2. PROGRESS AGAINST KEY PERFORMANCE INDICATORS (Q3 2023/24)

- Please see *Appendix A* for details.
- Key points to mention:
 - **KPI1 (People)** – Executive Committee and Board Member attendance are both Green for Q2 and Q3. However, it should be noted that there are two Board Members who haven't attended a single meeting in the past year.
 - **KPI2 (Process)** – Orbits IT (our Managed Service Provider) have performed to a very high standard since being awarded the contract earlier this financial year.
 - **KPI3 (FIPL)** – currently red due to a number of projects having completed but yet to make their claim, which is overdue. They are being chased and it is expected to be tracking as predicted by year-end.
 - **KPI4 (Stat Consultee)** – this KPI has been on track throughout the year.
 - **KPI5 (Climate Action)** – the autumn workshops, as expected, have ensured this KPI has got back on track, with 261 people engaged during the year.
 - **KPI6 (Young People)** – after a slower than expected start the last quarter was green, and it is anticipated that, by year-end, the KPI will be amber.
 - **KPI7 (Finance)** – currently showing red as Development Fund is forecasted at £71k. Please note that this is based on Reforecast 2 which was based on Q2 financials. We now expect the Development Fund to increase in value as a result of the Biodiversity Project Year 1 uplift, however the exact impact of the uplift on the Fund is yet to be determined.

Supporting documents

- Appendix A - Key Performance Indicators (2023/24)

JANUARY 2024