

FINANCIAL AND OPERATIONAL OVERVIEW

Summary: To provide the Executive Committee with (1) a review of the year-end financial position of the organisation and (2) an overview of the Key Performance Indicators [KPIs] for 2023/24

Recommendation: That the Executive Committee notes the report

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

1. YEAR-END FINANCIAL REPORT 2023/24

- There are no concerns about year-end position and any variances to forecast and budget are as expected and have been discussed by the Finance and Governance Committee.
- The 2023/24 Year-End Financials are showing a **General Fund of £79k** (vs £69k budget and £71k forecast 2).
- **Total unrestricted reserves** (General Fund plus Designated Funds) of **£237k** (vs £300k budget, vs £212k forecast 2).
- The year-end Xero reports have been reviewed and there are no concerns surrounding the numbers presented.
- The year-end position has improved for both restricted and core areas, against both original budget and forecast 2. The 2023/24 year-end **total net surplus of £584k** (vs £256k budget, vs £191k forecast 2, vs £19k prior-year). The large net surplus is primarily due to National Highways Biodiversity project where £405k is in restricted reserve for landowners' payments over the next 30 years. This money is being held in the interest accounts.
- The balance sheet is in healthy position with no concerns. Total capital assets and reserves stood at £1,244,787 as at 31 Mar 2024 compared to £660,732 prior year.

Core Income and Expenditure

- The 2023/24 year-end position has improved vs both reforecast and budget. For the core part of the organisation, **the core operating deficit (-£18k)** is lower than forecasted by £28k and by £60k vs budget. This is due to good management of overheads and additional recharges to core.
- **Core income for the year £741k** vs £726k forecasted (+2%) and £703k original budget (+5%). +£10k primarily due to higher donations than expected.
- **Total overheads 2% under forecast** and 3% under budget due to small savings across various lines. These are mainly due to higher contribution to core, savings in consultants and professional fees and small savings in salary costs.

Restricted Funds/Projects Income and Expenditure

- The 2023/24 year-end position has improved vs both reforecast and budget. For the restricted part of the organisation, the operating surplus exceeded Forecast 2 by £365k and by £268k budget. Significant portion of that is due to Cotswolds Champions, where we have not paid as much grants as expected and projects have moved into FY 2024/25, these funds remain in the restricted reserve.
- **Restricted surplus reported for the year-end is £602k** vs £237k Forecast 2 and £334k original budget.
- **Restricted income for the year £2,932k** vs £2,798k forecasted (+5%) and £2,035k budgeted (+44%). The increase is driven by the National Highways Biodiversity Project (+£68k) as a result of an agreed uplift in revenues, +£44k due to National Grid LEI where

we received more grants than expected and +£20k in Cotswold Way due to additional funding from National Trails UK for Access for All Grant which we successfully bid for.

- £2,847 is an underspend in DEFRA FiPL which will be returned to DEFRA, this is an excellent result and shows we have managed to utilise over 99% of FiPL funding received.
- Grants paid are £243k lower than forecasted driven predominantly by Cotswolds Champions (+£195k) as the progress utilising the mitigation sum has been predictably slow which is largely due to persistent challenges in maintaining communication and securing permissions to deliver works on sites identified as a high priority for lineside mitigation. A plan for the coming year (24/25) has been agreed with a view to ensuring Rail Corridor Enhancement project will end no later than March 2025. Additionally, +£45k due to National Grid LEI, as grants are still being reviewed and will be paid next year.
- **Total overheads just 2% (£12k) over the Forecast 2** and 46% over the original budget which did not consider costs relating to additional projects not budgeted as unknown at the time and the increase in overheads vs budget is in line with increase in revenue. £15k saving in salary costs driven by FiPL (+£12k) due to delayed hire of additional Project Officer, one leaver and one employee reducing hours. This is offset by increased costs of tools and equipment mainly relating to Cotswolds Way (-£19k) purchasing additional tools due to additional funding received from National Trails UK as mentioned above including four new wheelbarrows. Overspent in contractors mainly in Trails & Access for additional Lansdown path surfacing project funded by Bathscapes.

Year-End Reserves position

- Total Reserves at the year-end are £1,245k (budget £883k, forecast 2 £1,022k, prior year £661k).
- Made up of:
 - **General Fund £79k** (prior year £76k)
 - **Designated Funds £158k** (prior year £151k)
 - **Restricted reserves £1,008k** (prior year £433k)
- The above is in line with the revised Reserves Policy which was adopted by the Board at February's Board meeting.

2. PROGRESS AGAINST KEY PERFORMANCE INDICATORS (Q4 2023/24)

- Please see *Appendix A* for details.
- With the exception of the Finance KPI (Development Fund) all remaining six KPIs were either Green (on track) or Blue (exceeding target).
- There isn't an organisational concern around the Finance KPI. It was set up in 2023/24 and the amount of reserves in the Development Fund are largely dependent on the delivery outcomes of the National Highways Biodiversity Improvement project. We had budgeted to deliver 50 hectares of restoration and the final result is nearer 30 hectares. It could best be described as an 'opportunity risk', i.e. not impacting the overall stability of the core organisation.

Supporting documents

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