

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 2024/25, (3) an overview of the Key Performance Indicators [KPIs] for 2024/25 and (4) a progress update on the Business Plan Framework for 2023-26.

Recommendation: That the Executive Committee notes the report

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

1. QUARTER 1 FINANCIAL REPORT 2024/25

- There are no concerns about major variances against budget during quarter 1.
- 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 overall quarter-end position is showing an improvement against budget for quarter 1, however main positive variances remain timing differences only. The quarter-end **total net surplus is £900k** (vs £511k budget).
- The balance sheet is in healthy position with no concerns. Total capital assets and reserves stood at £2,146,136 as at 30 Jun 2024 compared to £1,244,787 at the start of the financial year.

Core Income and Expenditure

- The quarter-end position is currently £185k behind the original. For the core part of the organisation, **the core operating surplus stands at £388k** (budgeted at £572k). This is driven purely by timing of the DEFRA Uplift Capital Funding as schedule of payments was unknown at the time of the budget. This has been now received.
- **Total overheads 4% under budget**, due to small savings across various lines, mainly consultants, payroll and other costs.

Restricted Funds/Projects Income and Expenditure

- **Restricted surplus reported for the quarter-end is £512k** vs budgeted deficit of £61k. This is due to earlier than expected DEFRA Project Funding receipt (+£313k) and £268k less grants paid in the period than anticipated as a result of no invoices received in the quarter, timing only.
- **Total overheads slightly above the original budget**, £12k due to higher contractors' costs for Dark Skies Project, not originally budgeted and slightly higher tools and equipment costs in the period.

2. 2024/25 REFORECAST

- 2024/25 re-forecasted year-end position is showing **total reserves of £888k** (vs £1,633k budget and £1,245k prior year)
- Made up of:
 - **General Fund £71k** (budget £71k, prior year £79k)
 - **Designated Funds £148k** (budget 289k, prior year £158k)
 - **Restricted reserves £668k** (budget £1,275k, prior year £1,008k)
- The above is in line with the Board's Reserves Policy adopted in February 2024.
- The year-end forecasted position has reduced primarily due to the premature end of the National Highways Biodiversity Improvements programme. The re-forecasted

year-end surplus currently stands at deficit of -£387k, this is the worst-case scenario. Please note even though this is negative, there are sufficient reserves to cover the deficit this year. Following quarter 2, we will prepare the 2nd reforecast when we will have more information on the contingency scenarios being explored.

- Total **re-forecasted income for the year is just over £4 million**, c. £0.5m less than budgeted driven by the National Highways Biodiversity project. This is still showing a healthy revenue growth compared to the prior year.
- Overheads have increased by c.£187k, mainly due to increase in contractors' costs as a result of new Dark Skies project and a new Regen Accelerator project funded by FIPL (+£78k), an increase in tools and equipment costs (+£36k), consultants' fees (+£22k) as a result of a new Woodland Opportunity mapping project (funded partly by a new grant from GCC and partly by the revenue uplift from DEFRA) and slightly higher payroll costs than originally budgeted (+£19k). Contribution to core funding to be received reduced by c. £40k due to much lower revenues from National Highways Biodiversity project than initially budgeted.
- Capital / Revenue Uplift from DEFRA (£382k) – majority of the uplift now allocated to the individual projects with £45k remaining to be allocated later in the year.

3. PROGRESS AGAINST KEY PERFORMANCE INDICATORS (Q1 2024/25)

- Please see *Appendix A* for details.
- KPI1 (People) and KPI5 (Climate Action) are currently being reviewed by the team and will be updated in time for Q2 results.
- All other KPIs remain the same as 2023/24, with slight adjustments to some of the targets/parameters.

4. BUSINESS PLAN FRAMEWORK 2023-26 (PROGRESS)

- Please see *Appendix B* for details.
- The 3-year Business Plan Framework sets the direction for the organisation and, through its Outcome Statement, demonstrates that the CNL Board and Team are committed to working together and collaboratively with partners to deliver lasting positive change.
- Progress is being made across all areas of the Framework, with specific delivery and actions being captured in the Detailed Annual Work Programme (which is presented at each Board Meeting).

Supporting documents

- Appendix A - Key Performance Indicators (2024/25)
- Appendix B – Business Plan Framework (2023-2026)

SEPTEMBER 2024