

## 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 2024/25 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

### 1. QUARTER 3 FINANCIAL REPORT (DRAFT RESULTS)

- There are no concerns about major variances against Forecast 2 during Quarter 3 which are mainly due to timing. Variances against the budget were discussed at the last Finance and Governance Committee meeting in November and the revised Forecast was approved. At that time the original budget was also revised to adjust for the premature ending of the National Highways Biodiversity programme.
- 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 ahead of the Forecast 2 and the revised budget, however main positive variances remain timing differences only. **Total net surplus at the end of December 2024 is £515k** (vs £340k budget).
- The balance sheet is in healthy position with no concerns. Total capital assets and reserves stood at £2,815,226 at 31 December 2024 compared to £1,244,787 at the start of the financial year.

#### Core Income and Expenditure

- The quarter-end position is tracking slightly ahead of the Reforecast 2 and ahead of the budget. For the core part of the organisation, **the core operating surplus stands at £380k** (forecasted at £356k). Core income is broadly in line with Forecast 2.
- Total **overheads £20k under budget**, due to small savings across various lines, mainly IT hardware and subscription costs which are now being capitalised.

#### Restricted Funds/Projects Income and Expenditure

- **Restricted surplus reported for the quarter-end is £492k** ahead of Forecast 2 and £242k ahead of the revised budget. This is primarily due to DEFRA Historic Buildings grant billed 1 month earlier than expected, so this will come back in line in January and £372k less grants paid in the period than anticipated as a result of minimal invoices received in the quarter, timing only.
- **Total overheads are tracking £22k ahead of Forecast 1**, due to small savings across various cost lines.

#### 2024/25 Reserves

- 2024/25 Year-End Forecast 2 position is showing **total reserves of £968k** (vs £1,633k budget and £1,245k prior year)
- Made up of:
  - **General Fund £77k** (budget £71k, prior year £79k)
  - **Designated Funds £198k** (budget 287k, prior year £158k)
  - **Restricted reserves £69k** (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 improved vs Forecast 1 and currently stands at 135% of the target.
- Capital / Revenue Uplift from DEFRA (£382k) – £252k has already been spent with the remaining funds being allocated to individual projects. We also maintain a reserve list of projects in case of any funds still being available before the end of the year. We are anticipating spending all the allocated funds with no money being returned to DEFRA.

## **2. PROGRESS AGAINST KEY PERFORMANCE INDICATORS (Q3 2024/25)**

Overall, KPI results have been relatively consistent, and in line with expectations. It's good to see an increase in the KPI7 value. Please see *Appendix A* for details.

Key points to mention since the last meeting:

- KPI1 (People) – a new KPI focused on Health and Safety has replaced the KPI related to Board attendance. Whilst accidents are reported, the definition of incidents and near-misses are not fully understood and inconsistently reported.
- KPI5 (Climate Action) – this KPI has been revised. It is now focused on measuring progress against the climate action areas identified by 3Keel.
- All other KPIs remain the same as 2023/24, with slight adjustments to some of the targets/parameters.

### **Supporting documents**

- Appendix A - Key Performance Indicators (2024/25)

JANUARY 2025