

FINANCIAL AND OPERATIONAL OVERVIEW

Summary: To (1) provide the Executive Committee with a high level update on the year-end financial position of the organisation and performance against the Key Performance Indicators (KPIs)

Recommendation: That the Executive Committee notes the report

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

1. YEAR-END FINANCIAL REPORT 2022/23

- The 2022/23 Year-End Financials are showing a **General Fund of £76k** (vs £62k budget and reforecast, vs £73k prior year).
- **Total unrestricted reserves** (General Fund plus Designated Funds) of **£228k** (vs £114k budget, vs £158k reforecast, vs £152k prior year).
- 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. The 2022/23 year-end **total net surplus of £14k** (vs -£270k deficit budget, vs -£15k deficit reforecast, vs -£63k deficit prior-year).

Core Income and Expenditure

- The 2022/23 year-end position has improved vs both reforecast and budget. **Core surplus of £26k** (vs -£53k deficit budget and vs £8k reforecast).
- £18k improvement vs reforecast mainly driven by savings in:
 - Facilities & Admin of £12k (£10k repairs & maintenance - timing only);
 - £11k in Fundraising & Partnerships (due to higher recharge of employee costs to Everyone's Evenlode);
 - £7k in Policy & Planning (due to higher recharge of employee costs to other areas);
 - £7k in Voluntary Wardens (due to higher Donations than expected).
- This is offset by Rural Skills Outreach £15k over forecast (£0 act vs £15k reforecast) due to timing (£14k income moved into next financial year as unspent whereas reforecast didn't include this).
- **Core income of £733k** in line with forecast and 2% above the budget (£722k) driven by higher donations received and **core overheads of £706k** are both below forecast and budget (£16k and £62k under respectively). Savings mainly on repairs & maintenance and higher recharges of core employee costs to projects.

Restricted Funds/Projects Income and Expenditure

- The 2022/23 year-end position has improved vs both reforecast and budget. **Restricted deficit of -£12k** (vs -£217k deficit budget and vs -£23k deficit reforecast).
- £11k improvement vs reforecast mainly driven by:
 - Cotswolds Champions Projects deficit lower by £17k (-£16k deficit actual vs -£33k deficit reforecast) due to less grants paid;
 - 10k saving in Cotswolds Champions Mitigation due to no grants paid (forecasted £10k). No income or expenditure this year.

- Glorious Cotswolds Grasslands profit of £33k vs £26k reforecast due to recharge of employee costs to the new A417BNG project (£10k) which was not forecasted;
- Smaller savings mainly in SWC Landscape and Biodiversity.
- This is offset by A417 BNG (-£1k vs £17k forecast). Note: the forecast didn't account for all the expenditure incurred in 2022/23 relating to the first grant of £60k received and net position for the project should be near £0, instead it was forecasted to carry over surplus funds to the next financial year as a designated fund. This is further reduced by Everyone's Evenlode due to higher recharges from core (as explained above in Core section).
- **Restricted income of £1,767k** is £227k (11%) below reforecast but £340k (24%) above the budget. The decrease vs forecast is driven predominantly by considerably lower grant received for National Grid LEI (£59k actual vs £338k reforecast and vs £205k budget), however this does not have an impact on the net outcome as all grants received are distributed so net nil impact on profit. The improved performance vs budget is helped by additional £234k DEFRA Access Improvements grant which was not in the original budget and at £221k in the reforecast.
- **Restricted overheads** are 12% above forecast and 65% above budget (£634k actuals vs £567k forecast and £385k vs budget). This is mainly to accommodate additional work due to higher DEFRA grants and specifically higher employee costs recharges to projects, IT costs and contractor costs for DEFRA Access Improvements projects.

Year-End Reserves Position

- **Total Reserves at the year-end are £656k** (budget £277k, forecast £627k, prior year £642k).
- Made up of:
 - **General Fund £76k** (budget £62k, reforecast £62k, prior year £73k)
 - **Designated Funds £151k** (budget £52k, reforecast £95k, prior year £79k)
 - **Restricted reserves £429k** (budget £163k, reforecast £470k, prior year £490k)
- Designated funds include £55k Asset Acquisition and Maintenance Reserve to cover mainly the dilapidation claims and lease break costs to be paid out early 2023/34 - £47.5k), £27k Net Zero Officer to cover costs of the new Net Zero Officer, £13k Kingfisher Fund and a newly created Development Fund – currently at £56k and planning to grow to allow for future developments and to be funded by future surpluses of our operations.

2. PROGRESS AGAINST KEY PERFORMANCE INDICATORS (Q3 2022/23)

- Please see *Appendix A* for details.
- The year-end results for the KPIs are an accurate and fair reflection of the very positive year that the organisation has had, the three key points are:
 - KPI4 (FiPL grants) - as expected, it did get back on track during the final quarter and the final underspend was under £4k - a fantastic achievement.
 - KPI5 (statutory consultee) - with a cumulative figure of 91% it is very clear that the additional resource in the Planning team is having a positive impact.
 - KPI9 (General Fund position) – at £76k, the year-end position for the General Fund exceeded budget and reforecast (as detailed earlier in the report).

Supporting documents

- Appendix A - Key Performance Indicators