

OPERATIONAL AND FINANCIAL OVERVIEW

Summary: To provide the Executive Committee with a high level update on the financial position of the organisation and performance against the Key Performance Indicators.

Recommendation: That the Executive Committee notes the update.

Report by: Andy Parsons – Chief Executive

FINANCIAL OVERVIEW

1. Q2 income was £1,436k which is £646k in excess of budget. However, if this is adjusted for income not budgeted, mainly the Farming in Protected Landscapes funding and the National Grid Landscapes Enhancement Initiative funding, income would be £704k for the quarter, 8% under budget.
2. Grants paid - £161k of the grants paid relate to the National Grid Funds. £4k of grants have been paid out in respect of Caring for the Cotswolds and £8k of grants were paid out under the Cotswolds Champions scheme versus a budget of £128k.
3. Other expenditure was 6.5% under budget. This year was the first full year using the new financial system, Xero, and the team had poor prior year data on which to base their budgets and Covid has had a great influence both on budgeting and this year's work. Some of the underspend is likely to be due to delays caused by Covid rather than a reduction of costs for the year and so a better understanding of the financial position can be understood from the reforecast for the year.
4. The Rural Skills programme was restarted in accordance with social distancing guidelines but uptake in Q2 was lower than anticipated resulting in a £25k shortfall on course fees budget. The new Rural Skills bookings system was launched in Q1 to offer an improved customer experience and integrate Rural Skills with the main website.
5. As at Q2 the forecast reserves at year end are £86,966 General Reserve plus designated funds of £10,000 for asset acquisition and maintenance and £17,297 from the Kingfisher Trail, totalling £114,262.
6. There are restricted funds of £383,348 relating to projects which will be carried forward into next year including the Glorious Grasslands Fund, £95,396, and the Rail Corridor Enhancement Projects, £189,865.

REFORECAST 2021/22

7. A reforecast exercise was undertaken early Q3 resulting in a £32,466 increase in the General Reserves in the year, mainly as a result of recharges of costs to projects, and a £241,239 expenditure on Restricted Funds funded by grants and donations

received in previous years. This is mainly on Glorious Cotswolds Grasslands, £43,952, and the Cotswold Champions Fund, £179,374.

8. It is anticipated that the total amount forecast to be received in the year for the Farming in Protected Landscapes project of £660,665, which has been renegotiated with DEFRA, will be paid out to projects that have been, or are being, approved or spent on agreed administration and operating costs.
9. Most of the significant variances from the budget are due to two projects:
 - The FiPL project income of £660,665 is netted against £560,350 grants made and costs of £100,314 employee costs including recharges.
 - The National Grid LEI income of £351,751 is included in other grants and the other grants paid of the same figure were not included in the budget.
10. The Cotswold Way National Trail has also secured funding of £97,260 over budget which will be spent this year on contractor and materials.
11. The Rural Skills courses are not forecasted to generate the budgeted income with a shortfall against budget of £40,246. This is probably due to the problems caused by Covid with shortfalls in all courses offered, professional, core and corporate and commercial. Efforts are being made to improve on the reforecast income.

OPERATIONAL OVERVIEW

- KPI1 Training Days – the target is for everyone to have a minimum of 20 hours of training/ development per annum (averaging five hours per quarter). Eight people achieved this target at the end of Q3. Therefore, the KPI has improved from Red to Amber since last reporting to the Executive Committee in September 2021.
- KPI2 Process Improvements Identified and Implemented – the target is eight per annum (averaging two per quarter). There have been two improvements in Q3: (1) introduction of MS OneDrive by the FiPL team to provide a secure means to share application forms to the Assessment Panel, and for remote approval and (2) Warden starter forms are now sent by the Warden direct to HR at Publica - who provide our HR services - rather than via our Access and Volunteer Lead, which has improved our GDPR Data Protection- so the KPI is Green for the period and Green overall.
- KPI3ai % of 'Allocation' against the FiPL Grant for Year 1 – 95% of the Year 1 grant award had been allocated by the end of Q3, therefore the KPI is Blue.
- KPI3aai % of 'Spend' against the FiPL Grant for Year 1 – only 2% of the allocated grant had been paid by the end of Q3, therefore the KPI is Red. The FiPL team are confident that the spend will be on track at year-end.
- KPI3bi % of Pro-active Consultations above Consultation Thresholds that Received a Substantive Response by the Original Deadline – during Q3 we had 24 development management consultations with the original deadline being this quarter, which were above our main consultation thresholds and which we were proactively consulted on by the local authority. Of these, we provided a substantive response to 17 consultations by the original deadline (71%) and so the KPI is Green.

- KPI3bii Performance against Statutory Consultee status (% of KPI3bi that were bespoke) – of the 17 responses, 10 were bespoke (42% of the total 24) and so the KPI is Green for Q3.
- KPI4 Number of People Directly Engaged – this KPI has an annual target of 1,378 people. In Q3 217 people were engaged, the KPI is on track to meet/ exceed the annual target and is therefore Green.
- KPI5 New Partnerships – the target is eight per annum (averaging two per quarter). Three new partnerships were established in Q3: (1) Gloucestershire Community Rail Partnership, (2) the Holidays and Food Programme, led by Glos CC and (3) Glos Local Nature Recovery Strategy Steering Group – so the KPI is Blue for the period and Green overall.
- KPI6 Useable Reserves – the revised target for this financial year has now been set at £110,000 (an uplift of £25,000 since we first introduced the new KPIs). The original KPI target was to reach £110,000 by financial year-ending 31 March 2023; so, we have brought it forward by one year. This is due to a number of factors: (1) the improved financial performance during 2020/21, (2) the continued positive results during 2021/22 and (3) the recognition that there will be additional pressures on our budgets during 2022/23, e.g. property costs, so realising a surplus next FY will, likely, prove very difficult. At the end of **Q2** the forecast reserves position for year-end was £114,292 (103.9% of target), therefore the KPI is Green. Q3 financial results are still being finalised and will be presented to the Finance and Governance Sub-Committee on 7 February.

Supporting documents

- Appendix A - Key Performance Indicators

JANUARY 2022