

**YEAR-END FINANCIAL RESULTS 2022/23**

**Summary:** To provide the Board with an update on the financial position of the organisation at 2022/23 year-end

**Recommendation:** That the Board notes the update

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

**1. FINANCIAL OVERVIEW**Statement from the Chief Executive

- The last 12 months has been a very positive time for our organisation. Moving out of the Old Prison in Northleach, where we had been based since 1999, has really felt like a ‘new start’ for the team. From a financial perspective this has removed the considerable financial uncertainty that comes with leasing an old building in need of constant repair.
- Growth and opportunity continue to be central to our operations with additional funding from Defra to (1) extend the **Farming in Protected Landscapes** programme for another year and (2) deliver some fantastic access improvements with the **Removing Barriers** project.
- However, with Defra’s core funding remaining static through to 31 March 2025, and our local authority partners facing their own financial challenges, one of our key priorities is increasingly to seek alternative forms of funding that benefit the landscape and our communities. Over the past year I am delighted that we have forged and strengthened our relationships with many organisations, including: Severn Trent Water’s **Great Big Nature Boost** programme, which has supported essential grasslands restoration work and our Everyone’s Evenlode team continue to do amazing public engagement work thanks to Thames Water’s **Smarter Water Catchments** programme. Additionally, this year we are working closely with National Highways and the National Trust to shape and deliver a hugely ambitious **Biodiversity Net Gain** (BNG) programme to create or restore 440 hectares of grasslands over the next three years. But that’s not all, BNG is a long term commitment, so we will be entering into management agreements with landowners to pay for 30 years of maintenance and surveys as well! This is all very new to us but the opportunity to support conservation gains for the long term is really exciting.
- The creation of a new **Development Fund** is also a real positive for the organisation. We will be focused on building this over the coming years. This should allow us to plan for the future with more confidence.
- Thank you to the team for their continued dedication and skill, ensuring the Board is moving in the right direction.

## 2. FINANCIAL RESULTS 2022/23

Below is an overview of the headline figures from the financial results for 2022/23. The Finance and Governance Committee have provided scrutiny and questions on the suite of information provided to them.

- **Income for the year was £2.5m**, £358k ahead of budget as a result of the additional Defra “Non-Core Grant” for Removing Barriers works (access improvements) of £235k, £87k higher income for Glorious Cotswolds Grasslands (mainly from Severn Trent Water) and the National Trail final claim from Natural England was £42k higher than anticipated. This is offset by National Grid LEI £146k under budget due to timing of receipt of the grant (received in 2023/24).  
Total income is 8% less than reforecast due to lower amount being claimed and received during 2022/23 from the National Grid LEI (£279k), however this is due to timing of the receipt and was received in May 2023.
- **Grants Paid were £1,146k**, £119k less than budget as a result of no Cotswolds Champions Mitigation grants paid this year (budgeted £138k) and less being claimed and paid out on National Grid LEI (£146k under) offset by £143k more grants paid in respect of Defra access improvements in line with more income received.  
Grants Paid were £307k less than reforecast due to less being claimed and paid out on the National Grid LEI.
- **Total expenditure for the year was £1,340k**, 16% over the budget (£1,152k), due to:
  - unbudgeted vehicle costs (£68k);
  - higher tools and equipment costs (£55k) to enable additional Trails and Access works, Cotswold Way and Glorious Cotswolds Grasslands works;
  - higher contractors’ costs (£34k) to enable additional Trails and Access works and SWC Biodiversity, habitat & landscape which was unbudgeted for; and
  - IT and Other costs over budget (£28k).
- The year-end position has improved for both restricted and core area. The 2022/23 year-end **total net surplus on the income and expenditure is £19k** (vs -£270k budget deficit, vs -£14k reforecast deficit, vs -£64k prior-year deficit). This is made up of a surplus on core costs of £31k (£13k prior-year) and a net deficit on restricted/project expenditure of -£12k (-£77k prior-year).
- The main reserve transfers are:
  - £26k from Designated to General Funds to cover the Net Zero officer cost;
  - £45k from General to Designated Funds (Asset Acquisition and Maintenance Reserve) to cover mainly the dilapidation claims and lease break costs paid out in May 2023 (£47.5k); and
  - £56k from Restricted Funds (surplus from our operations) to newly created Development Fund (in Designated Funds) to allow for future developments and to be funded by future surpluses of our operations.
- **Total reserves are £661k** (budget £277k, reforecast £627k and prior-year £642k) made up of:
  - **Restricted/Project Reserves of £433k** (budget £163k, reforecast £470k, prior-year £490k);
  - **Designated Funds of £151k** (budget £52k, reforecast £95k, prior-year £79k);

- **General Funds of £76k** (budget and reforecast £62k, prior-year £73k).
- Including the Designated ('earmarked') reserves of £151k, **year-end free reserves are £227k** (£152k 2021/22 Financial Statements). This is an improvement of £75k, mainly as a result of the creation of the newly designated Development Fund from the restricted funds.
- The balance sheet includes **a very healthy cash at bank situation of £790k** (£991k 2021/22). Note 2021/22 included FIPL and other grants claimed and accrued in 2021/22 and paid out in April 2022. In addition, there is £265k debtors at year-end mainly due to delay in National Grid LEI grant receipts which were received in early 2023/24 and subsequently paid out (high creditors amount). Previous year creditors balance also included unpaid FIPL claims.

### Supporting documents

Appendix A. Year-End Financial Report

JUNE 2023