

Natural Resources Wales

Board Meeting

19 March 2013

Paper Title	Budget 2013/14
Paper Reference:	Paper 2 (03/13)
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Purpose of Paper:	Decision / Discussion
Recommendation:	The Board is asked to approve the Opening Budget Position for 2013/14.

Impact: To note – all headings might not be applicable to the topic	Agreeing the Budget for 2013/14 will have impacts for the Environment, Economy, Communities and on Knowledge.
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Issue

1. The Living Wales Programme has been working to develop a Year 1 Operational Plan and Budget for Natural Resources Wales (NRW). This paper provides the Board with a proposed Opening Budget for 2013/14 for approval.

Background

2. The approach to Budget setting for 2013/14 has been to take the budgets for the legacy body inherited programmes, and then overlay additional pressures, opportunities and savings identified by the Living Wales Programme.
3. There has then been a process of challenge and scrutiny with the aim of bringing expenditure in line with available funding. The Board has been updated on progress at their last two meetings. In addition, the Chair of the Audit and Risk Assurance Committee has been kept abreast of the developing situation.

Proposal

4. The overall Budget position is income of £179.1m and expenditure of £182.6m, giving an over-programmed position of £3.5m (2%). This is shown in the summary at Annex 1.
5. In addition there has been potential contingencies and additional bids identified by the legacy bodies of £3.9m. The most significant item is a £1.8m contingency for the impact of tree disease.
6. Finance will work with Directorates on a monthly basis to reforecast income and expenditure in order to manage down the over-programming. There will be a more formal and thorough scrutiny of finances on a quarterly basis. This process will allow for the re-prioritisation of funding to relieve pressures or invest in transition and priority outcomes.
7. There has been analysis of income sensitivity, with the main focus on forestry income. A summary of this work is attached at Annex 2.
8. We await the outcome of a WG Invest to Save bid for a voluntary release scheme. This has not been included in the 2013/14 Budget proposal.

Next Steps

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9. Once the Budget is approved the details will be broken down into specific budgets and loaded onto legacy finance systems. This will give budget holders the visibility to exercise financial management over their responsible areas from Day 1.
10. The remaining areas that require further detailed scrutiny are all associated with ICT. Work is ongoing to finalise the baseline ICT budget, the EA service charge for ICT, and whether any set-up costs will fall into 2013/14. This should be concluded by the date of the Board meeting.
11. Detailed modelling work will continue in year to analyse any surplus or deficits on ring-fenced charge income schemes. A proposal will be brought to the Board on how we will move to a balanced position.
12. Work is progressing to produce financial scenario plans for future years. An initial priority is to agree with WG a revised benefit/cost profile for NRW that will be reconciled back to the Single Body Business Case, and included in the final Remit Letter.

Risks

13. Failure to agree an Opening Budget position will impact on the ability of budget holders to perform their financial management duties.

Financial Implications

14. This paper is designed to highlight the financial implications relevant to the NRW 2013/14 Budget.

Communications

15. Communication of the Budget will be sent to budget holders as soon as it is approved. Budget management guidance will be provided by Business Finance staff and via the Essential Guide.