

Board Paper

3 April 2014

Paper Title	Finance Update 2013-14
Paper Reference:	NRW B O 22.14
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Purpose of Paper:	To provide the Board an update on the financial position for 2013-14.
Recommendation:	To note the contents of the paper
Decision Required:	N/A

Impact: To note – all headings might not be applicable to the topic	Impact on the Environment: Effective use of our income will ensure that scarce resources are focussed on delivering priority outcomes. Impact on the Economy: Effective use of our resources ensures we demonstrate value for money to customers that we charge for our service. Impact on Community: Effective use of our resources ensures that we maximise the benefits to communities. Impact on Knowledge: n/a
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Issue

1. To provide the Board with an update on financial performance to the end of January 2014.

Summary

2. We have taken a number of measures during this financial year to manage our end of year financial position. As a result we have managed that position to a surplus of £1m.

Background

3. At the last meeting we reported that our budget deficit position was £0.8m.
4. Since the last meeting we have identified a number of actions to reduce the deficit, to cover pressures in 2013-14 and to identify savings to carry forward funding into next financial year.
 - We commissioned an exercise to find further budget reductions and efficiencies within Directorate budgets; this exercise was very successful and identified £3m of savings.
 - We have allocated £1.2m to cover the additional investment in transformation work this financial year.
5. The net impact of these changes this year is that we are now in surplus by £1m. This surplus is intended to be carried forward into 2014-15 to invest in organisational transformation.
6. As reported previously, the net financial impact of *P.ramorum* in the current year has cost £1.7m. Without this cost our surplus would now be £2.7m.
7. The opening budget deficit in 2013-14 was £3.5m. This has been managed down successfully during the year as shown in Annex 1.

Financial Performance as at February 2014

8. A summary of our budget position can be found at Annex 2.

Key points are:

- Financial Performance is now measured against the revised budget allocation and profiles approved by Executive Team on 4th February 2014.
- Expenditure to end of February is £162.9m compared to a target of £167.9m, an under spend of £5.0m (3%). The main reason for the variance is on Revenue Projects which are under spent by £2.1m (10.9%) and Capital Projects which are under spent £2.4m (9.5%).

- Income (excluding Grant in Aid) is on target with actual income of £61.1m compared to a target of £61.3m, a variance of £0.2m (0.4%).
- Payment performance in February was 96% of invoices being paid within 30 days.

Budget Position to the end of 2013-14

9. We are in discussion with Welsh Government on bids for additional Grant in Aid to fund ICT investment and *P.ramorum*.
10. We submitted an additional bid to WG for the impact of the recent storm damage to our woodland estate and National Nature Reserves.
11. Directorates will be monitoring their budgets closely in the run up to the end of the financial year, to ensure income and expenditure targets are met. There is still significant spend in Period 2, but this has been planned for.

Next Steps

12. Directorates, assisted by Finance, are actively monitoring their spend to the end of the financial year.

Risks

13. Delivering our financial targets and outcomes by the end of the year remains our top priority.

Financial Implications

14. The paper is designed to highlight the financial implications to Natural Resources Wales for 2013-14.

Communications

15. Communications of the issues contained within this report have been reported to the Executive Team during February, and in more detail to individual Directorate teams.

Equality impact assessment (EqIA)

16. Not applicable.

Annex

Annex 1 – Audit Trail of Budget Deficit / (Surplus)
Annex 2 – Performance Summary