

Board Paper

09 July 2014

Paper Title	Finance Update 2014-15
Paper Reference:	NRW B B 52.14
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Purpose of Paper:	To update the Board on the financial position for 2014-15.
Recommendation:	To note the contents of the paper.
Decision Required:	No

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 May 2014.

Summary

2. At the last meeting we reported on our balanced Opening Budget for 2014-15, which the Board formally approved.

Background

Additional Revenue

3. Since producing our Opening Budget we have received confirmation of additional funding from Welsh Government:
 - Invest to Save funding of £3m for a Voluntary Exit Scheme in 2014-15.
 - Natural Resource Transition Fund allocation of £1m to supplement our existing programme of work to implement integrated natural resource management.
 - Increase in our Wales Infrastructure Investment Plan (WIIP) funding for our Flood and Coastal Risk Management (FCRM) capital investment programme to £11.1m, this is £3.6m more than was in our Opening Budget.

These changes will be reflected in a Revised Budget after the formal Quarter 1 Budget Review.

Financial Performance as at May 2014

4. A summary of our budget position can be found at Annex 1.

Key points are:

- Financial Performance is currently measured against the Opening Budget position as reported to the Board in May.
- Expenditure to end of May is £20.4m compared to a target of £21.7m, an under spend of £1.2m (5.6%). The main reason for the variance is on Capital Projects (£1.4m) and relates to changes in delivery schedule against the target in the original FCRM Capital Programme. An updated programme will have been presented to the Flood Risk Committee Wales in June and financial performance from July onwards will be reported against the revised programme.
- Income (excluding Grant in Aid) is 1.9% behind target at end of May, with actual income of £33.5m compared to a target of £34.1m, a variance of £0.6m. Charge Income being slightly below target by £0.2m and European funding below target by £0.4m.

- Payment performance (98%) remains within the Cabinet Office target.

Latest Forecast

5. Directorates are currently undertaking a review of their budget position and profile of expenditure as part of the Quarter 1 Budget Review. The results of this exercise and the impact on the overall financial position will be reported to the Executive Team in July 2014.
6. The Executive Team meeting will consider any unfunded pressures which are identified by the business, and reallocate funding on a prioritised basis.

Risks

7. The additional funding received for FCRM capital projects means that the main area of focus is currently on the timing and delivery of the FCRM Capital Programme.

Financial Implications

8. The paper is designed to highlight the financial implications to Natural Resources Wales for 2014-15.

Communications

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

Equality impact assessment (EqIA)

10. Not applicable.

Annex

Annex 1 – Budget Management Report – May 2014