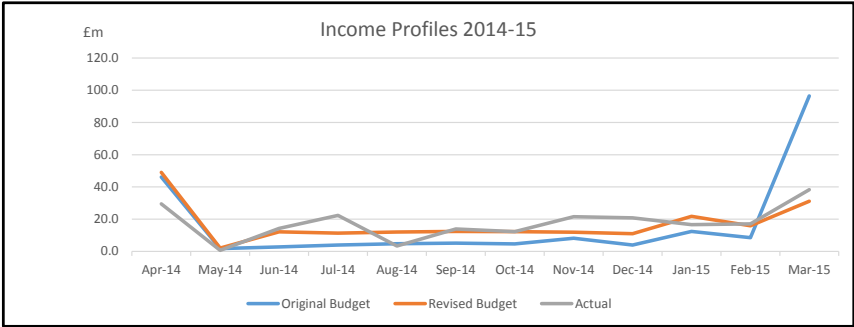


INCOME



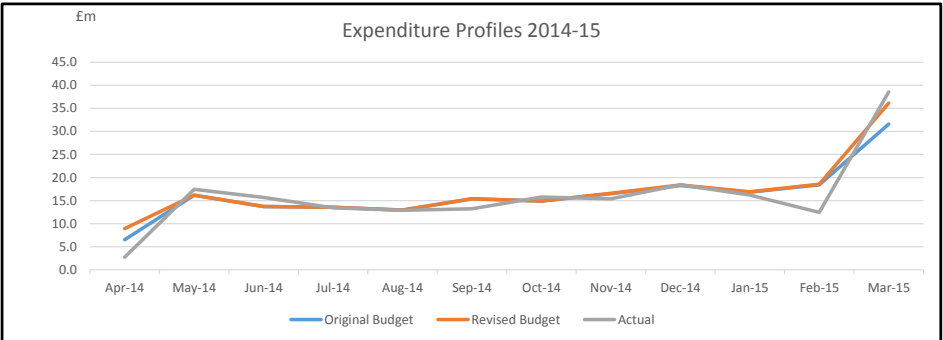
Income	YTD Actual	YTD Revised Budget	YTD Variance	YTD Variance	FY Revised Budget
	£m	£m	£m	%	£m
Charge Income	37.9	36.4	1.4	4.0%	36.4
Commercial & Other Income	29.5	32.5	-3.0	-9.2%	32.5
European & Other External Income	4.7	3.9	0.9	22.4%	3.9
Grant in Aid	140.6	130.4	10.1	7.8%	130.4
Total Income	212.7	203.2	9.5	4.7%	203.2

Income was £9.5m ahead of budget. The main reasons for the variance was:

1. Additional Grant in Aid received from Welsh Government of £9.6m for *P ramorum*, Wales Infrastructure Improvement Programme, Climate Change, Reservoir Safety Act and other items.
2. Charge income ahead of budget by £1.4m and is ring-fenced to charge schemes.
3. Other income was £2.1m less than budget:

- Wood Energy Business Scheme was below budget by £1.6m but largely offset by reduction in expenditure.
- Slippage on sale of agricultural land and compensation of Brofiscin waste site (£1.4m).
- Timber Income was £0.9m above the revised budget.

EXPENDITURE



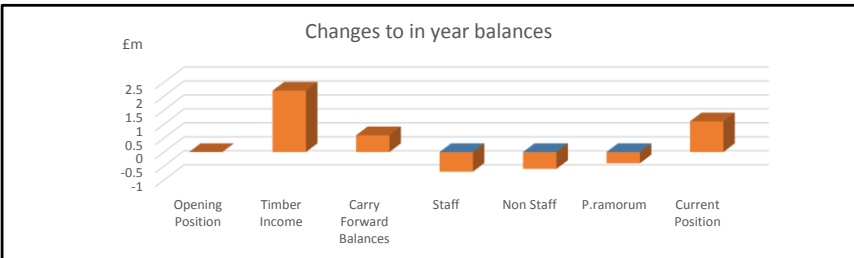
Expenditure	YTD Actual	YTD Revised Budget	YTD Variance	YTD Variance	FY Revised Budget
	£m	£m	£m	%	£m
Staff	86.6	85.5	-1.1	-1.3%	85.5
Non staff	66.5	70.3	3.8	5.4%	70.3
Revenue Projects	13.3	13.9	0.7	4.9%	13.9
Capital projects	25.9	32.4	6.5	20.1%	32.4
Total Expenditure	192.2	202.2	9.9	4.9%	202.2

Expenditure was £9.9m behind budget. The main reasons for the variance was:

1. The main reason for the staff costs being above budget was the payment to the LGPS Pension fund for Caldicot and Wentlooge IDB staff moving into NRW. This was funded from WG. This was not incorporated into budgets as the agreement on the final sum was only reached in the later part of the financial year.
2. The main reasons for the variance in non staff costs is the reduction in the Wood Energy Business Scheme (£1.4m) and the retention of Wind Energy Option Fees for corporate overheads and the purchase of essential items of plant (£1.4m), which would otherwise have been paid over to Welsh Government. There were other variances which across the organisation also contributing to this net position.
3. It's easier to consider the variance across revenue and capital projects together (£7.2m):

- On further detailed analysis, we re-considered the treatment of expenditure originally treated as capital in the Transition programme as revenue. This amounted to £2.1m.
- There was slippage against profile for a number of revenue programmes and projects, many of which received ring fenced funding and forms part of our carry forward into next financial year. We do face issues being able to effectively plan and spend additional funding that is provided to us within a financial year. The main example this year being the Nature Zones budget (£0.6m).
- There was slippage across profile across most of our capital programmes - Flood and Coastal Risk Management (£2m), Water Resources (£0.3m), Transition (£0.8m). It continues to be a challenge to be able to completely utilise funding meant mainly for the construction of assets within a financial year when they are subject to many variables such as the weather.

BUDGET CHANGES



The above chart tracks the budget changes in year and how we moved from a balanced Opening Budget to a Revised Budget surplus of £1.1m. As explained in the main report we are now carrying forward a general surplus of £2.3m and the increase will help to fund the potential risks identified in the main report.

COMPLIANCE

	Actual %	Target %
Payroll Accuracy	99.7	100%
Payments Performance	95.22%	95.00%
The overall performance for the year was 95.22%, which exceeded the target. However, the final quarter did see a decline in performance arising from embedding the new NRW Finance and HR system together with the increase in volume of processing in March.		
Charge Income Debt	3.29%	1.50%
The level of charge income debt outstanding was 3.29%. However, payment from 2 customers were received in April which would have seen the level outstanding fall to 1.86%.		
Commercial Income Debt	0.10%	0.00%
The level of commercial debt outstanding was minimal.		