

Board Paper

OFFICIAL - SENSITIVE

27 March 2015

Paper Title	Finance Update 2014-15
Paper Reference:	NRW B B 16.15
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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 and feedback on any issues raised.
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 the financial position at the end of February 2015.

Summary

2. This report provides the Board with a summary of the latest financial position. This is supported by the Financial Performance Report at Annex A which provides more detail.
3. As reported at the February Board meeting the full year Revised Budget shows a surplus of Income over Expenditure of £1.1m, which we planned to carry forward to fund pressures in 2015-16.

Our latest Forecast Outturn shows this surplus increasing slightly to £1.3m.

In addition to this there are some externally funded projects that will be completed in 2015-16 for which specific ring-fenced funding will be carried forward to next financial year.

4. Financial performance at the end of February shows that Income is on target, but that there is significant Expenditure to be made in March.

Background

5. We started the current financial year with a balanced budget.

At the Half Year we reviewed our budget position in detail and produced a Revised Budget. This took into account additional income from Welsh Government for specific programmes of work, and increased timber income that has been partly reinvested into business priorities. The overall result of the Revised Budget is a £1.1m surplus of Income over Expenditure.

Key Messages

6. Income is mostly on target for the end of the financial year, though there is a risk that we may under achieve our target on European Income depending on the amount of the final claim on the Communities and Nature fund.
7. Expenditure is currently behind profile (£12.3m) with adverse timing of spend across a range of Non-Staff Costs and Projects, including areas of business for which we have received additional funding, for example Nature Zones, Wales Coastal Path, European projects such as LIFE, Ecosystems Resilience Fund and Come Outside.
8. There is significant Expenditure still to be made in period 12. There is a high level of planned Expenditure in the last month due to payments relating to the Voluntary Exit Scheme, Service Charges to ex-parent bodies, grant schemes and Wind Farm Option fees payable to Welsh Government.
9. In overall terms, we are predicting a Forecast Outturn surplus of £1.3m to be carried-forward to 2015-16 to offset next year's financial pressures.
10. As mentioned in paragraph 3 above, we also anticipate carrying forward funding to next financial year for specific ring-fenced projects. This includes funding for Flood Risk capital

projects (including £3m for Wales Infrastructure and Improvement Plan projects), and for the Nature Zones project.

Risks

11. We went live in December 2014 with our new integrated HR and Finance system that replaces our three legacy systems. This has involved a significant data transfer exercise and new business processes that are embedding across the whole organisation.
12. As mentioned in paragraph 8, there is significant Expenditure to be made in period 12. Finance are working closely with Budget Managers to ensure that we achieve our Forecast Outturn position.

Financial Implications

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

Communications

14. Communications of the issues contained within this report have been reported to the Executive Team during March.

Equality Impact assessment (EqIA)

15. Not applicable.

Annex

Annex 1 – Financial Performance Report for February 2015