

Board Paper

10 February 2015

Paper Title	Finance Update 2014-15
Paper Reference:	NRW B B 4.15
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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

Issue

1. To provide the Board with an update on the financial position to the end of December 2014.

Summary

2. The intention is that the Board is updated on the latest financial position from the Financial Performance Report, included as an Annex, with a brief summary of key messages in this covering paper.
3. 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.

Our current Forecast Outturn is in-line with this £1.1m surplus at the year end, which we plan to carry forward to 2015-16.

Background

4. Following feedback from the Board and the benefits of moving to a new Finance System, we have taken the opportunity to revise the format of the Finance Update paper.
5. The new Annex is moving towards the format of the Performance Report that the Board receives three times a year. It is split into four sections, as follows:

Income – summary and explanation of key variances

Expenditure – summary and explanation of key variances

Budget Changes – audit trail of changes from the Original Budget to the current Revised Budget

Compliance – key financial transactional performance measures

Key Messages

6. Income is on target for the end of the financial year, with the likelihood that we will receive slightly more Charge Income than budgeted.
7. Expenditure is behind profile currently, but we expect it to catch up during the last quarter.
8. We are aware of some exceptions to that, for example, where we expect both our Wood Energy Business Scheme and Better Woodlands for Wales income and expenditure to be below budget but with no net negative impact.
9. In overall terms, we are forecasting a carry-forward of £1.1m to Financial Year 2015-16 to offset next year's financial pressures.

Risks

10. We have just implemented the core finance modules of a new integrated HR and Finance system that replaces our three legacy systems. The first month of processing and reporting has taken longer than expected but the benefits from having a single core system will start to deliver over the coming weeks.

Financial Implications

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

Communications

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

Equality impact assessment (EqIA)

12. Not applicable.

Annex

Annex - Budget Management Report for December 2014