



17th March 2016

Paper Title	Finance Report 2015-16
Paper Reference:	NRW B 16.16
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Purpose of Paper:	Scrutiny
Recommendation:	To invite the Board to: Note the in-year financial performance as at the end of February 2016 and the anticipated position at the year end.

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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Summary

1. This paper provides an update on the financial position for 2015-16, and the impact on our carry forward position.

Background

2. We previously reported that our Income for the current year would be greater than expenditure by £5.9m and amended our Budget accordingly. This would be carried forward to 2016-17 to fund Flood capital projects (£3m), and other projects with ring-fenced funding where the planned expenditure profile had changed (£1.9m). The balance (£1.0m) would be carried forward to support our general budget pressures in 2016-17.
3. We continue to closely monitor financial performance and the forecast year end outturn. We have not made any further amendments to our Budget this year but have introduced a Forecast dataset into our Financial Reports which are used to monitor and report any significant changes. The latest forecast changes and the impact on our year end outturn are outlined in this paper.

Assessment

Changes to 2015-16 forecast position

4. The latest forecast shows an increase in Income is of £2.3m and a reduction in Expenditure of £0.9m, a net change of £3.2m. These changes are outlined in more detail in Annex 1.
5. This means our year-end balance to carry-forward to 2016-17 has increased from £5.9m to £9.1m.
6. Of this, £4m will be carried forward to 2016-17 to fund Flood capital projects, and £3.3m for other projects with ring-fenced funding where the planned expenditure profile has changed. The balance (£1.8m) will be carried forward to support our general budget pressures in 2016-17.
7. This latest carry forward position has been reflected in our Opening Budget for 2016-17.

Year to Date Financial Performance

8. A summary of the financial performance as at the end of February 2016, can be found at Annex 1. Financial Performance in this report is measured against the planned profile of the Revised Budget, with any significant known changes included in the new Forecast column.
9. Income is ahead of profile (by 0.7%) at the end of February. Total Income for the year is expected, at a minimum, to be in line with latest Forecast.

10. Staff costs are slightly behind profile (by less than 1%) and are on track not to exceed budget at year end.
11. Non Staff costs, and both Revenue and Capital projects, have fallen behind planned expenditure profile: Non staff costs by £2.7m, Revenue Projects by £1m and Capital Projects by £3.6m. There is potential for additional underspend beyond the position forecasted.
12. We will continue to closely review and monitor expenditure through the remainder of the financial year. Directorates will focus on efficiencies and any further underspend at year end will be carried forward, dependent on funding stream, either to specific projects and programmes or to help with general funding pressures in 2016-17.

Welsh Government Financial Approvals

13. No further items have been submitted to Welsh Government for approval since the last Board meeting.

Recommendation

14. Note the in-year financial performance as at the end of February 2016 and the forecast position at the year end

Key Risks

15. We will continue to closely monitor the forecast year end outturn and manage any increases in carry forward within the limits set by Welsh Government.

Financial Implications

16. The paper is all about the finances of NRW in 2015-16. There are no additional financial implications arising beyond the time spent in the financial management of NRW and in the creation of financial reports.

Equality Impact assessment (EqIA)

17. Not required.

Index of Annex

18. Annex 1 - Financial Performance Report for February 2016