



29th September 2016

Paper Title	Finance Report 2016-17
Paper Reference:	NRW B B 54.16
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Paper Sponsored By:	Kevin Ingram - Executive Director of Finance and Corporate Services

Purpose of Paper:	Scrutiny
Recommendation:	To scrutinise the financial position for 2016-17 as at 31 st August 2016 ; To note the item sent to Welsh Government for approval since the last Board meeting.
Decision Required:	No

Impact: To note – all headings might not be applicable to the topic	<p>Looking at the <u>long term</u>: This paper focuses on the previous and current financial year, plus sound financial management is an important element in planning for the long term.</p> <p>Taking an <u>integrated</u> approach:</p> <p>Involving a <u>diversity</u> of the population:</p> <p>Working in a <u>collaborative</u> way:</p> <p><u>Preventing</u> issues from occurring:</p>
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Issue

1. To provide the Board with an update on the latest financial position for 2016-17 and to note the item sent to Welsh Government for approval.

Background

2. The Revised Budget which we are measuring financial performance against was approved by the Board on 6th July 2016. This took into account changes to the Opening Budget which had been approved in March 2016.

Assessment

Year to Date Financial Report

3. A summary of the financial performance as at the end of August 2016, can be found at **Annex A**. We have expanded the detail, so the Board sees financial performance by Directorate as well as by type of income and expenditure. We have included this extra detail as a result of feedback received from some Board members. This is the same report that the Executive Team sees on a monthly basis.
4. The overall financial position at the end of August 2016 is positive. Income is ahead of Budget and is likely to remain so. Expenditure is below Budget mainly due to timing/slippage but also opportunities to make further savings this financial year.
5. Income is ahead of profile by 4% (or £3.2m). We expect charges income to be in line with Budget but our commercial income is ahead of profile. The Harvesting and Marketing Team are currently re-assessing their timber income forecast during September and are optimistic at this stage that we will exceed our full year budget.
6. Expenditure is 5% (or £3.2m) below profile. This is largely due to slippage/timings of expenditure plans. In some instances this will result in savings this financial year.
7. We are undertaking a Mid-Year review of progress against Budget during September, the results of which will be reported to the Executive Team in October and the next Board meeting.

Welsh Government Financial Approvals

8. The following item has been submitted to Welsh Government for approval during 2016-17. Under our Financial Scheme of Delegation this item should be presented to the Board for approval as well as to Welsh Government. Given the time constraints Madeline Harvard and Nigel Reader approved it on behalf of the Board.

Item	Value £m	Description	Approval
Pontarddulais FAS	£5.596m	Flood alleviation scheme - Supplementary expenditure, increase of £1.223m from £4.373m to £5.596m.	Approval obtained on the 15 th of August 2016

Recommendations

9. The Board is asked to scrutinise the financial position for 2016-17 as at 31st August 2016.
10. The Board is asked to note the items sent for approval to Welsh Government since the last meeting.

Key Risks

11. All risks and opportunities that we are aware of are listed in Annex A. The most significant are:
 - Risk: we will very soon know what the impact will be for the back pay element of job evaluation and whether our budgetary provision in this financial year is sufficient.
 - Opportunity: we are ahead of profile this year on our timber income and will confirm later this month whether we are confident enough to increase our budget for the year.
12. We are expecting to know our draft funding settlement for 2017-18 in October. In the meantime we are planning on the basis of reduced funding in future years and are currently working on the approach to ensure that we live within the income we receive.

Financial Implications

13. The paper is about the financial position and performance of NRW. There are no additional financial implications arising other than the time spent in the financial management of NRW and in the creation of this report.

Equality Impact assessment (EqIA)

14. Not required.

Annex

Annex A – Financial Performance Report for August 2016