

Report 2: First Quarter Financial Performance and Medium-Term Budget Update

1. Purpose of Report

The purpose of this report is to update Members on the first quarter's financial performance and Medium-Term Budget Plan.

2. Recommendations

The Authority is recommended to note the contents of the report.

3. Implications

- a. Financial: There are no financial implications arising from this report which cannot be managed within the annual budget.
- b. Equalities: None
- c. Link to Business Plan: Financial performance and budget management are an integral part of resourcing all aspects of the Business Plan and of maintaining an organisation that is fit for the future (Outcome 6 of the Business Plan).

4. First Quarter 2023/24: Financial Performance

- a. The first quarter surplus as shown in Table 1 below was £219,200, this is compared to a planned surplus of £43,100 a positive overall variance of £176,100.

Table 1: June 2023 YTD	Budget	Actual	Variance
National Park Grant	£668,400	£668,400	–
Operating Salary & Related Costs	(£559,700)	(£517,700)	£42,000
Operating Expenditure	(£341,700)	(£239,500)	£102,200
Operating Income	£234,600	£201,600	(£33,000)
Operating Surplus	£1,600	£112,800	£111,200
Sill Business Plan Expenditure	(£242,100)	(£211,600)	£30,500
Sill Business Plan Income	£210,700	£212,200	£1,500
Net Sill Business Plan Surplus/ (Deficit)	(£31,400)	£600	£32,000
Project Expenditure	(£252,300)	(£112,600)	£139,700
Project Income	£325,200	£218,400	(£106,800)
Net Project Surplus	£72,900	£105,800	£32,900
Net Overall Surplus	£43,100	£219,200	£176,100

First Quarter Operating Performance

- b. The operating budget surplus of £111,200 has arisen across a number of budget headings. Variances of note to report are:

- an expenditure surplus of £23,200 within Operating Salary and Related costs and is the result of the finalisation of the 2023/24 pay award remaining outstanding.
- an income deficit of £22,500 where grant income for the Woodland Creation Officer was provided for in 2022/23 but the receipt remains outstanding. This is being followed up and no issue is anticipated other than timing.
- An expenditure surplus of £34,900 in relation to external audit fees as scale variation fees assumptions we have provided for in previous financial years have not yet been notified to us by the PSAA and therefore not invoiced as well as the standard fee for 2022/23 invoice remaining outstanding.

First Quarter Sill Business Plan Performance

- c. Overall, a surplus budget variance of £32,000 is reported as at the end of June 2023. The breakdown of this surplus and key highlights are as follows:
- Retail budget surplus £3,100. The spend per head achieved is £1.88 against a year to date target of £1.83 and the profit margin achieved is 47% against a target of 45%.
 - Car park budget surplus of £4,000 with 1,200 cars more than targeted paying to park.
 - Sill Café budget surplus £16,100. Net profit from café sales (sales less cost of sales produce) is ahead by £13,600 however a stocktake will be done at the end of quarter 2 to verify the cost of sales. Spend per head is 40p ahead of target.
 - Sill sponsorship budget surplus £12,200, due to £15,000 towards the planned Dark Skies exhibition. This is temporary as an income and expenditure budget will be created for this in quarter 2.
 - Other variances within The Sill Business Plan for information are: Rental budget deficit of £900 and; Sill Operating budget deficit of £2,600.

First Quarter Project Performance

- a. Projects are showing a budget surplus of £32,900. This is generally due to timing of income and expenditure. The one area of risk to bring to members attention is in relation to the Farm Business Support contract due to delays at our partners side in issuing contracts. This has the potential to have a negative impact on our income generation target for the year but is unquantifiable at this stage. A further update will be issued in the next quarterly report to members.

5. Medium Term Budget Update

- a. Table 2 shows an updated budget following the decision to transfer £153,000 from the newly created Projects and Investments Reserve to fund the creation of a temporary Strategic Projects Officer. This is over the term of the current Business and Budget plans as reported to the June 2023 Authority meeting.

Table 2 Summary of Budget Changes	2023/24	2024/25	2025/26
June 2023 Reported Budget Surplus/ (Deficit)	(£320,200)	(£19,000)	(£61,400)
Addition of Strategic Projects Officer	(£35,900)	(£57,900)	(£59,200)
September 2023 reported Budget Surplus / (Deficit)	(£356,100)	(£76,900)	(£120,600)

- b. Table 3 shows the revised reserves position as a result of the budget adjustment summarised in Table 2.

Table 3 Reserves Summary	2023/24	2024/25	2025/26
Opening Reserves	£1,927,600	£1,571,500	£1,494,600
Budget Plan Surplus/ (Deficit)	(£356,100)	(£76,900)	(£120,600)
Closing Reserves	£1,571,500	£1,494,600	£1,374,000
Earmarked Reserves:			
IT Capital Replacement Reserve	(£20,000)	(£30,000)	(£40,000)
Planning Contingency	(£75,000)	(£75,000)	(£75,000)
Planning Fees Improvements Reserve	(£24,200)	(£24,200)	(£24,200)
Exhibition Maintenance Reserve	(£10,700)	(£10,700)	(£10,700)
Sill Cyclical Maintenance Reserve	(£45,200)	(£45,200)	(£45,200)
Climate Change Action Plan Reserve	(£26,000)	(£26,000)	(£26,000)
HW National Trail Capital Projects Reserve	(£92,200)	(£92,200)	(£92,200)
Major Repairs Reserve	(£57,000)	(£67,000)	(£77,000)
Northern Upland Chain Local Nature Partnership Reserve	(£35,400)	(£35,400)	(£35,400)
Projects and Investment Reserve	(£448,300)	(£448,300)	(£448,300)
Total Earmarked Reserves	(£834,000)	(£854,000)	(£874,000)
Total General Reserve	£737,500	£640,600	£500,000

- c. This is a release from earmarked reserves therefore there is no impact on the general reserve other than timing.

6. Conclusion

- a. The quarter 1 performance shows many of our key income generating areas are performing well or over-performing. There is one area of risk, however, this is as yet unquantified. At this stage it is expected any negative impact can be managed in year as bank interest will significantly over perform target and savings have been made by tendering cleaning contracts.
- b. At the half year report to members in December 2023 it is expected there will be some certainty around energy prices as we go out to market and there may be an update on staff pay award. These being two of our key budget risks.

Contact Officer: For further information contact: Hazel Fitzsimmons, Head of Business Support on 01434 611504 or hazel.fitzsimmons@nnpa.org.uk