

FINANCIAL AND OPERATIONAL OVERVIEW

Summary: To provide the Executive Committee with (1) a high-level update on the Q1 financial position of the organisation and (2) a summary of the first reforecast for 2025/26.

Recommendation: That the Executive Committee notes the report.

Report by: Magda Glanowska – Head of Finance

1. QUARTER 1 FINANCIAL REPORT 2025/26

- There are no concerns about major variances against budget during quarter 1.
- A reforecast for the year has been prepared in consultation with the budget holders based on Q1 financial results. This was discussed and agreed by the Finance and Governance Committee at their last meeting on 2nd September.
- The overall quarter-end position is showing an improvement against budget for quarter 1. The quarter-end **total net surplus is £989k** (vs £162k budget). This is driven by DEFRA Capital Uplift +£285,873 (first half of the year) and additional DEFRA FiPL and Access funding +£441,903, both unknown at the time of budgeting. The corresponding spend has not yet been incurred.
- The balance sheet is in healthy position with no concerns. Total capital assets and reserves stood at £2,302,282 as at 30 Jun 2025 compared to £1,316,763 at the start of the financial year.

Core Income and Expenditure

- The quarter-end position is currently £318k ahead of the original budget. For the core part of the organisation, **the core operating surplus stands at £507k** (budgeted at £318k). This is driven purely by the DEFRA Capital Uplift Programme that has been extended after budgeting. This has been now confirmed at £571k for the FY25/26. Additionally, we have received £12k more local authority contributions than originally budgeted.
- Total **overheads are on budget**.

Restricted Funds/Projects Income and Expenditure

- **Restricted surplus reported for the quarter-end is £483k** vs budgeted deficit of £26k. This is primarily due to £442k received from DEFRA for FiPL programme which originally was meant to end in FY24/25. This has now been extended until the end of this FY.
- **Total overheads slightly above the original budget by £17k**, mainly due to higher tools and equipment costs as well as contractors' costs.

2. 2025/26 REFORECAST

- 2025/26 re-forecasted year-end position is showing **total reserves of £948k** (vs £794k budget and £1,317k prior year)
- Made up of:
 - **General Fund £73k** (budget £71k, prior year £79k)
 - **Designated Funds £195k** (budget £78k, prior year £278k)
 - **Restricted reserves £681k** (budget £646k, prior year £960k)
- The above is in line with the Board's Reserves Policy adopted in February 2025.
- The year-end forecasted position has slightly improved overall (+£40k net), however revenue has increased significantly by +£2,526k, grants paid increased by £1,686k and

overheads by £228k. The re-forecasted year-end position currently stands at deficit of -£332k. Please note even though this is negative, there are sufficient reserves to cover the deficit this year. Following quarter 2, we will prepare the 2nd reforecast which will be the final reforecast for the year.

- Total **re-forecasted income for the year is just over £3.75 million**, approx. £2.5m more than budgeted driven by DEFRA Capital Uplift, DEFRA FiPL programme extension and DEFRA Access programme extension, none of which were known at budget time. In addition, we have secured a new funding of £125k from National Lottery Heritage Fund which will support a new Grants Coordinator role, increased grant making and youth opportunities, and £113k for a new LEI Project.
- Grants paid will be approx. £1.68m more than initially budgeted as a result of additional £1.2m FiPL grants to be distributed, and £400k Access for All grants payments.
- Overheads have increased by c.£228k, mainly due to increase in contractors' costs (+£123k) as a result of Regen Accelerator project funded by FiPL (+£88k) and +£29k for the Cotswolds Way Audit. An increase in tools and equipment costs (+£40k), consultants' fees (+£42k). Contribution to core funding to be received reduced by c. £22k due to lower revenues GCG sales than initially budgeted.
- Capital Uplift from DEFRA (£571k) – we are working on allocation of this funding.

3. PROGRESS AGAINST KEY PERFORMANCE INDICATORS (Q1 2025/26)

Revision to KPIs process is being presented elsewhere in today's agenda.

SEPTEMBER 2025