

YEAR-END FINANCIAL REPORT 2021/22

Summary: To provide the Board with an update on the financial position of the organisation at 2021/22 year-end

Recommendation: That the Board notes the update

Report by: Diane Bassett – Head of Finance (Maternity Cover)
Andy Parsons – Chief Executive

1. FINANCIAL OVERVIEWStatement from the Chief Executive

- In yet another year of significant change for the organisation – with income doubling since we set the original budget – I have been really impressed by the whole team's willingness and ability to adapt and to play their part in helping us deliver financially, as well as operationally.
- Two years ago we set ourselves the goal of reaching the Useable Reserves target of £110,000 by 31 March 2023. We should be encouraged that we have far exceeded that target and 12 months ahead of plan.
- That said, we know that the next 12-18 months will continue to provide challenges that will put additional and potentially significant pressure on our financial position. That's why, in reviewing our financial Key Performance Indicator for the coming year, we will be focusing on the General Fund (rather than the Useable Reserves, as this includes funds that have been Designated for a specific purpose).
- As we move forwards it is critical that we continue to seek other sources of income through new grants and contracts. We have had significant success during the year with new contracts being awarded by Severn Trent Water and Thames Water, as well as grants received from various Trusts. This is the most effective way of positively contributing to our core running costs, helping to relieve some of the increasing pressure due to rising costs, e.g. materials and equipment.
- For 2022/23 we have received a 14.7% increase from Defra (core grant), this is encouraging but it will be followed by two years of no further increases, so caution is required. We also need to continue building even better relationships with our local authority partners, so that there is greater awareness of our work and the value-add that we provide to all 15 local authorities.
- We are currently running a project to significantly improve our IT infrastructure and security, moving away from being reliant on a server towards being fully cloud-based. This is a crucial project ahead of relocating our offices by July 2023.
- Finally, my thanks to Diane Bassett who has done a fantastic job as maternity cover for the Head of Finance role. Ann Wyatt (Head of Finance) will be returning to work late summer/ early autumn 2022.

Below is an overview of the headline figures from the financial results for 2021/22:

- Income for the year was £2,022k, £955k ahead of budget as a result of the Defra grant for Farming in Protected Landscapes (FIPL) of £656k, the National Grid

Landscapes Enhancement Initiative (LEI) of £219k and the Thames Water Evenlode project £60k. It is 6% less than reforecast due to less being claimed and awarded on the National Grid LEI.

- Grants Paid were £828k, £490k more than budget as a result of the FIPL grants and £284k less than reforecast due to less being claimed and paid out on the National Grid LEI.
- Total expenditure for the year was £1,257k, 18% more than the budget (£1,063k), again as a result of the FIPL grant.
- There is a net deficit on the income and expenditure account for the year of £64k before reserve transfers, made up of a surplus on core costs of £13K and a net deficit on restricted/project expenditure of £77k.
- The main reserve transfers are £56k from the Cotswold Champions to Designated Funds to cover the Net Zero officer costs going forward and £16k from the General Fund to Designated Funds for the Kingfisher Trail project surplus to cover future outreach work.
- Total reserves are £642k (£706k 2020/21); being Restricted/Project Reserves of £490k (£625k 2020/21), Designated Funds of £79k (£10k 2020/21) and General Funds of £73k (£72k 2020/21).
- Including the Designated ('earmarked') reserves of £79k, year-end free reserves will be £152k (£82k 2020/21 Financial Statements). This is an improvement of £70k, mainly as a result of the creation of two new designated reserves from general and restricted funds.
- The balance sheet includes a very healthy cash at bank situation of £991k (£553k 2020/21) because it includes FIPL and other grants claimed and accrued in 2021/22 and paid out in April 2022. This is also the reason for the very high creditors amount of £571k (£11k 2020/21).

Supporting documents

- Appendix A. Reserves Movements and Year-End Position Report
- Appendix B. Income and Expenditure Report
- Appendix C. Balance Sheet

JUNE 2022