

## FINANCIAL AND OPERATIONAL OVERVIEW

**Summary:** To provide the Executive Committee with a summary of key activities this quarter and next steps.

**Recommendation:** That the Executive Committee notes the report.

**Report by:** Magda Glanowska – Director of Finance and Corporate Services

### 1. KEY FINANCE ACTIVITIES THIS QUARTER

#### Q1 Management Accounts

- We have finalised Q1 Management Accounts, and these have been reviewed by the Finance & Governance Committee at their last meeting.
- There are no concerns about major variances against budget during quarter 1.
- A reforecast for the year was prepared in consultation with the budget holders based on Q1 financial results. This was discussed and agreed by the Finance and Governance Committee ("F&G" or "Committee") at their last meeting.
- The end-of-June position reflects the timing of income, and the Committee was assured that the core deficit will be caught up. Restricted funds are broadly on budget, and no pressure was identified on the budget lines.
- The quarter-end total net surplus is £73k (vs £456k budget). The variance is primarily due to timing delays in receipt of DEFRA grants for the first half of the year (£265k Core, £287k Capital Uplift and £181k Revenue Uplift), all of which have now all been received.
- Overall overheads are £73k under budget, with some savings in payroll costs, car allowance and consultants & professional fees.
- The balance sheet remains in a healthy position, with no concerns identified. Total capital assets and reserves stood at £1,616,632 as at 30 Jun 2026, compared with £1,542,905 at the start of the financial year.

#### 2026/27 Reforecast

- The first reforecast for the year was reviewed and agreed by the F&G at their last meeting.
- The overall full year forecast is better off than the full year budget and no concerns about the full year position were raised. The Committee welcomed the improved forecast and positive financial outlook.
- Total forecast **revenue for the year is £4.682 million**, £179k behind the budget. This is due to the FiPL underspend carried forward from FY25/26. The underspend has been deducted against our first DEFRA grant claim in FY26/27.
- **Grant expenditure** is forecast to be £130k below budget, primarily due to reallocation of £90k to contractors for Rothschild funding, lower National Grid LEI expenditure and timing / reallocation of project costs.
- **Total forecast overheads are £1.627 million**, a modest saving of £67k against the budget, mainly driven by savings in payroll costs as a result of a vacant position following the Planning Lead's departure and re-allocation of £52k budgeted payroll costs to Contractors for the Common Connections manager as mentioned above.
- Capital Uplift from DEFRA (£571k) – we are working on allocation of this funding.
- **Overall Core** (Unrestricted) position is forecast to generate an **operating surplus of £61k**, which is £50k ahead of the budget. The favourable variance is primarily driven by

payroll and related personnel savings after the departure of the Planning Lead, lower premises costs and increased contributions to core funding, partially offset by additional grants commitments and higher corporation tax.

### **Reserves**

- 2026/27 forecast year-end reserves are **£1.174m**, compared with £895k originally budgeted and £1.543m at the start of the year. This comprises:
  - **General Fund £76k** (budget £70k, prior year £72k)
  - **Designated Funds £285k** (budget £106k, prior year £288k)
  - **Restricted reserves £813k** (budget £719k, prior year £1,184k)
- **Available reserves (General Fund plus Development Fund)** are forecast at **£334k**, in line with the Board's Reserves Policy adopted in February 2026.

### **2. NEXT STEPS**

- Next Finance and Governance Committee meeting is taking place on Tuesday 24<sup>th</sup> November 2026 (via Teams), when FY27/28 Budgeting Assumptions and Plan will be discussed along with the 2<sup>nd</sup> Reforecast of the year.
- External Auditor, PKF, is finalising their audit for FY25/26.
- We will shortly be starting tendering process for a Data Protection Officer.
- We are working on the Medium-Term Financial Strategy and aim to present to the F&G during their next meeting.

SEPTEMBER 2026