



## **Finance Report**

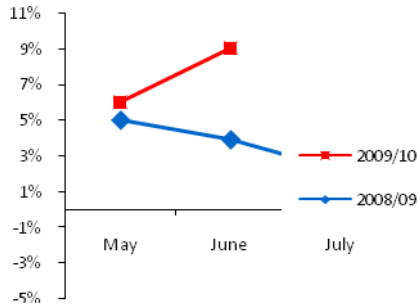
Non -Executive Board

June 2009

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% Variance



### Budget Performance

The variance to budget as at the end of June stands at 9% or £4.4m underspent. This is outside the 5% monthly tolerance and has increased from last month (6%). The variance is explained by the programme budget.

### Key Variances

The programme budget was the biggest risk to our financial performance last year. At present it is £4.8m or 36% underspent. This is an increase of £1.5m since last month. This is a poor performance and we will take this to July ELG for action.

Pay budget variance has increased from 2% last month to 3% in June. We will agree principles with ELG in July for taking back unspent pay budgets in year.

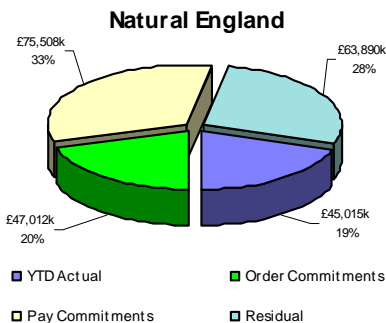
	Programme	Pay
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**2009/10**

YTD Var	£4.8m	£0.7m	
YTD Var	36%	3%	

**2008/09**

YTD Var	£1.4m	(£0.2m)	
YTD Var	16%	1%	



### Committed budget

Commitment and expenditure against our total budget is 72% (an increase of 2% in the month) compared to 69% at the same point last year. Actual commitments are £29m more than at this stage last year. The budget is significantly higher as the Genesis budgets are in place which they weren't at this stage last year.

### Reported Pressures

Total pressures against pay and running cost of £0.7m are being reported by teams. Despite the continued debate on running costs teams still forecast to overspend on travel.

Budget	£	%
Programme	0.3m	0.5
Travel	<u>0.4m</u>	<u>11</u>
	0.7m	0.4

## Annex 3

June 2009

## Commentary

	Actual YTD £'000	Budget YTD £'000	Var YTD £'000	Var YTD %	Full Year Budget £'000
Staff Costs	22,304	23,002	698	3%	97,811
Running Costs - Admin	10,025	9,692	-333	-3%	38,325
Programme Running Costs	6,270	6,066	-204	-3%	24,430
Programme	8,313	13,075	4,763	36%	76,078
Income	-1958	-2,461	-503	20%	-8,382
JNCC	278	278	0	0%	2,878
Non cash costs	0	0	0	0%	2,000
Capital	62	30	-32	-106%	3,162
	<b>45,293</b>	<b>49,682</b>	<b>4,389</b>	<b>9%</b>	<b>236,303</b>

### Summary

At the end of quarter 1 2009/10 year there is a large underspend against profiled budget. It is a disappointing performance but is mainly on Programme spend and could therefore be misleading at this point in time. We are still awaiting transfer of all of the funding from Defra for our outsourced services and the £850k reduction in SSD charges.

### In year issues

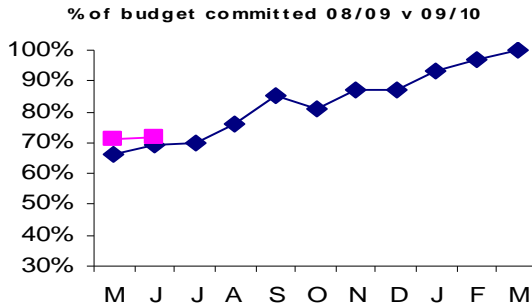
The 2009/10 financial performance will be reviewed in detail at the ELG meeting on 23 July. The issues to be addressed are: the programme underspend; the lessons learned from 2008/09; and poor compliance performance. Where appropriate we will be looking for handback at this stage in the year through the principles we agree with ELG. At this stage we have had no handbacks.

### Year End Outlook

At the end of the first Quarter, large underspends have appeared on the programme and the pay budget. The underspends on programme are of particular concern: this was an issue during 2008/09 which we managed successfully. However, total commitment on programme is higher than this time last year.

### Next Year Outlook

Defra have confirmed that the core grant in aid budget for 2010/11 is £169m. This is c£2m less than previous indications and these efficiencies have yet to be found. Teams have the authority to commit up to 75% of current programme budget in the year 2010/11 and up to 50% in the year 2011/12.



### Budget Utilisation

Current commitments are higher than last year and the budget now also contains all Genesis budgets. Therefore the actual commitments are £29m more than at this stage last year.

	March	May	June	+/-
Vacancies	173	217	221	4
Staff (FTE)	2344	2343	2365	22
Temp Staff	112	72	88	16
Pay Forecast - £'m	97.5	98.4	98.5	0.1

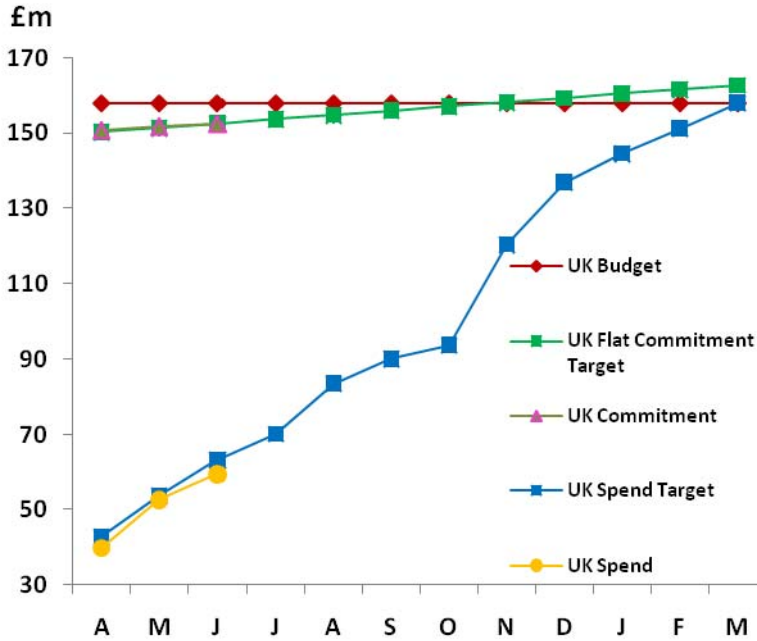
### Staff Numbers and Pay

Vacancy numbers continue to increase as National Recruitment is being delayed. Some Teams have started to use temporary staff to cover staff shortages.

Measure	April	May	June
Invoices paid within 10 days	31%	22%	19%
Invoices paid within 30 days	85%	78%	76%
Invoices rec'd at SSD within 10 days	57%	43%	44%
Retrospective Orders	21%	24%	23%
GPC verifications	94%	86%	93%

### Compliance Analysis

We have been taking action through monthly Management Information and training on some new processes and will be discussing compliance performance with ELG in July



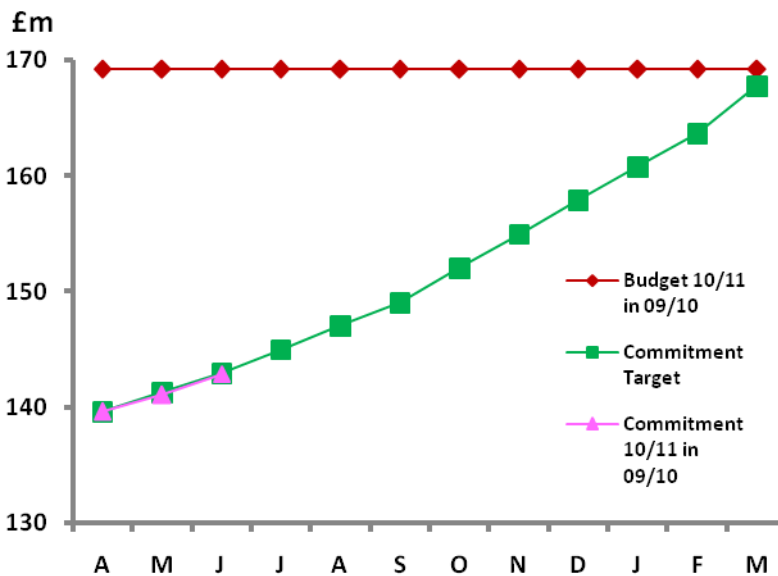
**The UK 09/10 Budget**

Budget is £158.0m. £152.4m (96%) is committed.

In-year commitment target is £15.0m. To date, we have committed £4.0m (27%).

End of June spend is £59.5m, 38% of the budget. £4.8m of revenue payments are due on 1<sup>st</sup> July to make 41% of the budget.

Spend and commitment are in line with profile.



**The UK 10/11 Budget**

The total budget is £169.2m.

In-year commitment target is £30.9m. To date, we have committed £3.2m (11%), a flat profile would be 25% at this stage.

A total of £142.8m (83%) is committed across all schemes.

Progress v Profile – commitment is currently close to the profile provided by regions. However, the regional profiles are back end loaded so we need to increase delivery as the year progresses to remain on profile.