

ENC - FE England Finance Paper

FINANCE REPORT 2015/16 MONTH 3 (QUARTER 1)

Background

- 1) The budgets used are as agreed in the Business Plan for FEE.
- 2) Forecasts have been compiled from cost centre returns.

Key facts

Forecast Outturn – Table 1

3) **Income**

Operating income is forecast to be £1.4m higher than plan. The material items making up the favourable variance is shown in the analysis below Table 1.

Timber prices are currently higher than plan and volume is around 6 months forward sold. However, there are some emerging concerns over high stock levels held by timber merchants (which may reduce further forward demand) and the potential impact of imports on forward volumes and prices.

4) **Cost**

The material forecast cost variance is from operational programmes that slipped from 14/15 into 15/16; mainly from forest operations being delayed by bad weather in Q4.

5) **Operating and Net Position**

A favourable variance of £0.1m is currently forecast against the breakeven plan.

6) **Capital**

Current projections put the capital programme in line with the plan for the year.

7) **Cash and cash disposition**

The forecast cash balance is in line with the plan for the year and reflects the operating and capital forecasts. Table 2 shows the disposition of the cash balances which are also currently line with the plan.

David Hodson
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