FINANCE REPORT 2015/16 MONTH 5 (AUGUST)

Background

1) The budgets used are as agreed in the Business Plan for FEE.

2) The detailed FEE forecast is due for production from 10th September. At the time of writing this paper (9th September) the forecast is not based on data supplied by cost centres. The FEE financial report to the FEE executive may have a slightly different forecast to this paper. Any material difference to the bottom line forecast will be verbally reported by the FEE CEO.

Key facts

Forecast Outturn – Table 1

3) **Income**

Operating income is forecast to be £1.8m higher than plan. Timber income is expected to be £0.9m higher than plan. Estates income is forecast at £0.4m above plan and recreation £0.3m above plan.

The picture on timber forecasts will become clearer in October/November following the main auctions. Current auctions indicate a softening of the market in the North while the South remains strong.

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. Non recurrent (non-capital) expenditure on improvements to houses and recreation infrastructure continues above plan. This is the main driver for the improvements seen in non-timber income; through increased estate rentals and car park income.

Issues around VAT and central shared services costs are being considered separately. These items do not currently feature in the forecast.

5) **Operating and Net Position**

A breakeven position is currently forecast against the plan. The Annual Subsidy Limit from the FC has a minor adjustment for the extra savings delivered to DEFRA. This is not prominent in the finance table due to rounding.

6) **Capital**

Around £2.9m of the capital programme is likely to slip into 2016/17. This is mainly caused by the issue of newt translocation for the Delamere nursery scheme; delaying ground works until April/May 2016.

7) **Cash and cash disposition**

The year to date cash position is higher than plan due to; higher than plan income levels, capital slippage and the level of deferred income from concerts. This implies the actual and forecast results (expected in October 2015) for concerts should be good this year.

Assuming forecast breakeven is delivered, the closing cash position is better than plan due to capital slippage.

David Hodson
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