

Agenda Item 4

Executive Board Meeting
7 June 2013

Memo No 9/13

FINANCE AND INFORMATION SYSTEMS UPDATE

Purpose

1. To provide the Board with an update on financial, accounting and IS matters.

Cross Border Functions/Shared Services Business Monitoring 2012-13

2. Annex A outlines agreed budgets, final forecasts and outturns. The final outturn position was very close to forecast across the shared services. Additional funds became available within the 'Westminster Group' as a whole and this funding was allocated to IS in the final quarter to bring forward expenditure from 2013-14. Corporate and Forestry Support was also close to forecast.

2013-14 and beyond

3. The 2013-14 business plans were finalised some months ago and budgets for all cost centres have now been loaded into the financial systems. The schedule for Business Monitoring will be issued in June with the first quarter reports due around mid-July.
4. We are now turning our thoughts to the business planning process for 2014-15 and 2015-16. Much of this will depend on the outcome of the work being done on the structure and format of the business plan documents/Service Level Agreements and the future role of Service Boards. This is being taken forward under the control of the Central Services Management Board.
5. As part of SR2015-16 we concluded a recent exercise to identify potential savings in 2014-15 and 2015-16 and passed details of the options to FCE Finance Director. As yet we have not received a request from Defra to participate in the 2015-16 budgets round. However, our proposals have been noted and will be part of the discussions to agree priorities across the 'Westminster Group' when planning a response to Defra officials if requested to do so.

Annual Accounts 2012-13

6. The preparation of accounts covering FCGB/England for the period ended 31 March 2013 is well advanced with the key deadlines met in respect of management reviews, consideration by the Audit, Risk and Assurance Committee and submission to NAO.

Finance and IS Update

Natural Resources Wales

7. FAS teams contributed extensively to the Wales project assisting them with various strands of financial systems and accounting projects. FAS staff also helped deliver a series of workshops across Wales to explain the impact on financial and other systems from 1 April 2013. Not surprisingly there have been a few teething problems but no 'show-stoppers' so far.

Business Sustainability

8. We have provided information and other statistics to Countries/FR to allow them to fulfil their sustainability reporting and have advised them on target-setting and other strategies going forward. We have managed the transition to new electricity suppliers in Scotland from April 2013 under the Scottish Government contract with EDF Energy. We have also agreed to report on the CRC Energy Efficiency Scheme for all of FC until the end of Phase 1 (FY12-13) and FY13-14 (excl ex FCW).

HMRC Audit work

9. FAS is heavily involved with HMRC in preparation for the Commission's first VAT review. This is likely to involve an inspection programme lasting up to 2 years. The auditors will begin in Wales to ensure there are no issues for NRW. No decisions have been taken on how they will approach the rest of the business. In all this work, HMRC can go back 4 years if it finds errors or omissions. The audit team has already identified VAT risks around activities on social and environmental forestry and that is likely to be their initial priority. The team lead is also responsible for auditing our compliance with Off-payroll Tax Arrangements and that work will begin in the next few months. Special investigations into the forestry contracting sector are continuing in Scotland and it is probable that they will be extended into other areas over the next year. HMRC is debating whether it shall audit the Commission's due diligence checking on contractors and Procurement procedures may require modification depending on the outcome.

Impact on resources

10. As described in the paper.

Risk Assessment, Communications issues and Implementation and evaluation proposals

11. None to report.

Recommendations

12. The Board is asked to note the contents of the paper.

Paul Snaith
Director Finance
May 2013

Silvan House - Business Monitoring 2012-13

£000

	Annual Budget	Final Forecast	Outturn	Final Variance from F'cast
Shared Services				
Information Services	6,946	7,468	7,462	-6
Human Resources	4,824	4,653	4,700	+47
Finance & Accounting Services	2,091	2,199	2,202	+3
Internal Audit	600	600	565	-35
Communications	560	560	531	-29
Business Sustainability	100	100	99	-1
IFOS	3,954	4,054	4,060	+6
FES Skills Support Unit	235	190	186	-4
Office Services	2,562	2,472	2,485	+13
Total	21,872	22,296	22,290	-6
Corporate & Forestry Support*	14,193	14,009	13,971	-38

* Annual budget includes £8,332k FR funding