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BD 05 P09
September 2005

JNCC SUPPORT CO.
BOARD OF DIRECTORS

JNCC FINANCE REPORT: QUARTER 1 2005/06

Paper by David Burton

Introduction

1. The following report provides information on the financial position of the JNCC Support Co. for the first quarter of 2004/05.
2. The format of the report has been changed to assist Board Members to assess the financial position of the business by reducing the volume of information provided and concentrating on the areas which are fundamental to the financial health of the business. It has also been decided to split the quarterly review report into two. This report will concentrate on resources, financial and personnel, while the second report will concentrate on performance. Both reports will need to be read together.
3. For the first quarter 2005 30th June, net expenditure for JNCC was £1,363k, which is £153k below revised budget. This is quite normal for the first quarter because a number of contracts are being negotiated which tends to reduce spend. Projected net expenditure for the whole year is £6,689k, which compared to GIA of £6,591k would result in a deficit of £98k.
4. Taking into account the original over allocated budget position, JNCC appears at this stage to be on target financially, with a reduction in the estimated year end over-allocation for this quarter.
5. It is important to note the position currently highlighted by Defra with regard to spending and their expectations of End Year Funds for this year. Although the initial indications are the JNCC are not affected by this in the short term, it is unlikely that Defra will have any additional funds to release at the year end.

Background

6. The original budget for 2005/06 totalled £6,706k. This figure is £115k more than the anticipated Grant-in-Aid (GIA) for the year. The annual budget has normally been set slightly higher than GIA to ensure that the JNCC can utilise all the available GIA, even if some projects get delayed, without resorting to a 'spending rush' at the year end. During the year, this over-allocation is managed down to zero, either through project delay or management action.
7. During the year, programme leaders are required to report to the three management groups on their spend and income to date and also the amount that they expect to spend or receive by the end of the year. Where this is different from the provision in

the budget, they are asked to indicate how they intend to correct the budget. Normally, this will be by virement, i.e. where a manager expects to overspend in an area they will transfer budget provision from another area where they anticipate an underspending. Managers are also expected to indicate where they anticipate receiving more income.

8. Sometimes, managers do not have any underspending from which to meet their anticipated overspending or where income is not as high as estimated. In these cases, the manager will put in a request to the Executive Management Board (EMB) for additional resources.
9. The budget adjustments shown in Tables 1 and 2 show where managers have indicated that they expect to receive additional income or where the EMB has approved the granting of additional resources to a particular programme.

Action

10. Board members are invited to:
 - i. note this report
 - ii. consider any recommendations: and
 - iii. raise any issues or points of interest

Financial performance

11. The following indicators monitor financial performance. All figures are in £ sterling.
 1. Operating budget: spend within budget
 2. Operating budget: by programme
 3. Operating budget: by parliamentary head
 4. Operating budget: complement and staff in post

Table 1: Operating budget: spend within budget

Year to 30 June 2005		
YTD* net expenditure	YTD budget	Variance over/(under) budget
1,362,635	1,515,599	(152,964)

* year to date

Estimated Annual Figures		
Forecast spend	GIA	Variance
6,689,416	6,591,000	98,416

2. Operating budget: by programme

Explanatory notes on the tables

The tables supporting indicators 2 and 3 are designed to illustrate the current financial position of the JNCC. The left hand side measures the performance against budget for the financial year to date. The right hand side gives a forecast view of the projected financial position at year end.

The "Revised budget" column shows the current budget, amended in line with findings of the latest quarterly out-turn review, as approved by the Executive Management Board. The "Budget adjustments" column, therefore, shows the anticipated variance from the "Original budget" set during the corporate planning process.

The totals for both the original and revised budgets are then compared to the Grant-in Aid which JNCC will receive for 2005/06, giving an over/ (under) GIA amount. In relation to the original budget, this shows the amount of over-allocation included at the start of the year. The corresponding figure in the revised budget column shows how this over-allocation is being managed down to zero by the end of the financial year.

Table 2: Summary of Expenditure and Income Against Budget								
JNCC Financial Report				Quarter 1 2005/06				
Year to 30 June 2005			Programme	Net expenditure to date plus commitments	(as a %age of revised budget)	Estimated Annual Figures		
YTD net expenditure	YTD budget	Variance over/(under) budget				Original budget	Revised budget	Budget adjustments
2,031	5,250	(3,219)	Strategic vision	5,607	27%	21,000	21,000	0
156,412	245,024	(88,612)	Surveillance and monitoring	1,083,065	91%	1,182,360	1,188,360	6,000
46,976	28,750	18,226	Access to Information	169,686	237%	115,000	71,580	(43,420) 1
56	1,983	(1,927)	Policy relevant information & reporting	56	0%	23,500	23,500	0
5,633	16,605	(10,972)	Global advice	5,633	10%	58,315	58,315	0
21,830	40,575	(18,745)	European advice	95,574	56%	163,500	172,000	8,500
9,813	22,143	(12,330)	Standard & target setting	73,840	48%	152,600	155,100	2,500
23,210	63,453	(40,243)	UK policy advice	50,741	18%	259,811	283,611	23,800 2
1,390	5,375	(3,985)	Strategy for surveillance, reporting & research	1,390	7%	20,500	19,500	(1,000)
(34,630)	9,915	(44,545)	Marine mapping & area protection	25,028	14%	240,404	178,504	(61,900) 3
0	0	0	Overseas territories	0	0%	14,000	14,000	0
55	5,000	(4,945)	UK's global impact	55	0%	20,000	20,000	0
192,368	202,894	(10,526)	Support services	467,431	56%	841,000	841,500	500
937,492	868,633	68,859	Salaries	937,492	26%	3,593,840	3,642,446	48,606 4
1,362,635	1,515,599	(152,964)	Total to be funded from GIA	2,915,597	44%	6,705,830	6,689,416	(16,414)
						Grant-in Aid	6,591,000	6,591,000
						Over/(under) GIA	114,830	98,416

For the quarter to June 2005 the net expenditure for JNCC is £153k below budget. Most programme budgets have been profiled for the out-turn and this figure seems to be broadly what would be expected of JNCC's normal spending pattern.

The estimated annual figures show the original and revised budgets and the corresponding adjustments. The table below shows the major adjustments and their reasons.

JNCC Financial Report		Quarter 1	2005/06
Table 3 Expenditure and Income Against Budget - major variances			

1 Access to Information

Net variance adverse/(favourable)	(43,420)	Comment
Expenditure +/(-)	5,000	Additional amount approved by June EMB
Income +/(-)	48,420	Amount of income received from partners greater than anticipated

2 UK policy advice

Net variance adverse/(favourable)	23,800	Comment
Expenditure +/(-)	64,800	£61k required for additional spend on Offshore Industry Advice, funded by DTI income for Renewable Energy Advisor
Income +/(-)	41,000	Additional DTI funding of £61k offset by return of £20k budget overstatement arising from error during budget planning.

3 Marine mapping & area protection

Net variance adverse/(favourable)	(61,900)	Comment
Expenditure +/(-)	(123,200)	£116k reduced expenditure relating to income carried forward from FY0405 already accounted for in Corporate Plan and mirrored by corresponding adjustment in income. Reduced expenditure offset by £18k required for MNCR volume.
Income +/(-)	(61,300)	£116k reduced income corresponding to similar adjustment in expenditure offset by £50k additional income resulting from Defra funding carried forward from 2004/05

4 Salaries

Net variance adverse/(favourable)	48,606	Comment
Expenditure +/(-)	48,606	Additional expenditure relating to costs associated with cover for maternity leave, VAT on SNH posts, and increased costs caused by a decrease in the anticipated time between staff leaving and their replacements starting. .
Income +/(-)	0	

3. Operating budget: by parliamentary head

JNCC Financial Report				Quarter 1		2005/06		
Table 4 Summary of Expenditure and Income Against Budget								
Year to 30 June 2005			Expenditure/ income type	Net expenditure to date plus commitments	(as a %age of revised budget)	Estimated Annual Figures		
YTD expenditure/ income	YTD budget	Variance over/(under) budget				Original budget	Revised budget	Budget adjustments
938,132	963,500	(25,368)	Staff Costs	938,132	23%	3,953,310	4,045,916	92,606
262,092	295,866	(33,773)	Other Operating Costs	534,382	44%	1,158,206	1,213,457	55,251
5,009	9,895	(4,886)	Information and Publicity	30,841	18%	130,898	168,323	37,425
260,647	507,440	(246,793)	Conservation Support	1,515,487	59%	2,509,623	2,563,148	53,525
0	6,500	(6,500)	Capital	0	0%	27,200	27,200	0
1,465,880	1,783,200	(317,320)	Total Expenditure	3,018,842	38%	7,779,237	8,018,044	238,807
1,405	4,000	(2,595)	Sales of Publications	1,405	2%	59,000	59,000	0
54,123	4,025	50,098	Advice and other Services	54,123	82%	16,100	66,300	50,200
39,665	146,250	(106,585)	Contributions to Projects	39,665	6%	565,000	708,521	143,521
8,052	113,327	(105,275)	Other	8,052	2%	433,307	494,807	61,500
103,245	267,602	(164,357)	Total Income	103,245	8%	1,073,407	1,328,628	255,221
1,362,635	1,515,599	(152,964)	Total to be funded from GIA	2,915,597	44%	6,705,830	6,689,416	(16,414)
				Grant-in Aid		6,591,000	6,591,000	
				Over/(under)GIA		114,830	98,416	

Looking at the year to date underspend, the largest single variance is against conservation support which has barely achieved 50% of budget for the quarter. Including committed spend reveals a less alarming picture as 60% of the whole year's conservation support spend has either happened or been committed to happen.

4. Operating budget: complement and staff in post

JNCC Financial Report		Quarter 1		2005/06
Table 5 Complement & staff in post				
	Total	Permanent	FTA	
Staff in post	118	110	8	
Approved	120	114	6	
Vacancies	4	2	2	

The above table shows the position as at 30 June 2005 and includes chairman and independent board members. If the number of staff in post is combined with the current number of vacancies, the total, 122, is in excess of the 120 posts approved. This is because of staff currently in temporary posts covering maternity (those employees on maternity leave are still counted as staff in post).