



17th March 2016

Paper Title:	Business Plan and Budget 2016-17
Paper Reference:	Paper NRW B 17.16
Paper Sponsored By:	Clive Thomas / Kevin Ingram
Paper Presented By:	Rob Bell / Sue Ginley

Purpose of Paper:	Decision: Approval of Budget and Business Plan 2016-17
Recommendation:	Approve Budget and Business Plan 2016-17 for publication by March 31 st .

Impact: To note – all headings might not be applicable to the topic	Impact on the Environment: Impact on the Economy: Impact on Community: Impact on Knowledge: The Budget and Business Plan set out what we intend to do and what resources we have to do it with for 2016-17. We need an approved Budget and Business Plan for 2016-17 which has been considered by the Minister, ready for publication on our website by 31 st March 2016.
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Issue

We are asking the Board to approve our Budget and Business Plan for 2016-17. We then need to send it to the Minister for consideration prior to publication on our website on 31st March 2016. There is likely to be a considerable amount of change during 2016-17 as the outcomes of our Business Area Reviews are implemented and new legislation is embedded.

Background

1. 2016-17 is the final year of our three year corporate plan. We produce an annual Business Plan giving more detail about our activities and resources for the coming year. Directorates then use the Business Plan to develop their Directorate Delivery Plans which contain further detail.
2. At the Board on 26th January we set out proposals that would balance the budget for 2016-17 based on the known position at that time. Income and Expenditure budget was £162m. We agreed to return in March with updated proposals once we had confirmation of the final funding Welsh Government was going to provide.
3. We also agreed to take on further comments from the Board and from Welsh Government regarding the narrative of the Business Plan. These have been received and included as far as possible, together with items from the Remit Letter (Annex 3). However, there will be a number of changes taking place in 2016-17 (such as the detailed Business Area Review recommendations) which we will not be able to include in detail in this Business Plan at 31st March.
4. Quantitative and qualitative measures and targets will be presented as part of our Performance reporting under a separate paper.
5. We have included the updated budget statement in Annex 1 and the final Business Plan 2016-17 document in Annex 2.
6. We will also take the opportunity to take the Board through the proposals in more detail on the 16th March.

Assessment

Update on Budget position since last Board meeting

7. The latest position on Welsh Government funding is:

- The bid to a centrally held Welsh Government capital fund was unsuccessful. Some of the items bid for have been incorporated into the budget.
- The additional bid to Welsh Government's Wales Infrastructure and Improvement Programme fund for £3m which would have taken our Flood Capital Programme budget to from £16.5m to £19.5m was unsuccessful.
- Welsh Government have indicated that we will be provided with the following additional funding. The funding has been agreed at Officer Level but is still subject to Ministerial approval.

Non Flood Revenue Grant in Aid - £8m

Flood Revenue Grant in Aid - £0.5m

Non Flood Capital Grant in Aid - £2m

Flood Capital Grant in Aid - £3.5m

8. The net impact of this and other refinements is to increase the budget available to £178.2m.

Budget Proposals

11. In January's 'Draft Budget and Business Plan 2016-17 update' paper we outlined in paragraphs 12 to 14 the new legislative unfunded, pressures etc. that we were anticipating prioritising the additional Welsh Government funding against.
12. Now we have the confirmation of the funding, Executive Team have prioritised as outlined below:
 - £3.5m allocated to tackling *P.ramorum*, although the bid was for £4.4m.
 - £2.6m allocated to allow us to meet the impact of new legislation such as new Environment Bill and Future Generations (Wales) Act, Reservoir Regulations and others.
 - £1.4m to bolster the ICT Transformation budget to hasten our exit from Service Level Agreements with Legacy bodies.
 - £0.9m to other Non-Flood capital items that were part of the unsuccessful bid for central Welsh Government funding.
 - £3.5m to the Flood Capital Programme, though we had incorporated £4m originally. That means our overall budget reduced from £16.5m to £16m but we are planning on carrying forward an additional £1m so that the budget will be £17m.

- £0.5m allocated to other pressures that we asked for assistance from Welsh Government for.
 - £1.6m allocated to other pressures on core funding.
13. The final proposed opening budget is outlined in Annex 1. This includes the additional funding (explained in paragraph 7) and how the Executive Team has proposed it is used (paragraph 12).
14. The Business Plan has been amended to reflect the changes outlined above.

Next Steps

15. Budgets will be formally allocated to Directors through Delegation Letters by the end of March.
16. Any further changes in the financial position, either through the end of year financial position or a change in the funding provided by WG will be actioned during the early part of next financial year and reported to the Board in May.
17. Following approval by the Board, we will send the Budget and Business Plan to the Minister to consider prior to translation and publication on our website.
18. We will be implementing changes during 2016-17 which we have not been able to detail in the current Business Plan, particularly as a result of the Business Area Reviews, which will be reported on in April.
19. Our Corporate Plan 2017-22 and its accompanying business plans are likely to be presented in a very different format to those published during the current three year Corporate Plan period. As well as complying with new legislation and ensuring we are outcome focussed throughout the organisation, we intend to produce more succinct documents in future which quantify our targets and cost our work in more detail, using our better understanding of our costs and the funding streams for our activities.

Recommendation(s)

20. We recommend that the Board approve the Budget and Business Plan 2016-17, so that we can send to the Minister for consideration and publish by the agreed time, appreciating that there will be changes taking place in 2016-17 which cannot be detailed in the Business Plan at this point in time.

Key Risks

21. We have identified the following risks:-
- There will be detailed changes taking place during the year which cannot be documented in this Business Plan currently. However we can inform our stakeholders of these changes via other channels, such as more general updates on our website
 - Any changes in service that result from the short term savings required to balance the budget will need to be managed carefully with external stakeholders and customers, as there is a reputational risk for us if reductions and their impacts are not carefully explained.
 - We have addressed our ongoing pressures regarding new legislation and *P.ramorum* through 'one-off' additional funding from Welsh Government without any certainty of funding beyond next year. We need this funding to be part of our baseline allocation for 2017-18 onwards.

Financial Implications

22. There are no financial implications for the production of the Budget and Business Plan, aside from staff time in its preparation. However, its content obviously sets out what resources we have available for our work in the forthcoming year.
23. There is a financial requirement for the Chief Executive, as the Accounting Officer for NRW, to ensure that the budget is balanced for the new financial year (2016/17)

Equality impact assessment (EqIA)

24. The Budget and Business Plan is subject to an Equality Impact Assessment, a draft of which ~~is provided as annex 4. will be available at the meeting.~~

Index of Annexes

Annex 1: Draft Budget Statement for 2016-17

Annex 2: Business Plan

Annex 3: Annual Remit Letter

[Annex 4: EqIA Business Plan](#)