

Active Norfolk Year End Directors Report

Year ending March 31st 2023

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Introduction – statement from the Chair:

This report covers a year of transformation at Active Norfolk, including changes at board level membership and the appointment of a new director to lead the organisation.

During this time, we have continued to improve our processes and controls, and our positive financial position for the year reflects this close ongoing measurement.

We are in a good position to manage financially in the year ahead, noting the actions that are brought out in the body of this report.

Kevin Revell
Chair, Active Norfolk
July 2023

1. Organisational Information

Principal activities:

Active Norfolk is part of a network of 43 Active Partnerships across England. The organisation is the key conduit for Sport England investment to implement the aims of their strategy 'Uniting the Movement' at a local level in Norfolk. Additionally Active Norfolk have their own strategy aiming to 'Get Norfolk Moving' which seeks to influence and support a range of system partners to improve physical activity outcomes, especially for those affected the most by a spectrum of inequalities.

Director's listing:

The following Directors held office during the year represented by these statements

Greg Smith	Resigned 25 th April 2023
Kevin Revell	Appointed Chair December 2022
Bob Rose	
Hayley Mace	
Ian Roberts	
James Heale	
Margaret Dewsbury	
Phil McSweeney	
James Hale	Appointed 21 st September 2022
Sadie Parker	
Sheila Oxtoby	Resigned 14 th June 2023
Hannah Wooller	Appointed 15 th March 2023
Annie Hawkes	Appointed 15 th March 2023

Structure, governance & management

Active Norfolk is hosted by Norfolk County Council under an agency agreement, but with its own independent Board of Directors and Governing Framework document. The Board and organisation are also required to be compliant with DCMS Tier 3 requirements relating to organisations in receipt of public money through Sport England and / or UK Sport.

The aims and objectives of the organisation are set out in the Governing Framework, and in more detail in the organisation's strategy 'Getting Norfolk Moving 2021-2026'.

Management of the organisation is the responsibility of the Board of Non-Executive Directors who are appointed under the terms of the governance framework and meet four times per year as a minimum to conduct the business of the board and organisation. The board delegate day to day operational control of the organisation to the Director, Senior Management Team and staff of Active Norfolk.

Active Norfolk also operates five sub-committees of the board covering essential business of as well as having board representation on staff led Continuous Improvement Groups.

2. Governance statement

Governance framework

Active Norfolk continues to operate its own Governance Framework to shape, direct and control the operation of the Board and organisational governance. This framework was completely reviewed in 2022-23 and signed off by the Board in September 2022. The raft of revisions in that document at that time were designed to bring Active Norfolk's governance in line with DCMS Tier 3 requirements.

Governance code compliance

As a body in receipt of funds from Sport England, Active Norfolk is required to comply with the DCMS Tier 3 code for sports governance, covering five key areas: Structure; People; Communication; Standards & Conduct; Policy & Process.

A thorough review of all areas covering the code was undertaken by the Operations Manager in 2022 with actions in place to continue to address longer term changes. It was noted with Sport England through their 2023 Governance Assurance self-assessment that there are only two actions requiring attention relating to Active Norfolk's compliance with the code, which are expected to be complete by autumn 2023. The Board will continue to review compliance against the code on an annual basis

Audit

Active Norfolk underwent a full external audit by BDO (commissioned by Sport England) in 2022-23. This covered Financial and Governance controls. This was a rigorous audit taking several months. The overall outcome (for governance) indicated that Active Norfolk was meeting standards, with the elements around communication, standards and policies rated as 'Good'. The audit generated several recommendations for improvement in line with best practice and these have formed part of an overall audit action plan that is being implemented in 2023.

Board performance

This is an area undergoing improvements. Noted through the audit, but also ongoing internal reviews, indicating key developments that were needed around performance against strategy, business planning and KPIs, Board self-assessments and NED appraisals. All of these are being actioned in 2023. The board have made significant strides in the last 12 months to move away from operational based discussions and focus more on strategic issues. A significant effort has been made to focus attention on organisational risks and keep these under review.

Diversity

Progress has been made with Board diversity. EDI monitoring aligned to the Skills Audit highlighted a need for younger NEDs to improve diversity in this area. Through a targeted recruitment campaign in autumn 2022, three new NEDs under the age of 30 have joined the Board. Ongoing review of this area will take place annually and aligned to the Active Norfolk Diversity & Inclusion action plan.

3. Financial Statements

Financial governance

Active Norfolk have made significant strides in improving financial process and reporting during 2023-23. Some of this is in line with DCMS Tier 3 and audit requirements and recommendations. However greater levels of information, forecasting and reporting are now available from Officers to the Finance, Risk & Audit committee and subsequently the Board. Many processes have been improved and updated and a Long-Term Financial plan until 2027 has been devised and is being used and reviewed regularly.

The year presented two main challenges. The implementation of the new MyOracle system by Norfolk County Council went less than smoothly and resulted in a lack of financial information for a considerable period. However, reporting by exception was possible and enabled some ongoing decisions on financial matters. The financial audit by BDO noted that, "There was a good level of financial management and oversight at operational, Committee and Board levels within Active Norfolk" but a key issue demonstrated was some issues with the flow of information and accountability with certain departments at Norfolk County Council. As a result the Board and Director have a key action in place for 2023/24 to renegotiate the existing 'agency agreement' between Norfolk County Council and Active Norfolk.

Financial position & context

Active Norfolk ended the previous financial year (2021-22) with a trading surplus of £172k and reserves at £1,074,562. This has been noted to be a high level of reserves compared to other Active Partnerships.

The budget for 2022-23 was constructed as a balanced budget. A long-term financial plan has been constructed that illustrates future challenges for sustainability of the current structure and operation. This includes known ending dates for key funding sources and inflationary pressures driving down the value of long term funding arrangements, as well as cost increases driven by staff pay rises (with staff costs forming around 2/3 of core expenditure). The Board have agreed to use reserves to continue to fund the organisational structure in 2023-24, agreeing a deficit budget of £100k, on the proviso work is undertaken to reframe several key funding arrangements, leading to a balanced budget by 2025-26.

End of Year Finances 2022-23

A summary of the year end accounts is provided below. Active Norfolk incurred a deficit of £30,416 which was covered by reserves, reducing reserves to £1,044,146.

Significant budget exceptions were noted with regard to expenditure of approximately £159k mainly driven by over budget pay rises through NCC, and two historical sums repaid to partners. These were partially offset by increases in income from HAF, ICS, Local authorities plus several savings on payroll and training. (see appendix 1)

Payroll continues to make up the largest part of Active Norfolk's cost base, and payroll expenditure increased by £215,782 compared to 2021-22, largely driven by all structural vacancies being filled and a larger than expected pay rise awarded by Norfolk County Council. However these increases were largely managed by additional project and partner income as well as savings previously mentioned.

4. Income and expenditure accounts summary

NOTE – Like for like comparisons not always possible hence amalgamation of some lines. Accounting of recharges in line with NCC accounting may also distort some figures although these will not affect the bottom line figure.

Active Norfolk Year End Financial Summary		
2022-23		
	2022-23	2021-22
Expenditure		
Employee related expenditure	£1,189,687	£973,905
Overheads, equipment & expenses	£41,670	£27,078
Grants and projects	£2,589,321	£2,282,029
Marketing, Communication & Digital	£76,085	
Licences & subscriptions	£6,467	£390,890
Professional services	£49,778	
Other	£7,142	
	£3,960,150	£3,673,902
Note: Footnote below gives details of Public fund expenditure		
Income		
Sport England	£816,098	£817,891
NHS / ICB	£237,977	£14,000
Local Authority	£282,300	£164,331
HAF	£2,379,801	£1,785,045
Other grants	£205,538	£359,142
Other income / recharges	£8,020	£706,234
	£3,929,734	£3,846,643
Trading deficit (draw from reserves)	-£30,416	£172,741
Reserve balance as at Year end 22-23	£1,044,146	£1,074,562
Figures includes debtors of:	£38,436	£453,762
Figures includes creditors of:	£21,798	£0
FOOTNOTE - Details of expenditure of public funding (2022-23)		
Sport England capacity & overheads	£591,750	
Sport England project & other	£48,108	
Together Fund	£157,648	
ICB project grants & capacity	£306,597	
HAF (project grants & capacity)	£2,379,801	
Local Authority (project & capacity)	£175,013	
OSF (capacity)	£23,362	
Other	£76,500	

Appendix 1:

Income / Expenditure – key exceptions for year ending 2022-23

Expenditure exceptions to budget

- £2100 of unbudgeted costs incurred through bringing the office infrastructure up to speed. This included hybrid conferencing equipment and new monitors for new workstations.
- £1925 pay rise for all NCC staff agreed in Nov 2022. This is backdated to April 2022, so adds approx. £35k to our payroll costs in this current financial year.
- Experience contribution. As previously detailed it has come to light that we need to pay £50k in contributory funding costs to unlock the remaining (approx.) £118k of Experience funding (relating to the activity finder). An additional payment of £16,666 was also due last year and has had to be paid in this year. (Total £66,666). This information was not known at the time of budgeting last year.
- Cost of new HAF programme manager will exceed the increase in HAF funding by approx. £17k (see below) – BJ having ongoing discussions about increasing funding further.
- Cost of Gabriel Mansbridge move to f/t + related project delivery: £8652
- Norwich City Council: £50k of historical funding for Healthy Norwich from 2-3 years ago that had to be repaid.
- Estimate training budget will be underspent by -£15k
- Return of OSF underspend from 2021-22: £3846
- Director departure. Savings = -£9000
- Exceptions to budget: **£159,264**

Income exceptions to budget

- Together Fund. Operational costs from the fund to Active Norfolk reduced from £30k to £15k by Sport England (£15k)
- HAF – funding increased to £225k (from £204k). (£19k)
- Reduction of -£5k in Gt Yarmouth Locality funding due to agreement renegotiation
- Non-replacement of Anna Skipper (Health Lead) accrues approx. £40k gain against budget.
- Additional £26k Covid funding from Breckland DC to assist with All to Play For delivery. Allows Gabriel Mansbridge to move to full time in Breckland. £2k allocated to set against Marcomms and Insight
- Additional £23,632 for capacity costs through Opening Schools Facilities.
- Experience funding will be more than expected (£18k)
- Active NoW Marketing: £25k
- Exceptions to budget: **(£126,632)**