

**NEW FOREST NATIONAL PARK AUTHORITY**

**AUTHORITY MEETING - 26 MARCH 2008**

**GENERAL FUND REVENUE BUDGET FOR THE FINANCIAL YEAR  
2008/09**

**Report by:** Paul Carey-Kent, Chief Finance Officer; Barry Holland,  
Director of Corporate Services

**Summary:**

This paper sets out proposals for a revenue budget for the Authority for the financial year 2008/09. They have been prepared within the financial strategy framework approved by the Authority at its last meeting, and are recommended to the Authority by the Resources and Performance Committee following its meeting on 4 March.

**Recommendations:**

**To:**

- 1 Approve the General Fund Budget for 2008/09.**
- 2 Note that the minimum level for the General Fund Reserve remains at £0.5m.**
- 3 Note the implications on the General Fund Reserve of the proposed budget for 2008/09.**
- 4 Note the risk assessment and Section 25 Statement contained in Annex 4.**

**Resources:**

As set out in the report

**Papers:**

- |                              |  |
|------------------------------|--|
| <b>NFNPA 242/08:</b>         | Cover Paper  |
| <b>NFNPA 242/08 Annex 1:</b> | Authority General Fund Budget for 2008/09 and forecast for 2009/10 – 2010/11 |
| <b>NFNPA 242/08 Annex 2:</b> | Comparison of Budget by Service Area   |
| <b>NFNPA 242/08 Annex 3:</b> | Salary/Non-Salary Analysis of Directorate Budgets                            |
| <b>NFNPA 242/08 Annex 4:</b> | Statement on the General Fund Budget Proposals by the Chief Finance Officer  |

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**1 Purpose**

- 1.1 This paper sets out proposals for a revenue budget for the Authority for the financial year 2008/09. They have been prepared within the financial strategy framework approved by the Authority at its last meeting on 28 February, and are recommended to the Authority by the Resources and Performance Committee following its meeting on 4 March.

**2 General Fund Revenue Budget for 2008/09**

- 2.1 Proposals for a General Fund Revenue budget for 2008/09 are shown in **Annex 1**. The budget amounts to £5.284 million, an increase of 10% on the 2007/08 budget of £4.801 million. That reflects increased external funding with corresponding spending requirements, and is presented gross in order to give members the most informative headline figure of the Authority's intended spending as related to its activity. Were the budget presented net of the Natural England project (detailed below) the increase would be 3.4%.
- 2.2 In proposing a budget of £5.284 million for 2008/09, financing of £48,000 is required from the Sustainable Development Grant Reserve and £463,000 from the General Fund Reserve, all of which is expected to be covered by carry-forwards and underspends in 2007/08.
- 2.3 The budget proposal incorporates new spending of £300,000 in 2008/09, funded by Natural England, on work to restore Sites of Special Scientific Interest. This is a recent development not included in the previous budget reports to members:
- the purpose of the project is to create a management framework for ensuring that the Government's Public Service Agreement targets for restoring the New Forest SSSIs is

achieved, co-ordinating the main interested parties in a way which is appropriate to the National Park;

- the added value of the Authority's involvement is that with our ecological expertise and a national park perspective, we can make a unique contribution to the decision making process in terms of where resources are most appropriately and effectively invested to achieve the required improvements;
- the Authority will be involved in all project decisions as the lead financial organisation and as a core project partner. Funding will be approved on a project by project basis according to an annual work programme approved by the multi-agency Project Steering Group.

### 3 Spending plans

- 3.1 This budget would enable the Authority's purposes to be taken forward positively as set out below:
- 3.2 The pie chart at **Annex 2** summarises this allocation of spending across directorates. **Annex 3** presents this information with an analysis between salary and non-salary costs, in which the latter has proved the more volatile to date as it includes programme spending. That distinction will be picked up in the Budget Monitoring arrangements for 2008/09.

#### *Strategy and Planning*

- 3.3 The focus is on the successful adoption of the Management Plan, bringing forward the Local Development Framework; completing and publicising the new Conservation Areas designations and appraisals; establishing compliance monitoring systems and proactive enforcement; implementing the new national planning application form and requirements for supplementary information; and re-introducing the Historic Buildings Grant.
- 3.4 The Historic Buildings Grant Scheme was suspended in 2007/08 as a contribution to budget saving. In 2006/07 the grant was fully committed and the funding helped to support the appropriate repair and maintenance of eight locally important structures, six of which carry listed status. It is proposed to reinstate this scheme at £20,000.
- 3.5 The proposed revised Historic Building Grant would remove the previous £2,000 per application cap on grant. The greater flexibility would permit more concentrated support of projects requiring extensive work, whilst still maintaining the maximum contribution of 30% of project cost.

- 3.6 The scheme would consider work on listed 'at risk' structures as a priority and would in principle act as seed corn funding to attract additional external grant aid and investment.

*Conservation, Recreation and Sustainable Development*

- 3.7 Priorities for 2008/09 include completing the Biodiversity Action Plan, the Landscape Strategy, the Cultural Heritage Strategy, launching the climate change consultation, and setting the agenda for the Management of recreation in the twenty first century within the New Forest by completing the Recreation Management Strategy.
- 3.8 It is proposed to increase staff to provide a Forest Friendly Farming Advisor which will promote the National Park's purposes and objectives with landowners and farmers (part-funded by the Authority in partnership with Hampshire and Isle of Wight Wildlife Trust). This post will also provide support for the head of Sustainable Development, funded in part by Sustainable Development Fund monies.
- 3.9 Activity under the Sustainable Development Fund is estimated at £248,000, while the financial strategy assumed £200,000. The £48,000 will be drawn from existing ring-fenced reserves.

*Information and Visitor Services*

- 3.10 This budget anticipates increasing areas of project work in Understanding and Enjoyment, with improved 'business as usual' in communications. The Directorate is proposing two major new projects with a mobile interpretation unit, and signs for the National Park at the four railway stations in the Forest. There will be more high-profile work at the New Forest Centre, pilot local information points in villages, and further developments in education and outreach work. In communications, there will be continuing improvements, notably in the National Park's external publications, the website and in partnership publications and campaigns.

*Corporate Services*

- 3.11 This Directorate is still engaged in completing the Authority's development. Issues around HR policies, document management including electronic data and records management, financial advice and services, performance management, sustainable procurement and future accommodation all need to be taken forward in the coming year. Servicing the organisation also needs to continue to the high standards the Authority has set itself, both in its policies and its processes.

3.12 Proposed spending at £1.34 million allows for the need to make provision, for the first time, for the replacement of IT equipment, and the continuing need to budget for restructuring costs of £58,000 (£4,800 per month spread over three years and generating offsetting savings already built into the budget). Greater experience of running costs has allowed tighter budgeting and efficiencies to be built into the bid, saving over £90,000 in comparison with 2007/08 in areas such as printing, stationery, telephones, staff training, external services and consultancy.

3.13 There are two **other issues** of which members should be aware.

3.14 First, the 2007/08 budget included an allocation of £70,000 for an electronic records and document management system. However, we are reappraising our needs at present, and do not feel able to carry this amount forward under the original description. Research is ongoing and no business case has yet been prepared for decision; members can make a funding decision on this once the case is made, and in the light of the year-end position for 2007/08.

3.15 Second, there may be additional costs (eg transitional costs if there is a system change) resulting from the market testing of financial services – if so, the funding consequences can be considered at the appropriate time as part of the decision-making process.

#### **4 Robustness of the budget and risk assessment**

4.1 The Local Government Act 2003 requires the Chief Finance Officer to:

- provide an assessment of the robustness of the budget in order to provide the Authority with confidence that the financial projections included within the budget are achievable and sustainable; and
- report to the Authority on the adequacy of the level of the General Fund Reserve.

4.2 This statement is included as **Annex 4** to this report.

4.3 In addition, the investment strategy and prudential indicators for 2008/09 were approved by the Resources and Performance Committee on 4 March 2008.

**Recommendations:**

**To:**

- 1 Approve the General Fund Budget for 2008/09.**
- 2 Note that the minimum level for the General Fund Reserve remains at £0.5m.**
- 3 Note the implications on the General Fund Reserve of the proposed budget for 2008/09.**
- 4 Note the risk assessment and Section 25 Statement contained in Annex 4.**

**NATIONAL PARK GENERAL FUND BUDGET FOR 2008/09 AND FORECAST FOR  
2009/10 – 2010/11**

	<b>2007/08 Original</b>	<b>2007/08 Projected Outturn</b>	<b>2008/09 Budget Proposal</b>	<b>2009/10</b>	<b>2010/11</b>
<b>Planning</b>					
- Amenity Trees	12,000	7,490	9,740	9,990	10,240
- Historic Buildings	15,000	15,000	20,000	20,000	20,000
- Listed Buildings and Conservation Areas	38,000	37,720	49,740	14,990	15,370
- Development Control	74,000	47,000	52,060	50,000	60,000
- Spatial Planning	50,500	27,830	93,890	112,780	41,670
- Management Plan	50,000	41,610	47,000	28,000	28,000
- Development Control	411,980	522,680	453,310	474,580	493,290
- Policy and Plans	233,170	216,710	230,560	238,540	246,810
- Environmental Design	189,160	183,760	209,340	216,330	222,670
- Planning Management and Administration	247,390	239,690	278,810	290,380	298,100
	<b>1,321,200</b>	<b>1,339,490</b>	<b>1,444,450</b>	<b>1,455,590</b>	<b>1,436,150</b>
<b>Conservation, Recreation and Sustainable Development</b>					
- Natural Environment	175,990	105,640	506,200	420,000	451,500
- Cultural Heritage	326,750	160,860	309,000	256,000	241,000
- Conservation and Enhancement	362,130	503,170	526,280	545,650	563,330
- Recreation Management	94,000	39,200	62,500	62,500	62,500
- Traffic and Transport	57,500	52,000	70,500	70,500	74,000
- Ranger Services	2,500	11,000	26,000	27,000	28,000
	<b>1,018,870</b>	<b>871,870</b>	<b>1,500,480</b>	<b>1,381,650</b>	<b>1,420,330</b>
<b>Information and Visitor Services</b>					
- Information, Interpretation and Tourism	143,000	168,080	197,380	162,750	125,420
- Communications	103,000	103,000	104,590	107,660	110,340
- Communications	152,020	299,330	320,320	335,740	350,410
	<b>398,020</b>	<b>570,410</b>	<b>622,290</b>	<b>606,150</b>	<b>586,170</b>
<b>Member Services</b>					
- Member Services	79,900	70,900	74,430	77,330	79,260
- Member Services	91,650	91,650	98,820	104,300	108,730
	<b>171,550</b>	<b>162,550</b>	<b>173,250</b>	<b>181,630</b>	<b>187,990</b>
<b>Secretariat</b>					
- Secretariat	61,060	57,070	62,590	64,150	65,770
- Secretariat	133,580	123,230	139,860	147,360	154,460
	<b>194,640</b>	<b>180,300</b>	<b>202,450</b>	<b>211,510</b>	<b>220,230</b>
<b>Corporate Services</b>					
- Staff Training and Development	55,000	33,000	48,500	48,500	48,500
- Corporate Services	287,280	283,850	283,270	294,660	308,420
	<b>342,280</b>	<b>316,850</b>	<b>331,770</b>	<b>343,160</b>	<b>356,920</b>
<b>Information Technology</b>					

- ICT Infrastructure	109,690	97,190	149,760	170,370	173,030
- ICT Services	106,770	117,550	125,430	140,400	145,490
	<b>216,460</b>	<b>214,740</b>	<b>275,190</b>	<b>310,770</b>	<b>318,520</b>
<b>Central Overheads</b>					
- Central Overheads	443,800	416,360	485,620	488,260	466,040
	<b>443,800</b>	<b>416,360</b>	<b>485,620</b>	<b>488,260</b>	<b>466,040</b>
<b>Accommodation</b>					
- Queens House	12,300	11,740	11,930	12,770	12,900
- South Efford House	235,680	228,160	235,920	238,350	616,700
	<b>247,980</b>	<b>239,900</b>	<b>247,850</b>	<b>251,120</b>	<b>629,600</b>
<b>Development Costs</b>					
- Development Costs	108,500	45,000	0	0	0
	<b>108,500</b>	<b>45,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(Corporate Services sub-total)</b>	<b>1,359,020</b>	<b>1,232,850</b>	<b>1,340,430</b>	<b>1,393,310</b>	<b>1,771,080</b>
<b>Understanding and Enjoyment</b>					
- Understanding and Enjoyment	338,260	46,490	0	0	0
	<b>338,260</b>	<b>46,490</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>4,801,560</b>	<b>4,403,960</b>	<b>5,283,350</b>	<b>5,229,840</b>	<b>5,621,950</b>

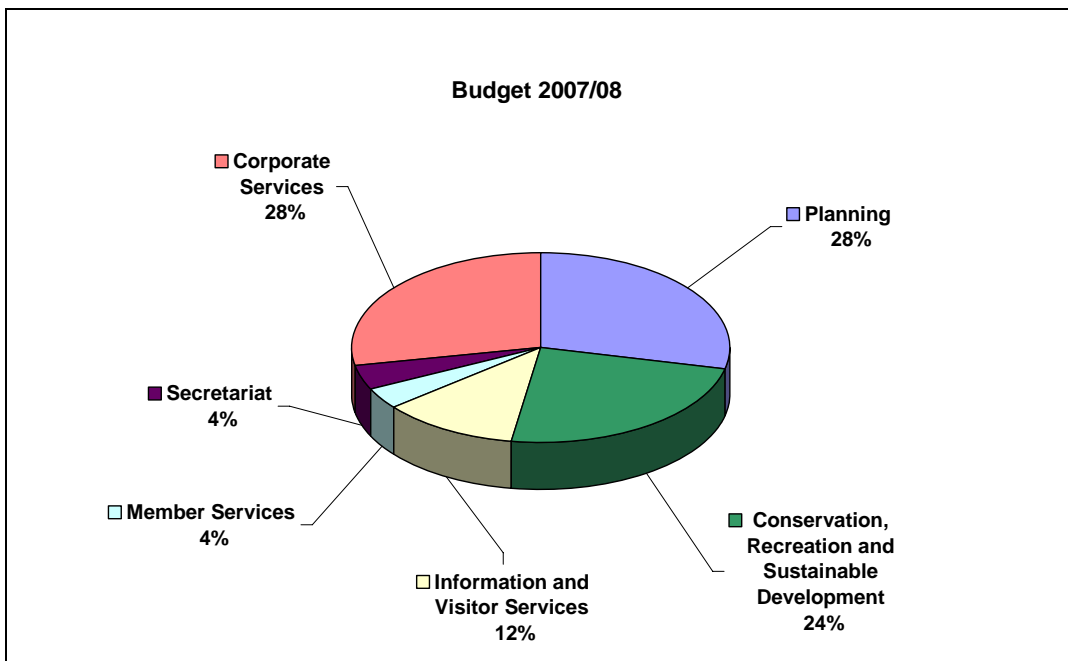
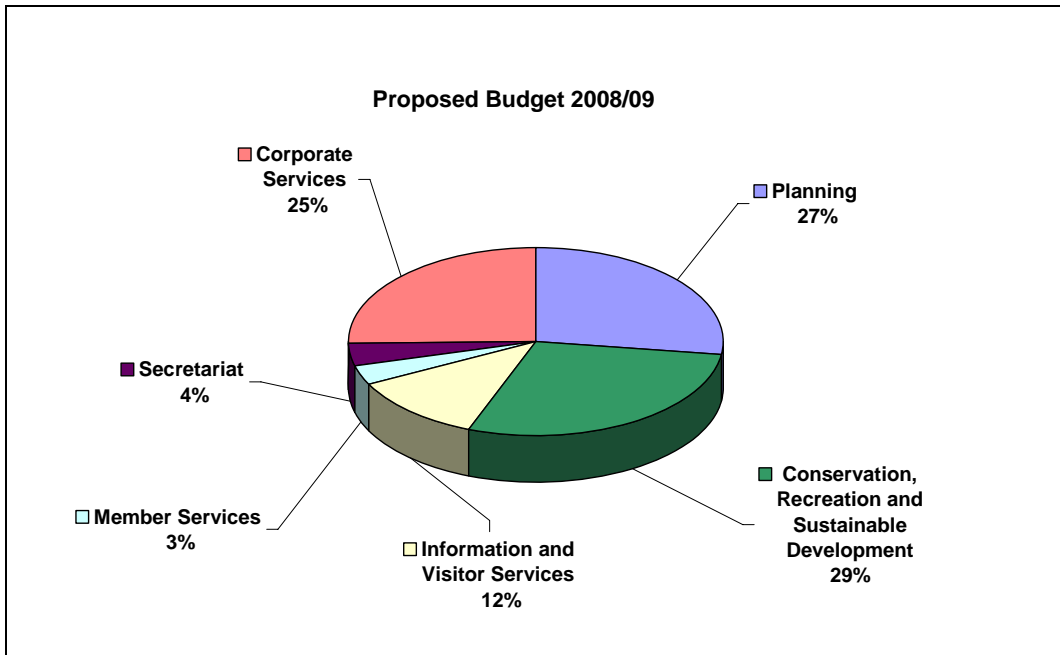
**Financed by:**

Basic Annual Grant	3,810,965	4,121,266	4,240,101
Sustainable Development Grant	200,000	200,000	200,000
Natural England – SSSI Funding	200,000	200,000	225,000
Planning Fees	300,000	300,000	300,000
Other Planning Income	15,540	14,800	14,070
Interest	120,000	100,000	75,000
SSSI Reserve (Natural England funding)	100,000		
Compliance Officer Reserve	26,000		
Sustainable Development Fund Reserve	48,000		
General Fund Reserve	462,845	293,774	567,779
<b>Totals</b>	<b>5,283,350</b>	<b>5,229,840</b>	<b>5,621,950</b>

**GENERAL FUND RESERVE (UNCOMMITTED)**

General Fund as at 01/04/2007	1,130,996
Transfer to/(from) General Reserve	<u>646,150</u>
Current General Fund Reserve position	1,777,146
Estimated additional 2007/08 underspend	<u>222,854</u>
<b>Estimated Balance as at 31st March</b>	<b><u>2,000,000</u></b>

### COMPARISON OF BUDGET BY SERVICE AREA



**SALARY / NON SALARY ANALYSIS OF DIRECTORATE BUDGETS**

	<b>2008/09 Budget Proposal, £000</b>		
<b>Strategy and Planning (gross)</b>	<b>1445</b>		
Salary		1143	
Non-salary			302
<b>Conservation, Recreation and Sustainable Development (incl SDF)</b>	<b>1501</b>		
Salary		531	
Non-salary			970
<b>Information and Visitor Services</b>	<b>622</b>		
Salary		312	
Non-salary			310
<b>Secretariat</b>	<b>203</b>		
Salary		136	
Non-salary			67
<b>Corporate Services</b>	<b>1340</b>		
Salary		402	
Non-Salary			938
<b>Members</b>	<b>173</b>		
Salary		96	
Non-salary			77
<b>Totals</b>	<b>5284</b>	<b>2620</b>	<b>2664</b>

## **GENERAL FUND REVENUE BUDGET FOR THE FINANCIAL YEAR 2008/09**

### **STATEMENT ON THE GENERAL FUND BUDGET PROPOSALS BY THE CHIEF FINANCE OFFICER**

#### **1 Introduction**

1.1 Section 25 of the Local Government Act 2003 imposes a duty on the Chief Finance Officer to report to the budget setting Authority on the following issues:

- the robustness of the estimates made for the purpose of setting the budget; and
- the adequacy of the proposed financial reserves.

#### **2 Robustness of the estimates**

2.1 2008/09 will be the third year of operation for the Authority, since assuming its full statutory functions on 1 April 2006. A significant amount of work has been undertaken to develop and refine the Corporate Plan and the Authority's budget allocations are linked to achieving those key objectives identified.

2.2 The financial strategy adopted by the Authority for the preparation of the budget for 2008/09 required that expenditure bids demonstrate links to the Corporate Plan, and that both immediate and longer-term costs be identified.

2.3 The budget has been constructed from a combination of identifiable current costs, forecasts for inflation and other known increases and assumptions about the timing of initiating new projects, some of which rely on partnership working.

2.4 Key elements of the budget are the provisions that are made for inflation on pay and prices, projected levels of income, including investments, and delivering the service developments within the allocated resources. The volatility of these areas is unlikely to be great, and would be easily covered within the level of reserves.

2.5 Recent trends suggest that the more volatile budgets are those areas of programme spending, directly or in conjunction with partners, for which it is difficult to predict speed of implementation. That has led to underspendings which, although they improve the Authority's financial position, cause delays in achieving policy objectives. It is intended to increase the focus on these spending

areas in the budget monitoring process for 2008/09 in recognition of this.

- 2.6 Given these trends and the level of balances, there is no need to hold any contingency within the budget itself.
- 2.7 The three year settlement from Defra covering 2008/09 to 2010/11 provides helpful medium term certainty for planning purposes.
- 2.8 Overall, then, the budget can be considered fully robust.

### **3 Adequacy of proposed financial reserves**

- 3.1 The Chief Finance Officer is required to make a recommendation as to the adequacy of the level of reserves held by the Authority. As there is neither a legal definition nor recommendations in any appropriate codes of practice on the absolute level of reserves, it is a matter of judgement based upon the circumstances and facts at the time the recommendation is made. The Audit Commission's role is to review and comment upon decisions taken by the Authority.
- 3.2 The General Fund Reserve is used to cover general unforeseen items of expenditure that cannot be funded within the base budget in any particular year.
- 3.3 The 2007/08 budget was set on the basis that a minimum reserve of £0.5 million was appropriate. Members have requested that this be fully reviewed in the light of the Authority's longer-term financial position, ie that annual expenditure desired by members is likely to exceed currently identified levels of income. That context sharpens the need to ensure that funds intended in essence to be spent on achieving the Authority's objectives are not held unnecessarily in reserve. However, given that the General Fund Reserve currently stands at more than three times the minimum level, any change in the required level can have no effect on the 2008/09 budget. It is therefore proposed to retain the minimum level of £0.5 million until a fuller review has been reported to members, which is expected to be at the next meeting of the Resources and Performance Committee.
- 3.4 The level of financial reserves is therefore fully adequate.