

**NEW FOREST NATIONAL PARK AUTHORITY**

**AUTHORITY MEETING – 22 FEBRUARY 2007**

**BUDGETARY CONTROL REPORT FOR THE PERIOD TO 31 DECEMBER 2006**

**Report by:** Pat Higgins, Chief Finance Officer

**Summary:**

This report provides members with the actual expenditure for the nine months to 30 December 2006, together with a current forecast of the out-turn on the General Fund for the financial year 2006/07.

In the light of significant forecast underspends for the year, the report recommends transfers both to the General Reserve and to a Sustainable Development Fund Reserve. The report was discussed at the 18 January meeting of the Resources and Performance Committee, where the Committee **noted** the budget forecast and **approved** the proposed transfers to reserve.

It is expected that the Authority will create further specific reserve funds to allow for the management of financial commitments carrying forward into 2007/08.

**Recommendation:**

**That Members note the current report and approve the transfers to reserve agreed by the Resources and Performance Committee.**

**Resources:**

Routine

**Paper:**

NFNPA 161/07: Cover Paper

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**NEW FOREST NATIONAL PARK AUTHORITY**

**RESOURCES AND PERFORMANCE COMMITTEE MEETING – 18 JANUARY  
2007**

**AUTHORITY MEETING – 22 FEBRUARY 2007**

**BUDGETARY CONTROL REPORT FOR THE PERIOD TO 31 DECEMBER 2006**

**Report by:** Pat Higgins, Chief Finance Officer

**1 Introduction**

1.1 This report provides members with the actual expenditure for the nine months to 30 December 2006, together with a current forecast of the out-turn on the General Fund for the financial year 2006/07.

**2 General Fund Current Position**

2.1 The current detailed forecast for the General Fund budget is attached as **Annex 1** to this report. The summary shows an under-spend of £1,041,432 between the budget profile and actual expenditure for the period to 31 December 2006.

2.2 Column 1 'Original Budget' shows the original approved budget for net expenditure of £4,627,102, net of planning income of £200,000; the budget is summarised against each of the standard Defra function/service headings for national parks.

2.3 Column 2 shows previous variations to the original budget which have been approved by Members.

2.4 Column 3 shows the new variations, the details of which are outlined in this report.

2.5 Column 4 shows the forecast out-turn budget to the end of the financial year.

2.6 Column 6 shows the budget profiled to the end of December 2006 and Column 7 shows the actual expenditure and commitments for the same period.

2.7 Column 8 shows the difference, being an over or under-spend, against the profiled budget; the last column on the right of the forecast shows the performance against profiled budget as a percentage.

2.8 The main reasons for the variations between budget profiles and spend are set out below.

2.8.1 The provision for salaries shows a net under-spend of £293,945, after setting off the net cost of employing temporary agency staff to cover for permanent posts not yet appointed;

2.8.2 Other main areas of under-spend against profile are:

	£
Historic and listed buildings - grants and supplies (now largely committed)	15,000
Information and Tourism - supplies and services	13,000
Natural Environment - supplies and services	14,000
Communications - supplies and services	52,500
Spatial Planning - supplies and services	21,000
Listed Buildings - supplies and services	17,700
Training and Staff Development	23,000
Democratic process supplies and services	11,000
IT Infrastructure	26,000
Allocable Central Overheads	78,000
Community Heritage and Sustainable Development Funds	84,000
Start-up costs	260,000
South Efford House - supplies and services	9,000

2.8.3 These are offset by overspend against profile for:

Transport and Traffic Management supplies	11,500
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2.8.4 Income from Planning Application Fees (and sales of copies) has been higher than originally forecast and is currently £184,000 against a profiled budget for the period to the end of December 2006 of £150,000, a net increase of £34,000. Based on the experience to date, the forecast income has been revised to £240,000 for the current financial year.

2.9 Although no budget provision was made for investment interest, £68,243 has been earned to the end of this period. This is forecast to rise to £100,000 by the end of the financial year.

2.10 Having completed the first nine months of operation since the Authority assumed its full statutory powers, it was timely for all budgets to be reviewed to ensure the original allocation of resources remain appropriate for the rest of the financial year. As a result of that exercises, where there

is no realistic expectation of incurring expenditure, it is proposed to recommend some funds are transferred to reserves, so that the Authority's revised budget better reflects expectations of the out-turn for the year end. The notes to **Annex 1** identify the proposed amendments to budgets; in summary these are:

i) Sustainable Development Fund Reserve: £110,000  
It is proposed to set up a separate reserve fund which will be ring-fenced to meet future years' grant commitments

ii) General Fund Reserve: £392,500  
Transfer to the existing general reserve of under-spends on approved budgets, and additional forecast income from interest earnings and planning fees

2.11 The process of reviewing the Authority's budgets will continue but at this stage there are no further proposals to action any virements or supplementary estimates.

### **3 Future reporting framework**

3.1 At the last meeting of the Resources and Performance Committee Members requested some development of the reporting format; this has partly been achieved with the current report which shows the full year forecast and performance against profiles at a specific point in the year. Members are invited to comment on the new framework.

3.2 The current format will be further developed and an example of the current budget and forecast showing net expenditure analysed over subjective headings rather than the headings specified by Defra, will be tabled at the Resources and Performance Committee meeting for consideration by Members.

### **4 Recommendation:**

**That Members note the current report and approve the transfers to reserve agreed by the Resources and Performance Committee.**

## ANNEX 1

**FORECAST FULL YEAR REVENUE EXPENDITURE 2006/07  
AND ACTUAL FOR THE PERIOD APRIL 2006 TO DECEMBER 2006**

	FULL YEAR FORECAST					PERFORMANCE TO DECEMBER			
	1	2	3	4	5	6	7	8	
	Original Budget	Previous Variations	New Variations	Forecast Outturn	Notes	Profiled Budget	Actual to Date	Actual to Profiled	% of Profile Spent
	£000s	£000s	£000s	£000s		£000s	£000s	£000s	
Conservation of Natural Environment	415	0	-40	375	1	263	169	-94	64
Conservation of Cultural Heritage	684	0	-110	574	2	456	240	-216	0
Recreation Management	222	0	-20	202	3	136	97	-39	71
Promoting Understanding, Information, Interpretation and Education	585	0	-21	564	4	389	257	-132	66
Traffic & Transport	118	0		118		74	72	-2	97
Ranger Services	9	0	-2	7	5	3	2	-1	67
Development Control	746	0	-40	706	6	550	381	-169	69
Forward Planning	398	0	-20	378	7	293	190	-103	65
Training and Staff Development	47	0		47		36	13	-23	36
Corporate Management and Administration	1,403	0	0	1,403		1,100	838	-262	76
Holding Accounts			-150	-150	8				
<b>Service Expenditure</b>	<b>4,627</b>	<b>0</b>	<b>-403</b>	<b>4,224</b>		<b>3,300</b>	<b>2,259</b>	<b>-1,041</b>	<b>68</b>
Interest Earnings	0	0	-100	-100	9	0	-68	-68	0
<b>Net Expenditure</b>	<b>4,627</b>	<b>0</b>	<b>-503</b>	<b>4,124</b>		<b>3,300</b>	<b>2,191</b>	<b>-1,109</b>	<b>66</b>
Transfer to (from) Specific Res.	0	0	110	110	10	0	0	0	0
Transfers to (from) General Res.	393	3	393	789	11	0	0	0	0
<b>TOTAL REVENUE</b>	<b>5,020</b>	<b>3</b>	<b>0</b>	<b>5,023</b>		<b>3,300</b>	<b>2,191</b>	<b>-1,109</b>	<b>66</b>

**NOTE:** The original net expenditure budget of £4.627m is comprised of expenditure budgets of £4.827m offset by £200,000 planning fee income

### **New Variations – Revenue Expenditure**

**£000**

#### **1 Conservation of Natural Environment**

Underspends in supplies and services budgets are predicted to be £40,000

-40

**-40**

#### **2 Conservation of Cultural Heritage**

The sustainable development grants budget is expected to be underspent by £110,000. (although funds are fully committed). It is proposed to transfer this to a specific reserve for the next financial year

-110

**-110**

#### **3 Recreation Management**

Underspends in supplies and services budgets are predicted to be £20,000

-20

**-20**

#### 4 Promoting Understanding, Information, Interpretation and Education

Underspends in supplies and services budgets are predicted to be £21,000	-21
	<u>-21</u>

#### 5 Ranger Services

Underspends in supplies and services budgets are predicted to be £2,000	-2
	<u>-2</u>

#### 6 Development Control

Income from planning fees is predicted to exceed the original budget by £40,000	-40
	<u>-40</u>

#### 7 Forward Planning

Underspends in supplies and services budgets are predicted to be £20,000	-20
	<u>-20</u>

#### 8 Holding Accounts

Savings in various salaries budgets total £150,000. These budget savings will be allocated to appropriate service areas in consultation with budget responsible officers	-150
	<u>-150</u>

#### 9 Interest earnings

Interest of £68,000 has been earned from investment of cash balances. This is predicted to increase to £100,000 by the year end. No original budget provision was made	-100
	<u>-100</u>

#### 10 Contributions to Specific Reserve

The underspend on Sustainable Development grants is proposed to be transferred to a specific reserve	110
	<u>110</u>

#### 11 Transfer to (from) General Reserve

Underspends on all budgets, other than sustainable development grants, are proposed to be transferred to the General Reserve.	393
	<u>393</u>

<b>TOTAL ALL NEW VARIATIONS (REVENUE)</b>	<u><u>0</u></u>
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