

NEW FOREST NATIONAL PARK AUTHORITY

AUTHORITY MEETING – 13 SEPTEMBER 2007

BUDGETARY CONTROL REPORT FOR THE PERIOD TO 31 JULY 2007

Report by: Pat Higgins, Chief Finance Officer and Barry Holland, Director of Corporate Services

Summary:

This report sets out the actual expenditure for the four months to 31 July 2007 together with variations to approved budgets and a revised forecast for the out-turn on the General Fund for the financial year 2007/08 (**Annex 1**).

Budget variations have arisen as a result of the movement of staff and budgets following the retirement of the Director of Understanding and Enjoyment and some restructuring in the Planning Directorate. The report also identifies additional sources of income from interest earnings, Planning Delivery Grant and other fees and charges not previously included in the approved budget.

The forecast shows the budget overspends and underspends to date, and the net effect of these transactions on the General Fund Reserve.

The report also includes a request to consider the funding of a two-year Compliance Officer post from the Planning Delivery Grant and for a specific reserve to be set up to facilitate this. Supporting information is set out in **Annex 2**.

Recommendations:

Members are requested to:

- 1 Note the current net budget position.**
- 2 Approve the budget transfers arising from the recent restructuring.**
- 3 Decide whether to fund a two-year Compliance Officer post from the Planning Delivery Grant; with the associated transfer of £26,000 to a specific reserve; transfer the funds to the General Reserve; or use them to offset other new budget pressures.**

- 4 Approve the items set out in the revised General Fund budget in Annex 1, subject to any amendments needed to reflect the decision on the Compliance Officer post.**
- 5 Approve the transfer of the net balance of £39,870 to the General Fund Reserve, subject to any amendments needed to reflect the decision on the Compliance Officer post.**

Resources:

Routine

Papers:

NFNPA 200/07: Cover Paper

NFNPA 200/07: Annex 1 - Revised forecast for the out-turn on the General Fund for the financial year 2007/08

NFNPA 200/07: Annex 2 – Compliance Officer – role and alternative funding priorities

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1 Introduction

1.1 This report shows the forecast budget variations from the original approved budget as at 31 July 2007.

2 General Fund current position

2.1 The original approved budget for 2007/08 is £4.426 million.

2.2 The current detailed forecast for the General Fund budget is attached as **Annex 1**. The summary shows a profiled budget of £1.352 million and actual expenditure incurred to date of £1.139 million. The current under-spend against profiled budget at 31 July is therefore £213,000. The main reasons for the profiled under-spend are set out below:

2.2.1 The provision for salaries/temporary staff shows a net under-spend of £42,500; however this will reduce once the pay award is finalised.

2.2.2 Other main areas of net under-spend on expenditure (shown as minus) and shortfalls on income against profile are:

	£
▪ Development Control - Appeals	- 13,000
▪ Development Control - Income	7,000
▪ Management Plan	- 12,500
▪ Spatial Planning - Supplies and services	- 12,500
▪ Natural Environment - Supplies and services	- 39,500
▪ Sustainable Development Grants	18,000
▪ Cultural Heritage - Supplies and services	- 5,000
▪ Access Management	- 10,000
▪ Recreation and Visitor Management	- 10,000
▪ Information, Interpretation and Tourism – Supplies and services	-19,000
▪ Members Allowances	- 4,000
▪ ANPA/ENPAA	- 16,000
▪ HCC Services	- 53,000
▪ Other Central Overheads	- 11,000
▪ South Efford House	- 8,500
▪ Development Costs - Consultants	21,000
▪ Interest Income	3,000
▪ Other	- 5,500

2.3 In most cases the under and over spends are as a result of budget profiling and these are currently subject to review with budget holders; it is expected that the amendments required will be completed in time for the next budget report.

2.4 The profiled budget for planning fee income for the period showed an anticipated income level of £82,670 against the budget for the year of £248,000; the actual income to date is £75,500, a shortfall of £7,170. There is additional unbudgeted income from Section 106 agreements (developers' contributions) of £3,200 although this source of income is normally ring-fenced to meet expenditure for which the contributions were agreed.

3 Variations to General Fund

3.1 **Annex 1** summarises the implications of the movement of staff and expenditure budgets following the retirement of the Director of Understanding and Enjoyment, the transfer of the Graphic Designer / Planning Technician to Information and Visitor Services, the restructuring within the Planning Directorate and other minor budget virements.

3.2 Since the Authority approved the original budget in March, a further £154,000 of additional income has become available:

	£
▪ Planning Delivery Grant	125,000
▪ Search Fees	9,000
▪ Interest on Investments	20,000

3.3 The new forecast additional earnings from interest on investments has arisen due to a combination of an increase in the rate of interest in July to 5.75% and higher balances being available through slower spending patterns than originally forecast.

3.4 The Planning Delivery Grant has been awarded provisionally to the Authority for 2007/08, but is unlikely to continue thereafter in its present form. There are no restrictions imposed on the Authority for spending the grant (i.e. it is not ring-fenced for planning expenditure) and it may be carried forward to meet expenditure in future years.

3.5 The following variations to approved budgets show an overall reduction in net expenditure of £65,870 to date, having taken into account the additional income. Full details of the major variations listed below, are included in **Annex 1**:

Planning Service:	£
Additional employee costs	58,420
Possible re-instatement of Compliance Officer post identified as a saving for 2007/08	14,710
Re-instatement of historic buildings grant	<u>15,000</u>
	88,130
Offset by: additional income (paragraph 3.2 above)	<u>154,000</u>
	<u>65,870</u>

- 3.6 The £88,130 over-spend in Planning is mainly the result of additional employee costs of restructuring which will achieve a long term cost reduction.
- 3.7 In March 2007 the Authority approved the 2007/08 budget of £4.426 million which took account of savings of £110,000. Resources and Performance Committee set the level of savings to be achieved but left it to officers' discretion to identify the sources, subject to the proviso that spending should not be taken from the two purposes or planning enforcement.
- 3.8 The Historic Buildings Grant was originally included in the savings exercise but in the event £15,000 was still required to meet existing commitments. However no new payments will be made in 2007/08.
- 3.9 Although approved in principle as part of the original budget, given other pressures on the Planning Directorate budget, the two-year Compliance Officer post was included in the savings exercise. The additional income from the Planning Delivery Grant (for 2007/08 only) provides an opportunity to reinstate the post. Resources and Performance Committee has however referred the decision on whether funding for the post should be approved to the Authority given the ongoing uncertainty over future funding and the risk that expenditure could exceed available funds in future years. Further information on the role and alternative calls on the funds are provided in **Annex 2**.

4 Recommendations

Members are requested to:

- 1 Note the current expenditure position.**
- 2 Approve the budget transfers arising from the recent restructuring.**
- 3 Decide whether to fund a two-year Compliance Officer post from the Planning Delivery Grant; with the associated transfer of £26,000 to a specific reserve; transfer the funds to the General Reserve; or use them to offset other new budget pressures.**
- 4 Approve the items set out in the revised General Fund budget in Annex 1, subject to any amendments needed to reflect the decision on the Compliance Officer post.**
- 5 Approve the transfer of the net balance of £39,870 to the General Fund Reserve, subject to any amendments needed to reflect the decision on the Compliance Officer post.**

NFNPA 200/07 ANNEX 1

**FORECAST FULL YEAR REVENUE EXPENDITURE 2007/08
AND ACTUAL FOR THE PERIOD APRIL 2007 TO JULY 2007**

	FULL YEAR FORECAST					PERFORMANCE TO JULY			
	1	2	3	4	5	6	7	8	9
	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	%
Planning	1,066	0	-63	1003	1	334	291	-43	87
Conservation, Recreation and Sustainable Development	865	0	280	1,145	2	264	208	-56	79
Understanding and Enjoyment	635	0	-568	67	3	13	18	5	138
Information and Visitor Services	255	0	305	560	4	197	165	-32	84
Member Services	172	0	0	172		52	47	-5	90
Secretariat	195	0	0	195		82	53	-29	65
Corporate Services	342	0	0	342		114	104	-10	91
Information Technology	216	0	0	216		74	80	6	108
Central Overheads	444	0	0	444		124	60	-64	48
Accommodation	248	0	0	248		133	123	-10	92
Development Costs	108	0	0	108		5	27	22	540
Service Expenditure	4,546	0	-46	4,500		1,392	1,176	-216	84
Investment & Interest Income	-120	0	-20	-140	5	-40	-37	3	0
Net Expenditure	4,426	0	-66	4,360		1,352	1,139	-213	84
Transfer to (from) Specific Res.	0	0	26	26	6	0	0	0	0
Transfers to (from) General Res.	0	0	40	40	7	0	0	0	0
TOTAL REVENUE	4,426	0	66	4,426		1,352	1,139	-213	84

Notes:

1 - Planning

Transfer of Graphic Designer / Planning Technician to Information and Visitor Services.		-17
Planning Delivery Grant		-125
Income from search requests		-9
Additional cost of agency staff against vacant planner post.	8	
Extension of contract for part time Building Design Officer	12	
Restructuring Costs	64	
Savings in vacant posts	-26	58
Reinstatement of Compliance Officer post held vacant to meet savings target.		15
Reinstatement of Historic Buildings grant budget used to meet savings target		15
		<u><u>-63</u></u>

2 - Conservation, Recreation and Sustainable Development

Transfer of staff and expenditure budgets from Understanding and Enjoyment.		295
Transfer of funding for 50% of Graphic Designer / Planning Technician to Information and Visitor Services		-17
Transfer of work order 100036 'Support for Sustainable Tourism' from Information, Interpretation and Tourism to Traffic and Transport		2
		<u><u>280</u></u>

3 - Understanding and Enjoyment

Transfer of staff and expenditure budgets to Conservation, Recreation and Sustainable Development and Information and Visitor Services		<u><u>-568</u></u>
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4 - Information and Visitor Services

Transfer of staff and expenditure budgets from Understanding and Enjoyment.		273
Transfer of funding for Graphic Designer / Planning Technician.		34

Transfer of work order 100036 'Support for Sustainable Tourism' from Information, Interpretation and Tourism to Traffic and Transport	-2
	<u><u>305</u></u>
5 - Investment and Interest Income	
Additional income from interest earnings	<u><u>-20</u></u>
6 - Transfer to Specific Reserves	
Transfer to fund Compliance Officer continuing into 2008/9	<u><u>26</u></u>
6 - Transfer to General Fund Reserve	
Transfer of net balance of budget reductions to General Fund Reserve	<u><u>44</u></u>

Compliance Officer - role and alternative funding priorities

1 Introduction

- 1.1 If re-instated, a Compliance Officer post would cover the period to end March 2009, at an overall cost of £39,000. Background on the role is set out in sections 2 – 3 below. Alternative uses of the funds are summarised in Section 4.

2 Background

The Authority's current enforcement action is based on a mainly reactive service with three enforcement officers dealing with roughly 600 complaints/investigations a year. At present, and subject to the outcome of a review of enforcement procedures, there is not capacity to develop and operate compliance monitoring systems, which would aim to establish and maintain comprehensive records of requirements related to planning permissions; and pro-actively to ensure that they are met. The 'Accolaid' planning system used by the Authority is capable of supporting this work but the development work needed to utilise the capability has not been done.

3 The Compliance Officer role

- 3.1 If appointed, a compliance officer would:
- Record and maintain details of all relevant planning permissions for compliance and monitoring on a database.
 - Record and maintain details of all relevant legal agreements and contributions payments for compliance and monitoring.
 - Investigate and progress the submission of details required by conditions attached to planning approvals.
 - Process requests for minor amendments in consultation with the relevant Planning Officer.
 - Monitor new development on site to ensure that it is undertaken in accordance with the approved plans.
 - Identify and investigate non-compliant development and liaise with the Senior Monitoring and Enforcement Officer to seek remedies as appropriate.
 - Assist with the discharge of conditions in consultation with the relevant Planning Officer.
- 3.2 The compliance function would also be provided for conservation area and listed building consents.
- 3.3 Investigation of practice in some neighboring authorities and some national parks has revealed no clear model. A few have dedicated posts, within which there are normally 'thresholds' for monitoring purposes, some rely on alternative

information e.g. building control team information, and others use enforcement officers – when capacity and case load permits. Only one of the five national parks questioned currently uses a dedicated (part time) resource, one spreads the work among the enforcement officers and three would like to employ a dedicated officer but have not done so, or if they have they have been diverted onto enforcement work.

4 Alternative funding priorities

- 4.1 The funding of a Compliance Officer must be considered in the context of competing funding priorities and the future funding position.

Transfer to the General Fund

- 4.2 Funding levels after 2007/08 are not known, are expected to be constrained at best and amount to a real terms cut at worst. This is against a background where the Authority's long term financial strategy has already indicated a growing shortfall between expenditure and available funds year on year. Until future levels of funding are known the most prudent course would be to transfer all "surplus" funds from the Planning Delivery Grant into the General Fund Reserve for use in future years and not to commit expenditure to the Compliance Officer post. This approach might nevertheless unnecessarily constrain innovation or opportunities to support imaginative projects with potential in non-planning areas.

New budget pressures

- 4.3 Alternatively, the funds could be used to deal with latent budget pressures or new and unforeseen initiatives or partnership opportunities.
- 4.4 Latent budget pressures are items that were not foreseen or built into the original budget, are not yet quantifiable and may not materialise. Examples might include any costs associated with challenging proposals for or decisions on developments outwith the National Park which would be harmful to its special qualities; or costs of ensuring a smooth transition e.g. through retention of staff, between current and successor funding streams such as LEADER.
- 4.5 New initiatives and opportunities for partnership working arise on a regular basis and each needs to be considered on its merits in relation to the long term benefit to the National Park. At present there are no unallocated funds to meet these needs. A recent example is the development of a joint ranger post with the National Trust, on a pilot basis, at a cost of around £32,000 over two years. The post would enable the Authority to have a presence in the north of the national park in an area not covered by existing ranger services and to assess the pilot's suitability for wider application with other organisations and in other areas which do not currently have a ranger service.