

NEW FOREST NATIONAL PARK AUTHORITY

AUTHORITY MEETING – 16 OCTOBER 2008

BUDGETARY CONTROL REPORT FOR THE PERIOD TO 30 SEPTEMBER 2008

Report by: Paul Carey-Kent, Chief Finance Officer

Summary

This paper reports on the actual expenditure for the six months to 30 September 2008 together with the forecast outturn for 2008/09. It indicates that, whilst spend to date suggests that there may be some underspending, plans are in place to spend to the level of a balanced budget.

The report also sets out the Authority's position in respect of the difficulties faced by Icelandic banks.

Ordinarily such monitoring reports are considered first by the Resources and Performance Committee, but in this case there was no suitable meeting so this report is being made direct to the full Authority. The Resources and Performance Committee will consider a monitoring report on the position to the end of October at its meeting on 4 December.

Recommendations:

- 1 Consider the current expenditure position**
- 2 Note the position of the Reserves.**

Resources:

Routine

Papers:

- NFNPA 268/08:** Cover paper
NFNPA 268/08 Annex 1: Budget monitoring summary
NFNPA 268/08 Annex 2: Summary of reserves

Contact:

Paul Carey-Kent

Tel: 01962 847525

email: ctmtpc@hants.gov.uk

NEW FOREST NATIONAL PARK AUTHORITY

AUTHORITY MEETING - 16 OCTOBER 2008

BUDGETARY CONTROL REPORT FOR THE PERIOD TO 30 SEPTEMBER 2008

Report by: Paul Carey-Kent, Chief Finance Officer.

1 Introduction

1.1 This report shows the current financial position as at 30 September 2008.

2 General Fund current position

2.1 The current approved net expenditure budget for 2008/09 is £4.548 million.

2.2 The current detailed General Fund position is attached as **Annex 1**. The summary shows a profiled net expenditure budget for the first half of the year of £2.274 million against actual expenditure of £1.863 million; the current underspend against budget as at 30 September is £411,000.

2.3 An analysis of the variations between actual net expenditure to date and profiled budget is as follows:

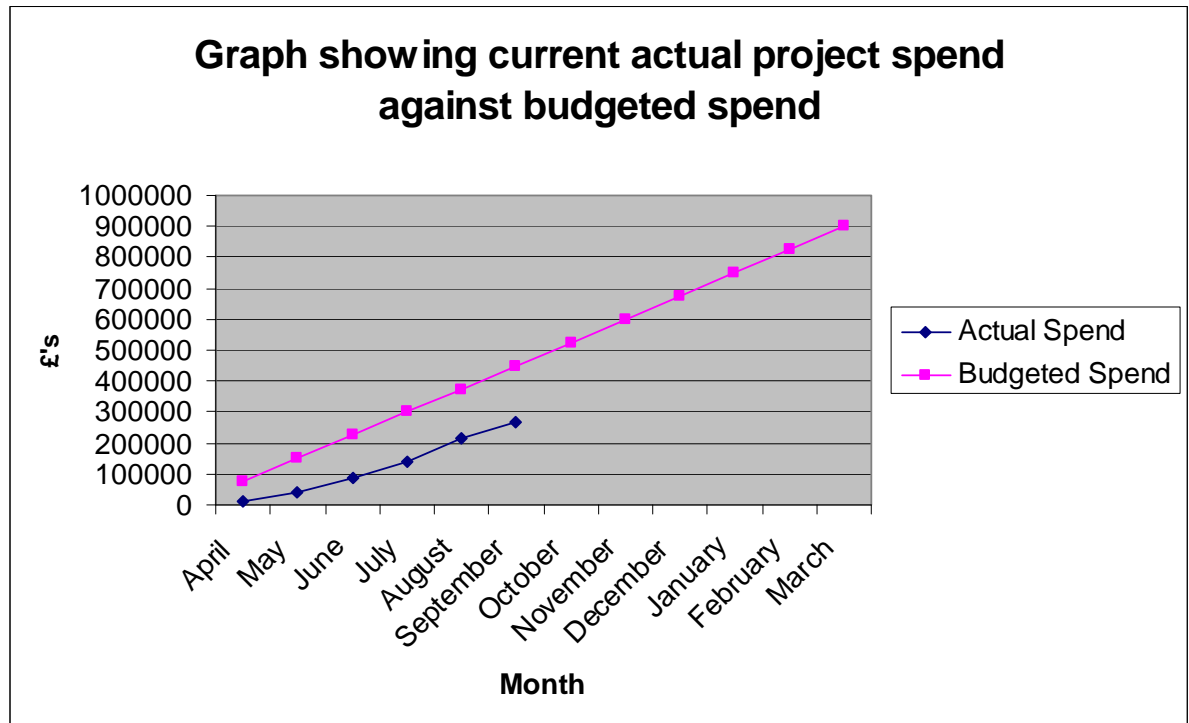
	£
Planning - Projects	-73,000
CRSD – Projects	-120,000
Sustainable Development Fund	-115,000
Central Overheads	-62,000
Salaries	-64,000
Miscellaneous	<u>23,000</u>
	<u>-411,000</u>

2.4 Budget Responsible Officer proposals/comments:

2.4.1 **Salaries:** Currently underspent by £64,000 (2%), however £31,000 relates to the expected pay award.

2.4.2 **Income:** Planning income is currently exceeding the expected amount at this stage by £3,000. However, given the current economic conditions we are now projecting to only achieve 95% of the budgeted income figure; this would represent a cost to the Authority of approximately £15,000.

2.4.3 **Projects:** These have a total budgeted spend of £0.9 million, of which 30% has been spent to date. Reasons for the current underspend are set out below:



- The outgoing Director of Planning has identified a year-end outturn on projects of around £42,000 underspend. This is largely due to a low uptake of Historic Building Grants; and budgetary provision in 2008/09 to purchase Planning Consultation Software which has actually been licensed over three years.
- Conservation, Recreation and Sustainable Development projects are currently underspent by £120,000; however 63% (£75,000) of this variance is due to just six projects. The Director has investigated these six projects individually and states that he is confident these budgets will be fully spent this year.

2.4.4 Project spend in Information and Visitor Services is currently matching profile. In addition, £12,000 of spending pressure has been identified relating to the New Forest Centre and Mobile Unit.

2.4.5 **Sustainable Development Fund:** is continuing to show a significant underspend to profile (£115,000). The nature of the scheme where expenditure

is demand-led by grant recipients makes precise expenditure profiling difficult. In 2008/09 to date £110,000 of the £248,000 budget has been allocated, however only £10,000 of actual expenditure has been incurred. Should any of this budget remain unspent at year end, it will be transferred to the ring-fenced Sustainable Development Fund Reserve.

- 2.4.6 **Other:** The Head of Member Services is reporting a projected outturn will be £7,000 over budget due to the payment of backdated Members' Allowances.
- 2.4.7 **Central Costs:** Spend in some areas is uneven with several items being paid for in advance whilst others are paid in arrears.
- 2.4.8 **Conclusion:** The overall underspend appears significant, however a large proportion of this is due to profiling issues, particularly ongoing projects for which the Authority has yet to be invoiced. Some spending pressures, totalling £49,000, have emerged, but are likely to be offset by the underspend identified in Planning Projects and some small general underspends elsewhere. Project spend is running at 30% after half of the year; however directors state that the budget will be fully spent by year-end. If they are right, then a balanced budget will result.

3 Reserves

- 3.1 **Annex 2** to this report shows the Authority's Reserves position as at 1 April 2008 and the estimated position as at 31 March 2009.
- 3.2 Members will wish to be aware that £0.5 million of the Authority's money was invested in the Heritable subsidiary (incorporated in UK) of the Icelandic bank Landsbanki, which went into receivership on 7 October. The investment was made in line with the Authority's Treasury Management policies and was for a year from March 2008 at which time Icelandic banks had high credit ratings. Many other local authorities invested similarly at that time. Clearly this is a concern, though Iceland's Prime Minister has stated 'I think it is very unlikely that the assets owned by Landsbanki in the UK will not be able to take care of this situation', and the Local Government Association is lobbying the Government to extend relevant guarantees to local authority investments. Sums due back shortly will be delayed, but matters should be clearer by the time the Authority is due to receive £0.5 million plus interest in March 2009. Members will updated on any developments.

4 Recommendations

- 1 Consider the current expenditure position.**
- 2 Note the position of the Reserves.**

Budget Monitoring Summary

As at 30.09.08 (50% through the year)

		Original Budget	Payments to date	Payments to date as % of original budget	Virements	Projected Outturn	Variation
		(1) £	(2) £		(3) £	(4) £	(1)-(3)-(4) £
Planning	Projects	226,500	39,919	18%	0	184,500	-42,000
	Other	75,520	50,606	67%	0	89,520	14,000
	Income	-315,540	-161,280	51%	0	-300,000	15,540
Conservation, Recreation and Sustainable Development	Projects	373,000	66,721	18%	0	373,000	0
	SDF	248,000	8,807	4%	0	248,000	0
	Other	48,020	12,676	26%	0	48,020	0
Information and Visitor Services	Projects	297,970	159,400	53%	0	309,970	12,000
	Other	11,880	0	0%	0	11,880	0
Member Services		77,310	42,734	55%	0	84,310	7,000
Secretariat		67,310	44,603	66%	0	67,310	0
Corporate Services		52,500	9,560	18%	0	52,500	0
Information Technology		151,360	59,737	39%	0	151,360	0
Central Overheads		485,620	181,240	37%	0	485,620	0
Accommodation		247,850	137,856	56%	0	247,850	0
Salaries		2,620,510	1,245,788	48%	0	2,620,510	0
Investment and Interest Income		-120,000	-35,580	30%	0	-120,000	0
		4,547,810	1,862,788	41%	0	4,554,350	6,540

Profiled Budget

2,273,905

Profiled (Under)/Overspend to date

-411,117

Summary of Reserves

	As at 31/03/2008	2008/09 Approved	New Variations	Estimated 31/03/2009
	£	£		£
Sustainable Development	189,330	- 48,000	-	141,330
Local Development Framework	65,000	-	-	65,000
Donations	135	-	-	135
Compliance Officer	26,000	- 26,000	-	-
SSSI Reserve	190,000	-100,000	-	90,000
General Reserve	1,932,545	- 462,845	-	1,469,700
Developers Contributions	56,196	21,658	-	77,854