

NFNPA RAPC 352/18

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 5 FEBRUARY 2018

THIRD QUARTER BUDGETARY CONTROL REPORT 2017/18

Report by: Nigel Stone, Chief Finance Officer and Chris Pathmadeva, Finance and Procurement Officer.

Purpose:

This report provides a summary of financial performance up to the end of December 2017, the first nine months of the 2017/18 financial year.

1. Introduction

1.1 This report provides a summary of financial performance in the first nine months of 2017/18, providing detail on potential variances and the responses to them. **Annex 1** sets out the summary financial position, **Annex 2** includes indicative splits of the 2017/18 budgets across the four aims and the statutory accounting format; further detail is then provided on the Programme Fund (**Annex 3**), Authority-led Partnership Projects (**Annex 4**) and Developer Contributions / Reserves (**Annex 5**).

2. Current Position

2.1 The overall income and expenditure budgets for 2017/18 are £5.30m, as shown in Annex 1. This includes £1.19m from Authority-led partnership projects (externally-funded).

2.2 The overall expenditure position shows £3.77m spend over the first nine months of the financial year (71% of budget). Without the partnership projects, spend was £3.10m from a budget of £4.11m (75%).

2.3 The overall income position shows £3.64m received (69% of budget) over the first nine months of the financial year. Without the partnership projects, income was £3.04m from a budget of £4.11m (74%).

3. Budgetary Review Process

- 3.1 All budget holders were requested to scrutinise their budgetary positions and provide details of known or potential over- or underspends. At this stage of the year this also included projecting their final year-end position; key responses and outcomes are included below.

4. Budget Analysis

- 4.1 Overall the figures after nine months of the financial year, shown in detail in Annex 1, are on track and no significant issues have emerged. However, there are a few variances and/or potential trends to be highlighted.

4.2 Potential Savings:

From 17 January 2018 planning fees are set to rise by 20% across the country, this could equate to approximately £7-8,000 in additional fees for the Authority from the last quarter (note: even after the increase, planning fees still do not cover the full actual costs of determining applications and these funds have to be re-invested in the Planning Service).

Although no further specific savings have been identified at this stage, it is very likely that the cumulative small savings across the budget lines could add up to around £5-10,000 as it has in previous years.

4.3 Potential Pressures:

Members will be aware from previous budget monitoring reporting this year, the Authority had a number of staff off on maternity and the additional costs of these were more than counteracting the vacancy factor (by c£20,000 at Q2). Since this time, the overspend has eased and projections currently show any variance will be minimal by year-end.

Costs of the Local Plan revision (in particular the evidence & data requirements) have escalated this year and it is now estimated to total around £40,000. Much of the additional costs can be covered from savings elsewhere within the planning expenditure budgets but a small net shortfall is likely. The final costs arising from the public examination phase will be budgeted for in 2018/19.

The Our Past, Our Future Landscape Partnership Scheme (OPOF), funded largely by the Heritage Lottery Fund, still has a shortfall in its cash match funding. However the Project Manager has undertaken a full review, reported back to its Programme Board and recently identified further funding. There is still potential for the Authority to be asked for some further funding to bridge the final gap, therefore enabling the project to unlock the full HLF funds; this situation is being closely monitored by the Chief Finance Officer.

5. Sustainable Communities Fund (SCF) Monitoring

- 5.1 The SCF allocation for 2017/18 is £50,000 of which £30,000 has already been earmarked as a contribution towards the OPOF project. This funding has been paid over to the OPOF project.
- 5.2 As well as allocating the £20,000 of new funding, there is also an amount which has been allocated previously but is yet to be claimed – at the start of this year, the amount ‘allocated but unclaimed’ stood at c£28,000.
- 5.3 After nine months of the year, over £38,000 has been claimed from the total funds available of £78,000.

6. Developer Contributions

- 6.1 As detailed in Annex 5, during the first nine months of the financial year a further £24,000 has been received in respect of developer contributions and £44,000 spent/released.

7. Reserves Position

- 7.1 As detailed in Annex 5, the General Fund Reserve remains at £300,000 and is projected to do so until the end of the financial year.
- 7.2 Earmarked reserves are being utilised in line with the budget approved by the Authority in March 2017. This includes £70,000 from the Revenue Support Reserve (of which c£45,000 was a carry forward from 2016/17), up to £28,000 from the SCF Reserve, up to £109,000 from the ICT Replacement & Renewals Fund and £80,000 of cumulative smaller movements.

8. Treasury Management Position

- 8.1 The Treasury Management position projects that the Authority will receive around £7-9,000 from interest on its investments and holdings this year (a return of 0.3%); this represents a shortfall of up to £2,000 from the original projection which was based on a 0.4% return.
- 8.2 Members will be aware from the November Committee meeting that there were some important regulatory changes due to come into force in January 2018. These changes would reclassify the Authority from a ‘professional investor’ to a ‘retail investor’, limiting some of the types of investments available to us. Further information was received shortly prior to the ‘live’ date from our Money Market Fund supplier giving assurance that they would be happy to continue offering the Fund to us as a retail investor – the funds have therefore remained unchanged. A further review of this position will be undertaken by the Chief Finance Officer when drafting the Treasury Strategy for 2018/19 in the coming months.

9. Recommendation

It is recommended that Members:

- 1 note the current income and expenditure position, including the potential savings and pressures identified**

Papers:

NFNPA/RAPC 352/18	Budgetary Control Report
NFNPA/RAPC 352/18 Annex 1	Budget Monitoring
NFNPA/RAPC 352/18 Annex 2	2017/18 Budget Formats
NFNPA/RAPC 352/18 Annex 3	Programme Fund
NFNPA/RAPC 352/18 Annex 4	Authority-led Partnership Projects
NFNPA/RAPC 352/18 Annex 5	Developer Contributions and Reserve Balances

Equality and Diversity Implications:

There are no specific equality or diversity implications arising out of this report.

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Annex 1

Budget Monitoring 2017/18
Summary Accounts for the period 1 April – 31 December 2017

	Original Budget	Payments to date	% of Budget Spent
	£000	£000	
<u>Expenditure:</u>			
Employee Costs (Salary, Travel, Pensions etc)	2,780	2,104	76%
Programme Fund	352	257	73%
Sustainable Communities Fund	78	38	49%
Strategy & Planning	80	70	88%
Central Costs (split below)	822	630	77%
Subtotal	4,112	3,099	75%
Authority-led Partnership Projects	1,192	668	56%
Total Expenditure	5,304	3,767	71%

<u>Income:</u>			
National Park Grant	-3,142	-2,369	75%
Planning Income	-295	-219	74%
Planning Grants	-45	0	0%
Shared Services	-324	-224	69%
Income Generation	-10	-6	60%
Investment & Interest Income	-9	-5	56%
Contribution from Revenue Support Reserve (estimated)	-70	-53	75%
Contribution from Other Earmarked Reserves (estimated)	-217	-163	75%
Subtotal	-4,112	-3,039	74%
Authority-led Partnership Projects	-1,192	-601	50%
Total Income	-5,304	-3,640	69%

Central Costs Split

	Latest Budget £000	Payments to Date £000	% of Budget Spent
Secretariat	49	50	102%
Human Resources	76	47	62%
ICT Services	163	159	98%
ICT R&R Fund	138*	81	59%
Member Services	60	43	72%
Finance & Audit Services	53	38	72%
Accommodation	204	155	76%
Business Support (e.g. insurance, printing, stationery)	79	57	72%
TOTAL	822	630	77%

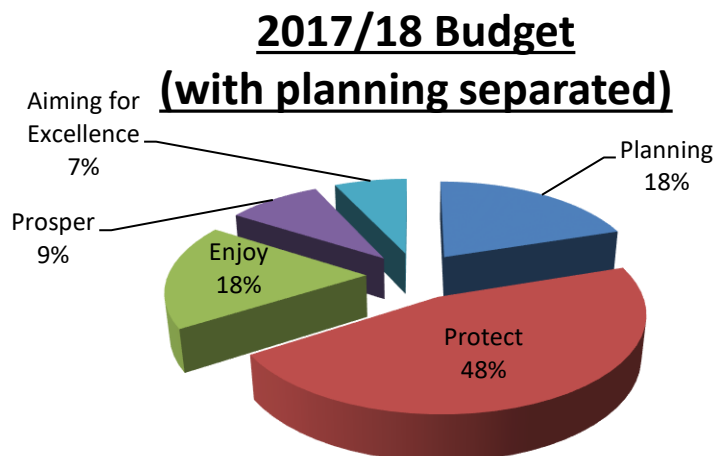
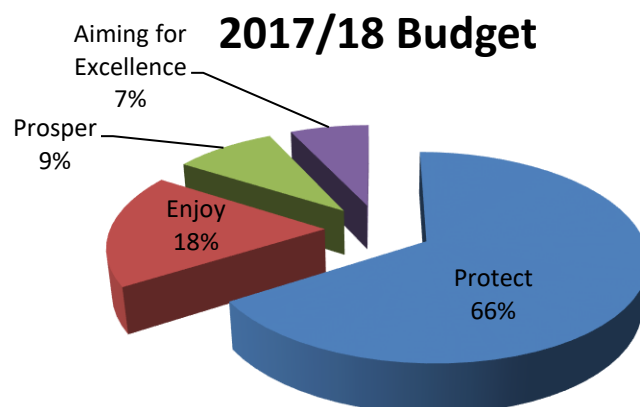
* The budget for the Replacement & Renewals fund is high this year due to a significant amount of ICT equipment and systems being due, or past due, for replacement (including most of the staff computers, plotters, microfiche and website system).

Annex 2

2017/18 Original Budget (£4.11m – not including partnership projects) shown as ‘Protect, Enjoy, Prosper & Aiming for Excellence’

	Protect*	Enjoy	Prosper	Aiming for Excellence
	£000	£000	£000	£000
Employee Costs (allocated)	1,888	434	233	225
Programme Fund	129	179	44	-
Sustainable Development Fund (approximation)	55	15	8	-
Strategy & Planning	80	-	-	-
Central Costs (allocated)	558	128	69	67
TOTAL	2,710*	756	354	292

*Includes up to £0.75m of costs directly related to the Planning Service



2017/18 Budget position in Authority's formal reporting format

	Budgeted Net Cost of Services 2017/18		Actual Expenditure April - Sept	Actual Income April - Sept	Net Actual April - Sept
	£000		£000	£000	£000
Conservation of the Natural Environment	507		1,061	-498	563
Conservation of Cultural Heritage	347		316	-36	280
Recreation Management and Transport	293		274	-91	183
Promoting Understanding	530		396	0	396
Rangers, Estates and Volunteers	136		158	-56	102
Development Control	633		780	-369	411
Forward Planning and Communities	504		420	0	420
Corporate and Democratic Core	488		362	0	362
SUBTOTAL	3,438		3,767	-1,050	2,717
National Park Grant	-3,142			-2,369	
Investment & Interest Income	-9			-5	
Use of Reserves	-287			-216	
TOTAL	0			-3,640	

Annex 3

Programme Fund 2017/18	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
PROTECT*	£000	£000		
Landscape Projects	5	0	0%	Projects underway but no invoices yet
Ecology and Catchment Co-ordination	14	0	0%	Work with Freshwater Habitats Trust
Woodfuel and Woodland Projects	5	5	100%	Upfront grant payment
Natural Environment Evidence Base (HBIC / WRC)	8	8	100%	All invoiced in Q2
Our Past, Our Future (Landscape Partnership)	56	56	100%	Upfront grant payment
FC Archaeology SLA	6	4	66%	
Green Halo	25	19	76%	
OTHER (Projects less than £5,000)	10	7	70%	
PROTECT SUBTOTAL	129	99	77%	
ENJOY*	£000	£000		
Access and Recreation	12	19	158%	Additional RMS expenditure
Health and Wellbeing	5	2	40%	
Education	8	6	75%	
Educational Campaigns	7	4	57%	
Interpretation & Information	8	6	75%	
New Forest Centre Agreement	40	30	75%	Grant quarterly in advance
Media and Promotion	23	13	56%	
Publications	24	7	29%	Significant spend usually in Q4
Partnership Publications	8	2	25%	Significant spend usually in Q4
Ranger Projects	31	25	81%	Includes purchase of replacement van
People and Wildlife Ranger Projects	5	3	60%	
OTHER (Projects less than £5,000)	8	4	50%	
ENJOY SUBTOTAL	179	121	68%	

	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
PROSPER*	£000	£000		
New Forest Marque	25	25	100%	Upfront grant payment
Sustainability Projects	5	2	40%	
Sustainable Tourism	6	2	33%	
Sustainable Transport	5	5	100%	
OTHER (Projects less than £5,000)	3	3	100%	
PROSPER SUBTOTAL	44	37	84%	
TOTAL EXPENDITURE	352	257	73%	

*The designation of projects to 'Protect, Enjoy & Prosper' are for illustrative purposes only and do not constitute the total funding allocated to each area by the Authority (see Annex 1).

Annex 4

Authority-led Partnership Projects 2017/18

	Authority Direct Financial Contributions	Partner Financial Contributions	Total Project Budget	Total Payments to date	Payments as % of budget	Notes on significant variations
	£000	£000	£000	£000		
Our Past, Our Future (HLF)	89	911	1,000	551	55%	Funding to be spent by all partners – On track, but not limited by financial years
New Forest Remembers	0	23	23	2	9%	Remaining legacy funding does not have to be spent this year
Pedall (Big Lottery)	0	133	133	21	16%	Project getting underway – project manager and ride leader have started.
Higher Level Stewardship	0	60	60	37	62%	
Land Advice Service	5	65	70	57	81%	
TOTAL	94	1,192	1,286	668	56%	

On average, for every £1 the Authority contributes it generates a further £13 from partner organisations

Annex 5

Developer Contributions:

	Affordable Housing	Open Space	Ecological Mitigation
	£000	£000	£000
Starting Balance	535	68	46
Funds Received	0	0	24
Funds Spent / Released	(26)	(12)	(6)
Current Balance	509	56	64

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	300	0	300
Earmarked Reserves:			
Revenue Support Reserve	139	(70)	69
Capital / Major Projects Reserve	817	(20)	797
Planning / Risk Reserve	150	0	150
Sustainable Communities Fund	28	(28)	0
ICT R&R Fund	109	(109)	0
Other	493	(60)	433
TOTAL	2,036	(287)	1,749