

## NFNPA RAPC 384/19

### NEW FOREST NATIONAL PARK AUTHORITY

### RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 4 FEBRUARY 2019

### THIRD QUARTER BUDGETARY CONTROL REPORT 2018/19

**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 2018, the first nine months of the 2018/19 financial year.

#### 1. Introduction

- 1.1 This report provides a summary of financial performance in the first nine months of 2018/19, 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 2018/19 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 2018/19 are £5.16m, as shown in Annex 1. This includes £1.14m from Authority-led partnership projects (externally-funded).
- 2.2 The overall expenditure position shows £3.64m spend over the first nine months of the financial year (71% of budget). Without the partnership projects, spend was £3.04m from a budget of £4.02m (76%).
- 2.3 The overall income position shows £3.54m received (69% of budget) over the first nine months of the financial year. Without the partnership projects, income was £3.00m from a budget of £4.02m (75%).

### **3. Budgetary Review Process**

- 3.1 All budget holders were requested to scrutinise their budgetary positions, provide details of known or potential over- or underspends and set out their likely outturn positions; 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:**

Although no specific significant 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.

Planning income is slightly above forecast at this stage (c£18k, 80% of annual budgeted total after three quarters).

#### **4.3 Potential Pressures:**

A budget of £40,000 was set for the costs of the Local Plan examinations this year, over £15,000 has already been spent/allocated and we are yet to receive a reliable estimate of the total Inspectors' costs for the hearings.

A provision for legal costs of £28,000 (regarding a planning case) was set aside in 2017/18, the final cost award is still yet to be determined and any amount above the provision would need to be taken from the Planning / Risk Reserve.

The staff salary budget is slightly overspent at this stage (c£7k) and there are a few additional pressures identified within Programme Fund budget lines in Annex 3, however these are likely to net out with small savings as mentioned in 4.2 above.

### **5. Sustainable Communities Fund (SCF) Monitoring**

- 5.1 The SCF allocation for 2018/19 is £50,000 of which £30,000 has already been earmarked as a contribution towards 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£38,000.

- 5.3 After nine months of the year, £38,000 has been claimed from the total funds available of £88,000.

## **6. Developer Contributions**

- 6.1 As detailed in Annex 5, during the first nine months of the financial year a further £16,000 has been received in respect of developer contributions and £23,000 spent/released.
- 6.2 As Members are aware, a very significant proportion of the remaining Affordable Housing contributions will likely be utilised to fund a pair of homes at the site in Burley for which planning permission has been granted.

## **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 2018. This includes £40,000 from the Revenue Support Reserve and £40,000 of cumulative smaller movements.

## **8. Treasury Management Position**

- 8.1 The current treasury management forecast projects that the Authority will receive around £11,000 from interest on its investments and holdings this year; this equates to an additional £1,000 from the original budget and a return of c0.45%.

## **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 384/19	Budgetary Control Report
NFNPA/RAPC 384/19 Annex 1	Budget Monitoring
NFNPA/RAPC 384/19 Annex 2	2018/19 Budget Formats
NFNPA/RAPC 384/19 Annex 3	Programme Fund
NFNPA/RAPC 384/19 Annex 4	Authority-led Partnership Projects
NFNPA/RAPC 384/19 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 2018/19**

**Summary Accounts for the period 1 April – 31 December 2018**

	Original Budget	Payments to date	% of Budget Spent
	£000	£000	
<b><u>Expenditure:</u></b>			
Employee Costs (Salary, Travel, Pensions etc)	2,828	2,128	75%
Programme Fund	286	233	81%
Sustainable Communities Fund	50	38	76%
Strategy & Planning	122	83	68%
Central Costs (split below)	734	556	76%
<b>Subtotal</b>	<b>4,020</b>	<b>3,038</b>	<b>76%</b>
Authority-led Partnership Projects	1,138	600	53%
<b>Total Expenditure</b>	<b>5,158</b>	<b>3,638</b>	<b>71%</b>

<b><u>Income:</u></b>			
National Park Grant	-3,196	-2,410	75%
Planning Income	-360	-288	80%
Planning Grants	-35	0	0%
Shared Services	-327	-224	69%
Income Generation	-12	-7	58%
Investment & Interest Income	-10	-9	90%
Contribution from Revenue Support Reserve (estimated)	-40	-30	75%
Contribution from Other Earmarked Reserves (estimated)	-40	-30	75%
<b>Subtotal</b>	<b>-4,020</b>	<b>-2,998</b>	<b>75%</b>
Authority-led Partnership Projects	-1,138	-545	48%
<b>Total Income</b>	<b>-5,158</b>	<b>-3,543</b>	<b>69%</b>

### **Central Costs Split**

	<b>Latest Budget £000</b>	<b>Payments to Date £000</b>	<b>% of Budget Spent</b>
Secretariat	56	47	84%
Human Resources	77	51	66%
ICT Services	173	156	90%
ICT R&R Fund	40	1	3%
Member Services	60	44	73%
Finance & Audit Services	51	33	65%
Accommodation	205	161	79%
Business Support (e.g. insurance, printing, stationery)	72	63	88%
<b>TOTAL</b>	<b>734</b>	<b>556</b>	<b>76%</b>

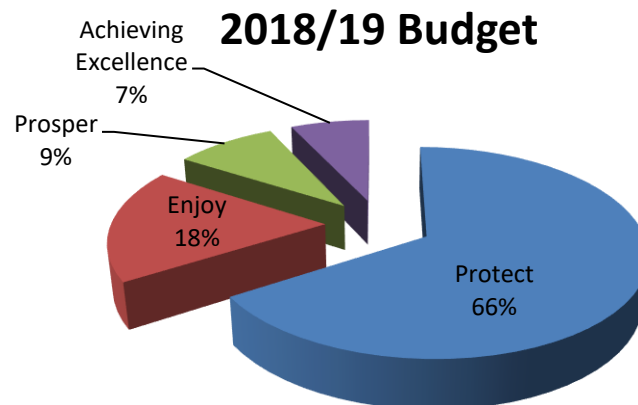
**Annex 2**

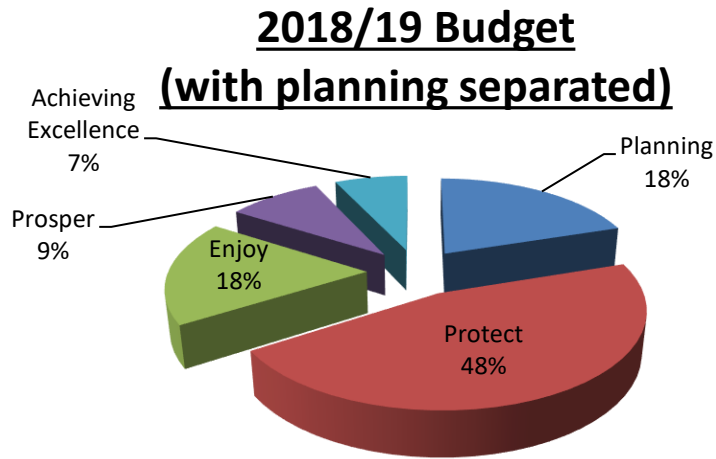
**2018/19 Original Budget (£4.02m – not including partnership projects) shown as**

	<b>Protect*</b>	<b>Enjoy</b>	<b>Prosper</b>	<b>Achieving Excellence</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employee Costs (allocated)	1,886	456	263	223
Programme Fund	104	144	38	-
Sustainable Communities Fund (approximation)	35	10	5	-
Strategy & Planning	122	-	-	-
Central Costs (allocated)	507	114	56	57
<b>TOTAL</b>	<b>2,654*</b>	<b>724</b>	<b>362</b>	<b>280</b>

**'Protect, Enjoy, Prosper & Achieving Excellence'**

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





**2018/19 Budget position in Authority's formal reporting format**

	<b>Budgeted Net Cost of Services 2018/19</b>		<b>Actual Expenditure April - June</b>	<b>Actual Income April - June</b>	<b>Net Actual April - June</b>
	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
Conservation of the Natural Environment	499		851	-449	402
Conservation of Cultural Heritage	336		281	-76	205
Recreation Management and Transport	214		249	-48	201
Promoting Understanding	508		421	0	421
Rangers, Estates and Volunteers	116		96	-50	46
Development Control	617		908	-372	536
Forward Planning and Communities	522		447	-69	378
Corporate and Democratic Core	474		385	0	385
<b>SUBTOTAL</b>	<b>3,286</b>		<b>3,638</b>	<b>-1,064</b>	<b>2,574</b>
National Park Grant	-3,196			-2,410	
Investment & Interest Income	-10			-9	
Use of Reserves	-80			-60	
<b>TOTAL</b>	<b>0</b>			<b>-3,543</b>	



### Annex 3

<b>Programme Fund 2018/19</b>	<b>Original Project Budget</b>	<b>Payments to date</b>	<b>% of Budget Spent</b>	<b>Notes on significant variations</b>
<b>PROTECT*</b>	<b>£000</b>	<b>£000</b>		
Ecology and Catchment Co-ordination	14	0	0%	Freshwater Habitats Trust, invoiced in Q4
Woodfuel and Woodland Projects (NFLAS)	5	5	100%	Upfront grant payment
Natural Environment Evidence Base (HBIC / WRC)	8	8	100%	Annual payments all made
Our Past, Our Future (Landscape Partnership)	56	56	100%	Upfront grant payment
Archaeology Work (FC/NFDC)	6	4	66%	
Green Halo Partnership	5	10	200%	Further income requested from partners
OTHER (Projects less than £5,000)	10	6	60%	
<b>PROTECT SUBTOTAL</b>	<b>104</b>	<b>89</b>	<b>86%</b>	
<b>ENJOY*</b>	<b>£000</b>	<b>£000</b>		
Access and Recreation	12	10	83%	
Health and Wellbeing	5	4	80%	
Education (Travel Grants and Resources)	8	6	75%	
Educational Campaign Resources	7	2	29%	
Interpretation & Information	8	10	125%	
NF Centre / Information Services	30	30	100%	
New Forest Show	5	9	180%	Includes purchase of interactive game to be used at future events too
Media and Promotion	23	20	87%	
Publications	24	10	42%	Significant spend usually in Q4
Partnership Publications	8	0	0%	Spend usually in Q4
Ranger Projects	7	6	86%	
People and Wildlife Ranger Projects	5	3	60%	
OTHER (Projects less than £5,000)	2	1	50%	
<b>ENJOY SUBTOTAL</b>	<b>144</b>	<b>111</b>	<b>77%</b>	

	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
<b>PROSPER*</b>	<b>£000</b>	<b>£000</b>		
New Forest Marque	22	22	100%	Upfront grant payment
Sustainable Transport	5	7	140%	Additional costs for railway station signs
OTHER (Projects less than £5,000)	11	4	36%	
<b>PROSPER SUBTOTAL</b>	<b>38</b>	<b>33</b>	<b>87%</b>	
<b>TOTAL EXPENDITURE</b>	<b>286</b>	<b>233</b>	<b>81%</b>	

\*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 2018/19**

	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	444	44%	Funding to be spent by all partners – On track, but not limited by financial years
New Forest Remembers	0	22	22	0	0%	Remaining legacy funding does not have to be spent this year
Pedall (Big Lottery)	0	80	80	61	76%	Significant spend in Q3 due to securing Burley site for HQ
Higher Level Stewardship	0	60	60	42	70%	
Land Advice Service	5	65	70	53	76%	
<b>TOTAL</b>	<b>94</b>	<b>1,138</b>	<b>1,232</b>	<b>600</b>	<b>49%</b>	

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

**Annex 5**

**Developer Contributions:**

	<b>Affordable Housing</b>	<b>Open Space</b>	<b>Ecological Mitigation</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Starting Balance	530	87	85
Funds Received	0	0	16
Funds Spent / Released	0	(17)	(6)
<b>Current Balance</b>	<b>530</b>	<b>70</b>	<b>95</b>

**Current Reserve Balances:**

	<b>Starting Balance</b>	<b>Projected Movement</b>	<b>Closing Balance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Fund Reserve	300	0	300
Earmarked Reserves:			
Revenue Support Reserve	63	(40)	23
Capital / Major Projects Reserve	597	0	597
Planning / Risk Reserve	150	0	150
Other	498	(40)	458
<b>TOTAL</b>	<b>1,608</b>	<b>(80)</b>	<b>1,528</b>