

NFNPA RAPC 430/20

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 7 SEPTEMBER 2020

APRIL - JULY BUDGETARY CONTROL REPORT 2020/21

Report by: Nigel Stone, Head of Resources (Chief Finance Officer)

Purpose:

This report provides a summary of financial performance up to the end of July 2020, the first four months of the 2020/21 financial year.

Section 3 of the report includes an update for Members on the known and potential financial implications for the Authority of the Coronavirus (C19) pandemic and section 9 details how we are moving forward with the upcoming government Comprehensive Spending Review.

1. Introduction

1.1 This report provides a summary of financial performance in the first four months of 2020/21, 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 2020/21 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 2020/21 are £4.44m, as shown in Annex 1. This includes £0.58m from Authority-led partnership projects (externally-funded).

2.2 The overall expenditure position shows £1.66m spend over the first four months of the financial year (37% of budget). Without the partnership projects, spend was £1.43m from a budget of £3.87m (37%).

2.3 The overall income position shows £2.21m received (50% of budget) over the first four months of the financial year. Without the partnership projects, income was £2.01m from a budget of £3.87m (52%).

- 2.4 At the start of April 2020, the Authority successfully moved across to an entirely new version of our financial system, Business World (Agresso), in a project undertaken and led on our behalf by New Forest District Council. This was the first major change within the financial system since the inception of the Authority nearly fifteen years ago and not only adds new functionality/usability to the system but also allows access via the web rather than being hosted locally – a significant benefit given our new distanced working practices. Although the project timescale slipped from late 2019, it was within budget.

3. Budgetary Review Process & C19 Impacts

- 3.1 All budget holders were requested to scrutinise their budgetary positions and provide details of known or potential early over- or underspends; key responses and outcomes are included in section 4 below.
- 3.2 As stated to this Committee in June, the Authority has seen fairly minor financial impacts to date as a result of C19. The table below details those impacts and how they are likely to materialise / be funded:

C19 Impact	Details / Current position
Defra Grant	No reduction for 2020/21; future grant dependant on autumn Comprehensive Spending Review.
Planning Fee Income	Planning application numbers identical to 2019/20, income currently c£40k short of budget but some larger applications / fees expected shortly.
External Funding Income	Further delay in England Coast Path route determination, additional salary costs of up to £30k. NF Tour season shorter, potential for some subsidy requirement.
Additional Expenditure	Additional support for Pedall of c£15k.
Investments, Pensions	Investment income down up to 25% (£4k). Impact on pension scheme will not be known until the next valuation in May 2021 but likely to be significant deterioration.

It is currently believed that it should be possible to cover these variances from cumulative smaller savings elsewhere or, at worst case, through temporary use of the Capital / Major Projects Reserve. They will all be kept under review and further information given to Members at the next meeting in November.

3.3 As members will be aware, when setting out our National Park Grant for the 2020/21 financial year, Defra mandated that at least 5%, c£160,000, should be directly spent on biodiversity (this could include staffing or non-staffing expenditure and cover existing as well as new costs). Given our work through Environment & Rural Economy Team, Land Advice Service and across the organisation we can already evidence such spend levels, however we have also specifically identified a pot of £60,000 this year to invest further into biodiversity / nature recovery work.

4. General Budget Analysis

4.1 Overall the figures after four months of the financial year, shown in detail in Annex 1, are largely still on track and no significant issues have emerged other than those mentioned above in relation to the C19 pandemic.

4.2 As previously noted, a number of small savings often occur across budget lines which cumulatively will aid the financial position towards the end of the year.

5. Sustainable Communities Fund (SCF) Monitoring

5.1 The SCF budget for 2020/21 is £30,000 and, after four months of the year a total of £2,000 has been claimed.

6. Developer Contributions

6.1 As detailed in Annex 5, during the first four months of the financial year a further £13,000 has been spent in respect of developer contributions but none received.

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.

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 Should any additional funds be required from additional expenditure or reduced income related to C19, this would initially be taken from the Capital / Major Projects Reserve with a plan put in place to return these funds within an appropriate timescale.

7.3 Earmarked reserves are being utilised in line with the budget approved in March 2020. This includes £22,000 carried forward within the Revenue Support Reserve and £40,000 of cumulative smaller movements.

8. Treasury Management Position

- 8.1 The early Treasury Management position, clearly affected by the economic impacts of C19, projects that the Authority will receive around £8-10,000 from interest on its investments and holdings this year (a return of around 0.4%); this represents a decrease of £2-4,000 from the original projection of £12,000. As previously, a full review of the position will be undertaken and presented within the half-year budgetary control report.

9. Comprehensive Spending Review

- 9.1 Having largely now dealt with the significant resource requirements within the finance team from dealing with C19-related issues and the completion of the 2019/20 Accounts, the next major focus will be the Comprehensive Spending Review; this was launched by the Chancellor on 21 July and is due to report in November.
- 9.2 The approach is two-fold in terms of firstly making the very clear case for the protection of all our existing grant funding and secondly the case for additional funding, given our unique position and skills/abilities as an organisation, to deliver government priorities for the environment within the 'green recovery' bills/plans – locally, regionally and nationally. This process is already underway through National Parks England, significant conversations with other funding bodies such as the LEP / Lotteries and will naturally link into the Partnership Plan prioritisation work.
- 9.3 It will be necessary to update our internal medium-term financial plan for how we would approach such outcomes/scenarios and, of course, to draft plans for any less positive outcomes too. Authority Members, particularly of this Committee, will be kept fully informed of such work and any funding decisions when they are known.

10. Recommendation

It is recommended that Members:

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

Papers:

NFNPA/RAPC 430/20	Budgetary Control Report
NFNPA/RAPC 430/20 Annex 1	Budget Monitoring
NFNPA/RAPC 430/20 Annex 2	2020/21 Budget Formats
NFNPA/RAPC 430/20 Annex 3	Programme Fund
NFNPA/RAPC 430/20 Annex 4	Authority-led Partnership Projects
NFNPA/RAPC 430/20 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 2020/21
Summary Accounts for the period 1 April – 31 July 2020

	Original Budget	Payments to date	% of Budget Spent
	£000	£000	
<u>Expenditure:</u>			
Employee Costs (Salary, Travel, Pensions etc)	2,727	895	33%
Programme Fund	260	113	43%
Sustainable Communities Fund	30	2	7%
Strategy & Planning	47	27	57%
Central Costs (split below)	802	392	49%
Subtotal	3,866	1,429	37%
Authority-led Partnership Projects	578	235	41%
Total Expenditure	4,444	1,664	37%

<u>Income:</u>			
Defra National Park Grant (95%)	-3,088	-1,749	57%
Defra Biodiversity Grant (5%)	-163	-93	57%
Planning Income	-380	-84	22%
Shared Services	-134	-47	35%
Income Generation (inc Affordable Housing)	-27	-9	33%
Investment & Interest Income	-12	-3	25%
Contribution from Other Earmarked Reserves (estimated)	-62	-21	34%
Subtotal	-3,866	-2,006	52%
Authority-led Partnership Projects	-578	-204	35%
Total Income	-4,444	-2,210	50%

Central Costs Split

	Latest Budget £000	Payments to Date £000	% of Budget Spent
Secretariat	45	35*	78%*
Human Resources	62	17	27%
ICT Services	190	137*	72%*
ICT R&R Fund	90	8	9%
Member Services	62	17	27%
Finance & Audit Services	51	5	10%
Accommodation	217	127*	58%*
Business Support (e.g. insurance, printing, stationery)	85	46*	54%*
TOTAL	802	392	49%

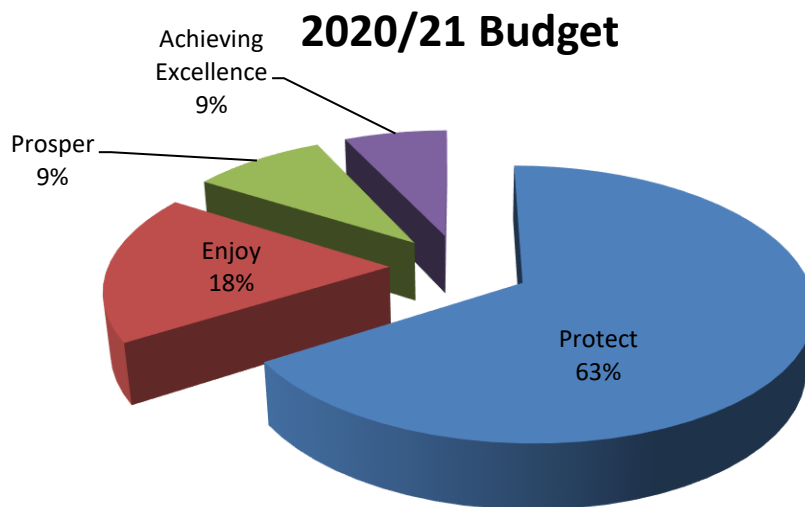
* Figures include significant annual invoices paid in advance (e.g. memberships, licences, business rates, insurance premium)

Annex 2

2020/21 Original Budget (£3.87m – not including partnership projects) shown as ‘Protect, Enjoy, Prosper & Achieving Excellence’

	Protect*	Enjoy	Prosper	Achieving Excellence
	£000	£000	£000	£000
Employee Costs (allocated)	1,802	428	229	268
Programme Fund	77	133	50	-
Sustainable Communities Fund (approximation)	21	6	3	-
Strategy & Planning	47	-	-	-
Central Costs (allocated)	501	145	77	79
TOTAL	2,448*	712	359	347

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



2020/21 Budget position in Authority's formal reporting format

	Budgeted Net Cost of Services 2020/21		Actual Expenditure April - July	Actual Income April - July	Net Actual April - July
	£000		£000	£000	£000
Conservation of the Natural Environment	548		348	-231	117
Conservation of Cultural Heritage	328		117	0	117
Recreation Management and Transport	213		116	-1	115
Promoting Understanding	476		209	0	209
Rangers, Estates and Volunteers	119		62	-22	40
Development Control	582		361	-84	277
Forward Planning and Communities	524		272	0	272
Corporate and Democratic Core	485		179	-6	173
SUBTOTAL	3,325		1,664	-344	1,320
National Park Grant	-3,251			-1,842	
Investment & Interest Income	-12			-3	
Use of Reserves	-62			-21	
TOTAL	0			-2,210	

Annex 3

Programme Fund 2020/21	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
PROTECT*	£000	£000		
Ecology and Catchment Co-ordination	14	0	0%	Work with Freshwater Habitats Trust
Woodland Management Projects (NFLAS)	5	5	100%	Upfront grant payment
Natural Environment Evidence Base (HBIC / WRC)	9	0	0%	Invoiced in Q2 and Q3
Our Past, Our Future (Landscape Partnership)	28	28	100%	Upfront grant payment
Archaeology Projects and SLAs	10	1	10%	
Green Halo Partnership	5	2	40%	
OTHER (Projects less than £5,000)	6	3	50%	
PROTECT SUBTOTAL	77	39	51%	
ENJOY*	£000	£000		
Access Improvements	15	4	27%	
Health and Wellbeing	5	0	0%	
Education (Travel Grants and Resources)	8	1	13%	
Recreation Management	13	10	77%	
Interpretation & Information	8	1	13%	
New Forest Show	6	0	0%	Likely saving
Media and Promotion	23	11	48%	
Publications	32	20	63%	
Contact Management System	8	0	0%	
Ranger Projects	7	0	0%	
People and Wildlife Ranger Projects	5	0	0%	
OTHER (Projects less than £5,000)	3	2	67%	
ENJOY SUBTOTAL	133	49	37%	

	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	0	0%	
Sustainable Transport	12	0	0%	
OTHER (Projects less than £5,000)	8	0	0%	
PROSPER SUBTOTAL	50	25	50%	
TOTAL EXPENDITURE	260	113	43%	

*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 2020/21

	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)	28	400	428	193	45%	Funding to be spent by all partners.
New Forest Remembers	0	18	18	0	0%	Remaining legacy funding does not have to be spent this year
Pedall (Big Lottery)	0	20	20	4	20%	
Higher Level Stewardship	0	70	70	22	31%	
Land Advice Service	5	70	75	16	21%	
TOTAL	33	578	611	235	38%	

On average, for every £1 the Authority contributes it generates a further £18 from partner organisations

Annex 5

Developer Contributions:

	Affordable Housing	Open Space	Ecological Mitigation
	£000	£000	£000
Starting Balance	556	31	109
Funds Received	0	0	0
Funds Spent / Released	0	(12)	(1)
Current Balance	556	19	108

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	300	0	300
Earmarked Reserves:			
Revenue Support Reserve	22	(22)	0
Capital / Major Projects Reserve	597	(50)	547
Planning / Risk Reserve	108	10	118
Other (net)	629	0	629
TOTAL	1,656	(62)	1,594