

**RAPC 415/20**

## **NEW FOREST NATIONAL PARK AUTHORITY**

### **RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 3 FEBRUARY 2020**

#### **THIRD QUARTER BUDGETARY CONTROL REPORT 2019/20**

**Report by:** Nigel Stone, Head of Resources (CFO) and Chris Pathmadeva, Finance and Procurement Officer.

**Purpose:**

This report provides a summary of financial performance up to the end of December 2019, the first nine months of the 2019/20 financial year.

#### **1. Introduction**

1.1 This report provides a summary of financial performance in the first nine months of 2019/20, 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 2019/20 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 2019/20 are £4.86m, as shown in Annex 1. This includes £0.96m from Authority-led partnership projects (externally-funded).

2.2 The overall expenditure position shows £3.48m spend over the first nine months of the financial year (71% of budget). Without the partnership projects, spend was £2.96m from a budget of £3.90m (76%).

2.3 The overall income position shows £3.57m received (73% of budget) over the first nine months of the financial year. Without the partnership projects, income was £3.09m from a budget of £3.90m (79%).

### **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; 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. Known positive and negative variances are likely to largely balance at year-end.

#### **4.2 Potential Savings:**

Investment interest is likely to be around £4,000 above the original projection for this year.

In addition to the savings have been directly 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:**

Staff costs are slightly above budget at this stage (c£20,000) but have been fully reviewed and are still likely to come in on budget by year-end.

'Core' planning income is slightly below forecast at this stage (70% of annual budgeted total after three quarters); this excludes the one-off large fee for the proposed Fawley development.

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

- 5.1 The SCF budget for 2019/20 is £30,000 and, after nine months of the year, around £17,000 has been claimed.

### **6. Developer Contributions**

- 6.1 As detailed in Annex 5, during the first nine months of the financial year a further £40,000 has been received in respect of developer contributions and £29,000 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 2019. This includes £30,000 from the Revenue Support Reserve and £37,000 of cumulative smaller movements.
- 7.3 Any remaining funding from the Fawley planning application fee will be set aside within a planning reserve at year-end to cover ongoing costs.
- 7.4 Since 2014 the Authority has held around £42,000 set aside in a reserve for use at Rockford Farm, the continuing need for these funds is currently being reviewed with an initial suggestion that the majority is no longer required for this site specifically and could therefore be repurposed elsewhere.

## **8. Treasury Management Position**

- 8.1 The current forecast projects that the Authority will receive around £15,000 from interest on its investments and holdings this year (£4,000 more than originally budgeted and equating to a return of c0.7%).

## **9. Future Budgeting**

- 9.1 The Authority is still yet to receive confirmation from Defra of its single-year National Park Grant allocation for 2020/21. Budgets are being drafted on the assumption of continued inflationary protection for the Grant (currently +1.7% per annum, equating to an uplift of c£55k), with scenarios then planned for alternative outcomes. Members will be updated on progress at the meeting on 3 February and the draft 2020/21 Budget and Medium-Term Financial Plan will be formally presented to the next meeting on 2 March.

## **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 415/20	Budgetary Control Report
NFNPA/RAPC 415/20 Annex 1	Budget Monitoring
NFNPA/RAPC 415/20 Annex 2	2019/20 Budget Formats
NFNPA/RAPC 415/20 Annex 3	Programme Fund
NFNPA/RAPC 415/20 Annex 4	Authority-led Partnership Projects
NFNPA/RAPC 415/20 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 2019/20**

**Summary Accounts for the period 1 April – 31 December 2019**

	<b>Original Budget</b>	<b>Payments to date</b>	<b>% of Budget Spent</b>
<b><u>Expenditure:</u></b>	<b>£000</b>	<b>£000</b>	
Employee Costs (Salary, Travel, Pensions etc)	2,746	2,081	76%
Programme Fund	274	192	70%
Sustainable Communities Fund	30	17	57%
Strategy & Planning	50	45	90%
Local Plan	50	40	80%
Central Costs (split below)	749	584	78%
<b>Subtotal</b>	<b>3,899</b>	<b>2,959</b>	<b>76%</b>
Authority-led Partnership Projects	964	516	54%
<b>Total Expenditure</b>	<b>4,863</b>	<b>3,475</b>	<b>71%</b>
<b><u>Income:</u></b>			
National Park Grant	-3,251	-2,448	75%
Planning Income	-412	-287	70%
Fawley Application Fee	0	-150	N/A
Shared Services	-128	-118	92%
Income Generation (inc. Affordable Housing)	-30	-26	87%
Investment & Interest Income	-11	-13	118%
Contribution from Revenue Support Reserve (estimated)	-30	-23	77%
Contribution from Other Earmarked Reserves (estimated)	-37	-28	76%
<b>Subtotal</b>	<b>-3,899</b>	<b>-3,093</b>	<b>79%</b>
Authority-led Partnership Projects	-964	-476	49%
<b>Total Income</b>	<b>-4,863</b>	<b>-3,569</b>	<b>73%</b>

### **Central Costs Split**

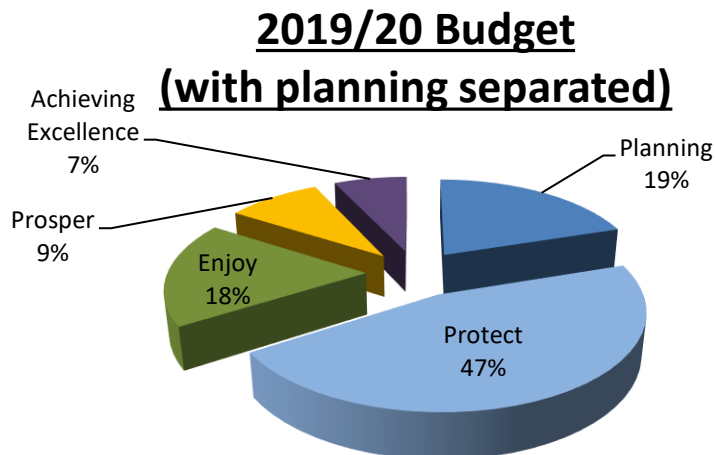
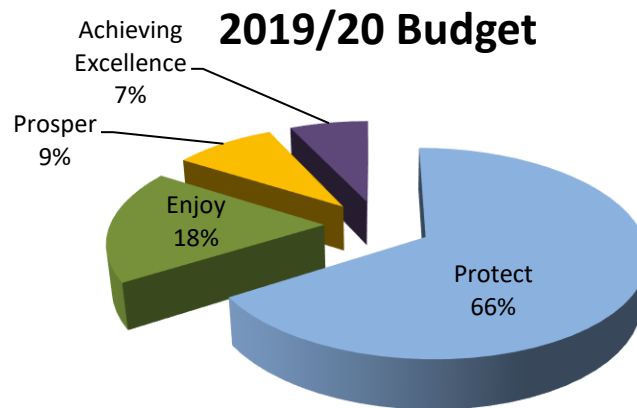
	<b>Latest Budget £000</b>	<b>Payments to Date £000</b>	<b>% of Budget Spent</b>
Secretariat	47	44	94%
Human Resources	77	59	77%
ICT Services	176	176	100%
ICT R&R Fund	40	21	53%
Member Services	61	46	75%
Finance & Audit Services	48	9	19%
Accommodation	215	171	80%
Business Support (e.g. insurance, printing, stationery)	85	58	68%
<b>TOTAL</b>	<b>749</b>	<b>584</b>	<b>78%</b>

**Annex 2**

**2019/20 Original Budget (£3.9m – not including partnership projects) shown as ‘Protect, Enjoy, Prosper & Achieving Excellence’**

	<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)	1,831	443	256	216
Programme Fund	106	123	45	-
Sustainable Communities Fund (approximation)	21	6	3	-
Strategy & Planning	100	-	-	-
Central Costs (allocated)	499	121	70	59
<b>TOTAL</b>	<b>2,557*</b>	<b>693</b>	<b>374</b>	<b>275</b>

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



**2019/20 Budget position in Authority's formal reporting format**

	<b>Budgeted Net Cost of Services 2019/20</b>		<b>Actual Expenditure April - Dec</b>	<b>Actual Income April - Dec</b>	<b>Net Actual April - Dec</b>
	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
Conservation of the Natural Environment	529		827	-450	377
Conservation of Cultural Heritage	350		266	-12	254
Recreation Management and Transport	230		277	-73	204
Promoting Understanding	511		378	0	378
Rangers, Estates and Volunteers	120		143	-72	71
Development Control	613		861	-437	424
Forward Planning and Communities	521		345	0	345
Corporate and Democratic Core	455		378	-13	365
<b>SUBTOTAL</b>	<b>3,329</b>		<b>3,475</b>	<b>-1,057</b>	<b>2,418</b>
National Park Grant	-3,251			-2,448	
Investment & Interest Income	-11			-13	
Use of Reserves	-67			-51	
<b>TOTAL</b>	<b>0</b>			<b>-3,569</b>	



### Annex 3

	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
<b>Programme Fund 2019/20</b>				
<b>PROTECT*</b>	<b>£000</b>	<b>£000</b>		
Ecology and Catchment Co-ordination	14	1	71%	Work with Freshwater Habitats Trust, paid in Q4.
Woodland Management Projects (NFLAS)	5	5	100%	Upfront grant payment
Natural Environment Evidence Base (HBIC / WRC)	8	8	100%	Annual payments all paid
Our Past, Our Future (Landscape Partnership)	56	56	100%	Upfront grant payment
Archaeology Projects and SLAs	10	4	40%	
Green Halo Partnership	7	11	157%	Contributions requested from partners
OTHER (Projects less than £5,000)	6	3	50%	
<b>PROTECT SUBTOTAL</b>	<b>106</b>	<b>88</b>	<b>83%</b>	
<b>ENJOY*</b>	<b>£000</b>	<b>£000</b>		
Access Improvements	15	4	27%	Likely saving - Access SLA now covered in-house
Health and Wellbeing	5	6	120%	Small overspend
Education (Travel Grants and Resources)	8	5	63%	
Recreation Management	13	6	46%	
Interpretation & Information	8	6	75%	
New Forest Show	6	7	117%	Small overspend
Media and Promotion	23	13	57%	
Publications	30	13	43%	Significant spend usually in Q4
Ranger Projects	7	2	29%	
People and Wildlife Ranger Projects	5	3	60%	
OTHER (Projects less than £5,000)	3	1	33%	
<b>ENJOY SUBTOTAL</b>	<b>123</b>	<b>66</b>	<b>54%</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	25	25	100%	Upfront grant payment
Sustainable Transport	10	11	110%	Small overspend
OTHER (Projects less than £5,000)	10	2	20%	
<b>PROSPER SUBTOTAL</b>	<b>45</b>	<b>38</b>	<b>84%</b>	
<b>TOTAL EXPENDITURE</b>	<b>274</b>	<b>192</b>	<b>70%</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 2019/20**

	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)	59	741	800	386	48%	Funding to be spent by all partners – On track, but not limited by financial years
New Forest Remembers	0	18	18	0	0%	Remaining legacy funding does not have to be spent this year
Pedall (Big Lottery)	0	80	80	63	79%	
Higher Level Stewardship	0	60	60	32	53%	
Land Advice Service	5	65	70	35	50%	
<b>TOTAL</b>	<b>64</b>	<b>964</b>	<b>1,028</b>	<b>516</b>	<b>50%</b>	

**On average, for every £1 the Authority contributes it generates a further £15 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	524	68	94
Funds Received	0	1	39
Funds Spent / Released	(4)	(4)	(21)
<b>Current Balance</b>	<b>520</b>	<b>65</b>	<b>112</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	36	(30)	6
Capital / Major Projects Reserve	597	0	597
Planning / Risk Reserve	108	12	120
Other	492	(49)	443
<b>TOTAL</b>	<b>1,533</b>	<b>(67)</b>	<b>1,466</b>