

RAPC 441/21

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 1 FEBRUARY 2021

Q3 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 December 2020, the first nine months of the 2020/21 financial year.

1. Introduction

1.1 This report provides a summary of financial performance in the first three quarters 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 £3.28m spend over the first nine months of the financial year (74% of budget). Without the partnership projects, spend was £2.89m from a budget of £3.87m (75%).

2.3 The overall income position shows £3.24m received (73% of budget) over the first nine months of the financial year. Without the partnership projects, income was £2.92m from a budget of £3.87m (76%).

3. Budgetary Review Process

3.1 All budget holders were again requested to scrutinise their budgetary positions and provide details of known or potential over- or underspends; key responses and outcomes are included in section 4 below.

- 3.2 An additional column has now been added to the right-hand side of the table in Annex 1 to highlight the projected outturn (final) position within each of the summary budget headings. The exact figures are still likely to change over the course of the final quarter, but the figures take into account all the known information and variances at this time.

4. General Budget Analysis

- 4.1 Overall the figures after nine months of the financial year, shown in detail in Annex 1, are largely still on track. No significant issues have emerged other than those mentioned in the previous monitoring reports.
- 4.2 The projected outturn position shows a balanced outcome, with both overall income & expenditure approximately £70,000 lower than originally budgeted (c1.5%). Of that potential variance, only around £40,000 relates to the core work and £30,000 to the more variable Partnership Projects.
- 4.3 The income shortfalls on Shared Services (due to the delayed England Coast Path) and Investment Interest are netted off by cumulative savings within Employees Costs, the Programme Fund and Central Costs.
- 4.4 Within Strategy & Planning, there are some additional costs (related to investigative work into CIL) and the strong likelihood of a shortfall in overall fee income due to delays in a small number of larger applications likely due to the pandemic. If necessary, these variances will be netted off with funds set aside in reserves from previous years when planning fees/funds have been in a surplus position – this accounts for the higher ‘Contribution from Earmarked Reserves’ figure near the bottom of the Annex 1 table.
- 4.5 As you were made aware at the Authority meeting in December, we had some good news in that our partnership application to the Green Recovery Fund, led by the Youth Hostel Association and South Downs NPA, has been approved. In terms of the Authority, this equates to £65,450 of funding for two Apprenticeships and a Wild Spaces Officer for 2021/22. A small proportion of the agreed funding will need to be spent between now and the end of March, within the 2020/21 financial year, largely on the setup and recruitment of those posts. An MoU is currently being drafted to ensure appropriate governance arrangements for the scheme between the partners.

5. Sustainable Communities Fund (SCF) Monitoring

- 5.1 The SCF budget for 2020/21 is £30,000 and, after nine months of the year a total of £7,500 has been claimed.

6. Developer Contributions

- 6.1 As detailed in Annex 5, during the first nine months of the financial year a further £18,000 has been spent in respect of developer contributions and £58,000 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, 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 as detailed in Annex 5. This includes £18,000 carried forward within the Revenue Support Reserve, £50,000 taken on a temporary basis from the Capital / Major Projects Reserve to fund the upgrade of the Authority financial systems and £58,000 of cumulative smaller movements.

8. Treasury Management Position

- 8.1 The current forecast projects that the Authority will receive around £4,000 from interest on its investments and holdings this year (£8,000 less than originally budgeted and equating to a return of c0.16%).

9. Spending Review / Defra Grant

- 9.1 We are still yet to receive confirmation of our defra grant allocation for 2021/22; this is expected very shortly as the timetable given was 'late January' – we will update Members at the meeting if this has been received by that time.
- 9.2 Work is already underway to draft our 2021/22 Work Programme and then identify the resources/budgets which would be required to achieve that programme. In budgetary terms, the draft shortfall for 2021/22 is not currently significant, however that would assume a defra grant of either the same as 2020/21 or preferably a small inflationary increase.

10. Recommendations

It is recommended that Members:

- 1 approve the use of the new Green Recovery Fund income as set out in the paper in para 4.5**
- 2 note the current income and expenditure position, including the potential savings and pressures identified**

Papers:

RAPC 441/21	Budgetary Control Report
RAPC 441/21 Annex 1	Budget Monitoring
RAPC 441/21 Annex 2	2020/21 Budget Formats
RAPC 441/21 Annex 3	Programme Fund
RAPC 441/21 Annex 4	Authority-led Partnership Projects
RAPC 441/21 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 December 2020

	Original Budget	Payments to date	% of Budget Spent	Projected Outturn
	£000	£000		£000
<u>Expenditure:</u>				
Employee Costs (Salary, Travel, Pensions etc)	2,727	2,007	74%	2,705
Programme Fund	260	192	74%	235
Sustainable Communities Fund	30	7	23%	30
Strategy & Planning	47	50	106%	70
Central Costs (split below)	802	637	79%	787
Subtotal	3,866	2,893	75%	3,827
Authority-led Partnership Projects	578	388	67%	550
Total Expenditure	4,444	3,281	74%	4,377

<u>Income:</u>				
Defra National Park Grant (95%)	-3,088	-2,420	78%	-3,088
Defra Biodiversity Grant (5%)	-163	-127	78%	-163
Planning Income	-380	-233	61%	-330
Shared Services	-134	-74	55%	-94
Income Generation (inc Affordable Housing)	-27	-16	59%	-22
Investment & Interest Income	-12	-3	25%	-4
Contribution from Other Earmarked Reserves (estimated)	-62	-47	76%	-126
Subtotal	-3,866	-2,920	76%	-3,827
Authority-led Partnership Projects	-578	-315	54%	-550
Total Income	-4,444	-3,235	73%	-4,377

Central Costs Split

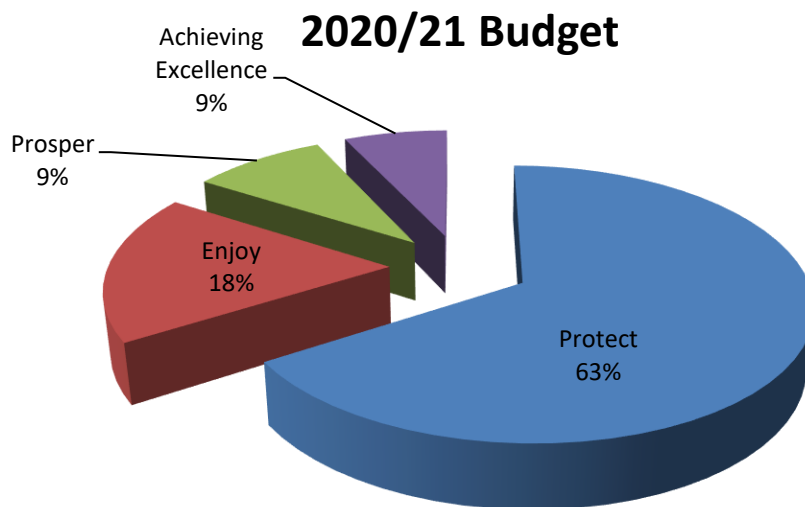
	Latest Budget £000	Payments to Date £000	% of Budget Spent	Projected Outturn £000
Secretariat	45	45	100%	45
Human Resources	62	43	69%	62
ICT Services	190	164	86%	190
ICT R&R Fund	90	61	68%	90
Member Services	62	40	65%	54
Finance & Audit Services	51	25	49%	59
Accommodation	217	200	92%	212
Business Support (e.g. insurance, printing, stationery)	85	59	69%	75
TOTAL	802	637	79%	787

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 - Dec	Actual Income April - Dec	Net Actual April - Dec
	£000		£000	£000	£000
Conservation of the Natural Environment	548		669	-309	360
Conservation of Cultural Heritage	328		223	-31	192
Recreation Management and Transport	213		192	-3	189
Promoting Understanding	476		427	0	427
Rangers, Estates and Volunteers	119		124	-46	78
Development Control	582		797	-233	564
Forward Planning and Communities	524		423	0	423
Corporate and Democratic Core	485		426	-16	410
SUBTOTAL	3,325		3,281	-638	2,643
National Park Grant	-3,251			-2,547	
Investment & Interest Income	-12			-3	
Use of Reserves	-62			-47	
TOTAL	0			-3,235	

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	12	86%	Work with Freshwater Habitats Trust
Woodland Management Projects (NFLAS)	5	5	100%	Upfront grant payment
Natural Environment Evidence Base (HBIC / WRC)	9	6	66%	
Our Past, Our Future (Landscape Partnership)	28	28	100%	Upfront grant payment
Archaeology Projects and SLAs	10	7	70%	
Green Halo Partnership	5	5	100%	
OTHER (Projects less than £5,000)	6	4	67%	
PROTECT SUBTOTAL	77	67	87%	
ENJOY*	£000	£000		
Access Improvements	15	12	80%	
Health and Wellbeing	5	2	40%	
Education (Travel Grants and Resources)	8	2	25%	Some savings expected
Recreation Management	13	19	146%	Additional funding received from Partners
Interpretation & Information	8	4	50%	
New Forest Show	6	0	0%	Saving – did not take place in 2020
Media and Promotion	23	18	78%	
Publications	32	30	94%	
Contact Management System	8	0	0%	Contract Agreed – may rollover into 21/22
Ranger Projects	7	1	14%	Some savings expected
People and Wildlife Ranger Projects	5	0	0%	
OTHER (Projects less than £5,000)	3	2	67%	
ENJOY SUBTOTAL	133	90	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	3	60%	
Sustainable Transport	12	3	25%	Some savings expected
OTHER (Projects less than £5,000)	8	4	50%	Some savings expected
PROSPER SUBTOTAL	50	35	70%	
TOTAL EXPENDITURE	260	192	74%	

*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	284	66%	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	30	30	27	90%	Further 3 years funding confirmed
Higher Level Stewardship	0	60	60	41	68%	
Land Advice Service	5	70	75	36	48%	
TOTAL	33	578	611	388	64%	

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	28	22	8
Funds Spent / Released	0	(13)	(5)
Current Balance	584	40	112

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	300	0	300
Earmarked Reserves:			
Revenue Support Reserve	18	(18)	0
Capital / Major Projects Reserve	597	(50)	547
Planning / Risk Reserve	108	10	118
Other	629	(68)	561
TOTAL	1,652	(126)	1,526

All movements are the *net* overall position for each heading but may incorporate a number of individual movements both to and from those reserves.