

RAPC 470/22

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 7 FEBRUARY 2022

THIRD QUARTER BUDGETARY CONTROL REPORT 2021/22

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 2021, the first nine months of the 2021/22 financial year.

1. Introduction

1.1 This report provides a summary of financial performance in the first three quarters of 2021/22, 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 2021/22 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 2021/22 are £5.24m, as shown in Annex 1. This includes £1.29m from Authority-led partnership projects (externally-funded).

2.2 The overall expenditure position shows £3.31m spend over the first nine months of the financial year (63% of budget). Without the partnership projects, spend was £2.89m from a budget of £3.94m (73%).

2.3 The overall income position shows £3.68m received (70% of budget) over the first nine months of the financial year. Without the partnership projects, income was £2.99m from a budget of £3.94m (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.

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 and no significant issues have emerged of which Members need to be made aware of at this time. Small projected savings within employee costs and the programme fund will likely be matched by a small shortfall on planning fee income.
- 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.
- 4.3 Whilst spend looks low within the Authority-led Partnership Projects, a number of the larger projects are now fully established and expecting significant expenditure in Q4. No funding is projected to be 'lost' due to not being spent by 31 March 2022.

5. Sustainable Communities Fund (SCF) Monitoring

- 5.1 The SCF budget for 2021/22 is £30,000 and, after nine months of the year a total of £14,000 has been claimed.

6. Developer Contributions

- 6.1 As detailed in Annex 5, during the first nine months of the financial year a further £109,000 has been received in respect of developer contributions and £2,000 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.

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 in March 2021. This includes £50,000 for our Nature-based Solutions post and £50,000 previously set aside towards the new planning IT system which is set to go live in March.

8. Treasury Management Position

- 8.1 The current forecast projects that the Authority will receive around £0-1,000 from interest on its investments and holdings this year (£1-2,000 less than originally budgeted and equating to a return of c0.02%).

9. Spending Review & 2022/23 Draft Budget

- 9.1 The Authority is still yet to receive official confirmation of any future National Park Grant settlement, including that for the 2022/23 financial year.
- 9.2 Within our draft budgets for 2022/23, currently being finalised with officers for presentation to Members in March, we have had to assume a flat-cash position for the year ahead (a £3.25m core grant). Given the significant inflationary pressures on all costs, and more specifically those around our utilities and staffing costs, any flat-cash settlement would be a real-terms cut. Despite these challenges, we are confident that we will achieve a balanced budget for 2022/23 alongside a manageable medium-term financial position.

10. Recommendation

It is recommended that Members:

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

Papers:

RAPC 470/22	Budgetary Control Report
RAPC 470/22 Annex 1	Budget Monitoring
RAPC 470/22 Annex 2	2021/22 Budget Formats
RAPC 470/22 Annex 3	Programme Fund
RAPC 470/22 Annex 4	Authority-led Partnership Projects
RAPC 470/22 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 2021/22
Summary Accounts for the period 1 April – 31 December 2021

	Original Budget	Payments to date	% of Budget Spent	Projected Outturn
	£000	£000		
<u>Expenditure:</u>				
Employee Costs (Salary, Travel, Pensions etc)	2,815	2,086	74%	2,800
Programme Fund	223	128	57%	200
Sustainable Communities Fund	30	14	47%	30
Strategy & Planning	68	50	74%	70
Central Costs (split below)	808	615	76%	810
Subtotal	3,944	2,893	73%	3,910
Authority-led Partnership Projects	1,294	418	32%	
Total Expenditure	5,238	3,311	63%	
<u>Income:</u>				
Defra National Park Grant	-3,251	-2,487	76%	-3,251
Planning Income	-380	-281	74%	-360
Shared Services	-186	-129	69%	-180
Income Generation (inc Affordable Housing)	-25	-20	80%	-25
Investment & Interest Income	-2	0	0%	0
Contribution from Other Earmarked Reserves (estimated)	-100	-75	75%	-94
Subtotal	-3,944	-2,992	76%	-3,910
Authority-led Partnership Projects	-1,294	-691	53%	
Total Income	-5,238	-3,683	70%	

Central Costs Split

	Latest Budget £000	Payments to Date £000	% of Budget Spent
Secretariat	36	38*	106%*
Human Resources	72	51	71%
ICT Services	185	187*	101%*
ICT R&R Fund	90	32	36%
Member Services	60	52	87%
Finance & Audit Services	60	5	8%
Accommodation	219	184*	84%*
Business Support (e.g. insurance, printing, stationery)	86	66	77%
TOTAL	808	615	76%

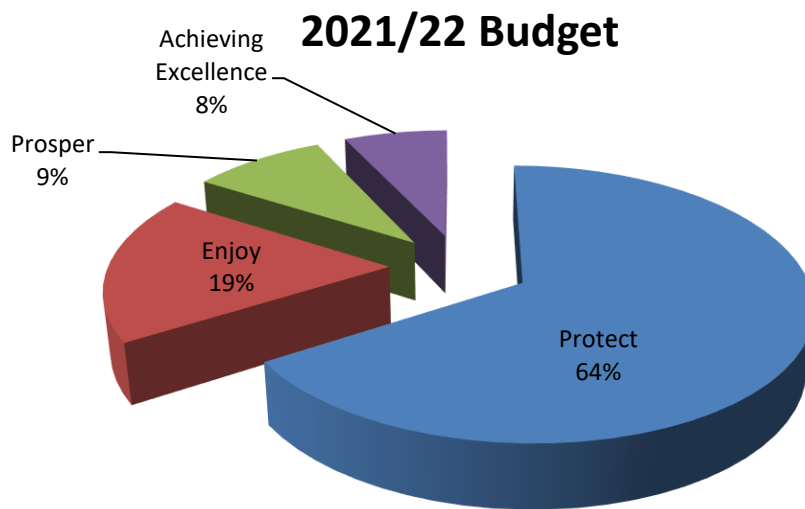
* Figures include significant annual invoices paid in advance (e.g. memberships, licences, business rates, insurance premium)

Annex 2

2021/22 Original Budget (£3.94m – not including partnership projects) shown as ‘Protect, Enjoy, Prosper & Achieving Excellence’

	Protect*	Enjoy	Prosper	Achieving Excellence
	£000	£000	£000	£000
Employee Costs (allocated)	1,846	472	238	259
Programme Fund	49	126	48	-
Sustainable Communities Fund (approximation)	21	6	3	-
Strategy & Planning	68	-	-	-
Central Costs (allocated)	547	127	64	70
TOTAL	2,531*	731	353	329

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



2021/22 Budget position in Authority's formal reporting format

	Budgeted Net Cost of Services 2021/22		Actual Expenditure April - Dec	Actual Income April - Dec	Net Actual April - Dec
	£000		£000	£000	£000
Conservation of the Natural Environment	567		490	-548	-58
Conservation of Cultural Heritage	329		263	0	263
Recreation Management and Transport	216		291	-136	155
Promoting Understanding	461		387	-36	351
Rangers, Estates and Volunteers	155		142	-57	85
Development Control	638		873	-281	592
Forward Planning and Communities	504		476	-43	433
Corporate and Democratic Core	483		389	-20	369
SUBTOTAL	3,353		3,311	-1,121	2,190
National Park Grant	-3,251			-2,487	
Investment & Interest Income	-2			0	
Use of Reserves	-100			-75	
TOTAL	0			-3,683	

Annex 3

Programme Fund 2021/22	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
PROTECT*	£000	£000		
Ecology and Catchment Co-ordination	14	0	0%	SLA with Freshwater Habitats Trust (Q4)
Woodland Management Projects (NFLAS)	5	5	100%	Upfront grant payment
Natural Environment Evidence Base (HBIC / WRC)	10	11	110%	Small overspend
Archaeology Projects and SLAs	10	6	60%	
Green Halo Partnership	5	3	60%	
OTHER (Projects less than £5,000)	5	5	100%	
PROTECT SUBTOTAL	49	30	61%	
ENJOY*	£000	£000		
Access Improvements	8	8	100%	
Health and Wellbeing	5	2	40%	
Education (Travel Grants and Resources)	10	2	20%	Some savings likely
Recreation Management	13	18	138%	Overspend – additional summer signage
Interpretation & Information	8	5	63%	
New Forest Show	6	0	0%	Saving, reinvested in Recreation Management Team work
Media and Promotion	23	23	100%	
Publications and Advertising	32	8	25%	Pocket Guide costs to come in Q4
Contact Management System	6	0	0%	Contract Agreed
Ranger Projects	5	1	20%	
People and Wildlife Ranger Projects	5	1	20%	
OTHER (Projects less than £5,000)	5	3	60%	
ENJOY SUBTOTAL	126	71	56%	

	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
PROSPER*	£000	£000		
New Forest Marque	25	13	52%	£25k split 50/50 between comms support and grant for 2021/22.
Sustainability Projects	5	1	20%	Invoices expected in Q4
Sustainable Transport	10	9	90%	
OTHER (Projects less than £5,000)	8	4	50%	
PROSPER SUBTOTAL	48	27	56%	
TOTAL EXPENDITURE	223	128	57%	

*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

Authority-led Partnership Projects 2021/22

Annex 4

	Authority 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)	0	50	50	50	100%	Project Complete
New Forest Remembers	0	18	18	0	0%	Remaining legacy funding does not have to be spent this year
Pedall (Lottery)	0	250	250	90	36%	
Higher Level Stewardship	0	90	90	68	76%	
Generation Green	10	65	75	41	55%	
Green Recovery Fund – New Forest	33	225	258	20	8%	Started in September 2021, until March 2023
Kickstart Posts	0	40	40	40	100%	Project Complete
Paediatric Fellowship Programme	0	36	36	27	75%	£200k of funding over 5 years
Local Listed Buildings Surveys	0	23	23	10	43%	Started in October 2021
Hampshire Greenprint	0	20	20	5	25%	Project budgets agreed
Natural Environment Investment Readiness Fund	0	99	99	9	9%	Started in September, invoices due
Farming In Protected Landscapes	0	260	260	21	8%	Launched in July 2021, revised spend estimate c£200k in 2021/22
Land Advice Service	5	70	75	37	49%	
TOTAL	48	1,246	1,294	418	32%	

On average, for every £1 the Authority contributes it generates a further £26 from partner organisations

Annex 5

Developer Contributions:

	Affordable Housing	Open Space	Ecological Mitigation	Transport (via HCC)	Solent Mitigation (via Fareham)
	£000	£000	£000	£000	£000
Starting Balance	584	59	114	0*	0*
Funds Received	0	0	57	34	18
Funds Spent / Released	0	0	(2)	0	0
Current Balance	584	59	169	34	18

* Funds paid over to the relevant organisations on an annual basis at year-end. Transport contributions over the previous five financial years have totalled £42,000 and Solent Mitigation £60,000.

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	300	0	300
Earmarked Reserves:			
Revenue Support Reserve	16	0	16
Capital / Major Projects Reserve	557	(50)	507
Planning / Risk Reserve	138	10	148
Other (net)	844	(60)	784
TOTAL	1,855	(100)	1,755