

NFNPA RAPC 524/24

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 5 FEBRUARY 2024

Q3 BUDGETARY CONTROL REPORT 2023/24

Report by: Nigel Stone, Head of Resources (Chief Finance Officer) and Tom Knott, Finance & Sustainable Procurement Officer

Purpose:

This report provides a summary of financial performance up to the end of December 2023, the first nine months of the 2023/24 financial year.

1. Introduction

1.1 This report provides a summary of financial performance in the first nine months of 2023/24, 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 2023/24 budgets across the purposes & duty 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 2023/24 are £4.74m, as shown in Annex 1. This includes £0.8m from Authority-led partnership projects (externally-funded).

2.2 The overall expenditure position shows £3.34m spend over the first nine months of the financial year (67% of budget). Without the partnership projects, spend was £3.01m from a budget of £3.92m (77%).

2.3 The overall income position shows £3.44m received (69% of budget) over the first nine months of the financial year. Without the partnership projects, income was £2.94m from a budget of £3.92m (75%).

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 and an additional column added to Annex 1 to show the projected final position.

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.

Budget	Amount	Pressure / Saving	Further Detail
Legal Support	£6,000	Pressure	Temporary staffing cover required.
Planning Support & Income	£10-20,000	Pressure	Temporary staffing cover required / Potential shortfall in fee income.
Waterside Development	£24,000	Pressure	Consultancy contract about future links / access to Forest habitats.
Interest	£40-50,000	Saving	Additional income likely due to higher investments and interest rates than projected.

Current Net Position: Balanced Budget.

- 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 2023/24 is £10,000 and we have £64,000 in the SCF Reserve which has previously been allocated to projects but yet to be formally claimed following completion of the relevant works. After nine months of the year a total of £34,000 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 £10,000 spent or allocated.
- 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 £350,000 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 2023.

8. Treasury Management Position

- 8.1 The latest Treasury Management position projects that the Authority will receive around £110-120,000 from interest on its investments and holdings this year (an overall return of around 3.75%); this represents a significant increase from the original projection of £70,000.

9. External Audit Update

- 9.1 Work to undertake the 2022/23 Value for Money conclusion has begun by our external auditors Ernst & Young LLP and it is expected this will be completed shortly. It is however increasingly unlikely now, given the national auditing issues affecting the whole public sector as previously discussed with members, that our 2022/23 external audit will be performed. This would lead to us, alongside many other public bodies, receiving a qualified audit opinion. Ernst & Young are likely instead to soon begin work on the pre-audit for 2023/24 to avoid the same issues happening again for that financial year.

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 524/24	Budgetary Control Report
NFNPA/RAPC 524/24 Annex 1	Budget Monitoring
NFNPA/RAPC 524/24 Annex 2	2023/24 Budget Formats
NFNPA/RAPC 524/24 Annex 3	Programme Fund
NFNPA/RAPC 524/24 Annex 4	Authority-led Partnership Projects
NFNPA/RAPC 524/24 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 2023/24
Summary Accounts for the period 1 April – 31 December 2023

	Original Budget	Payments to date	% of Budget Spent	Projected Outturn
	£000	£000		£000
<u>Expenditure:</u>				
Employee Costs (Salary, Travel, Pensions etc)	2,856	2,128	75%	
Programme Fund	200	137	69%	
Sustainable Communities Fund	10	34	340%	
Strategy & Planning	81	55	68%	
Central Costs (split below)	776	651	84%	
Subtotal	3,923	3,005	77%	
Authority-led Partnership Projects	1,037	331	32%	
Total Expenditure	4,960	3,336	67%	
<u>Income:</u>				
Defra National Park Grant	-3,251	-2,462	76%	
Planning Income	-330	-222	67%	
Shared Services	-254	-153	60%	
Income Generation (inc Affordable Housing)	-40	-32	80%	
Investment & Interest Income	-70	-90	129%	
Contribution from Other Earmarked Reserves (estimated)	22	17	75%	
Subtotal	-3,923	-2,942	75%	
Authority-led Partnership Projects	-1,037	-494	48%	
Total Income	-4,960	-3,436	69%	

Central Costs Split

	Latest Budget £000	Payments to Date £000	% of Budget Spent
Secretariat	46	36	78%
Human Resources	74	64	86%
ICT Services	175	165*	94%*
ICT R&R Fund	35	30	86%
Member Services	65	52	80%
Finance & Audit Services	64	35	55%
Accommodation	235	201*	86%*
Business Support (e.g. insurance, printing, stationery)	82	68*	83%*
TOTAL	776	651	84%

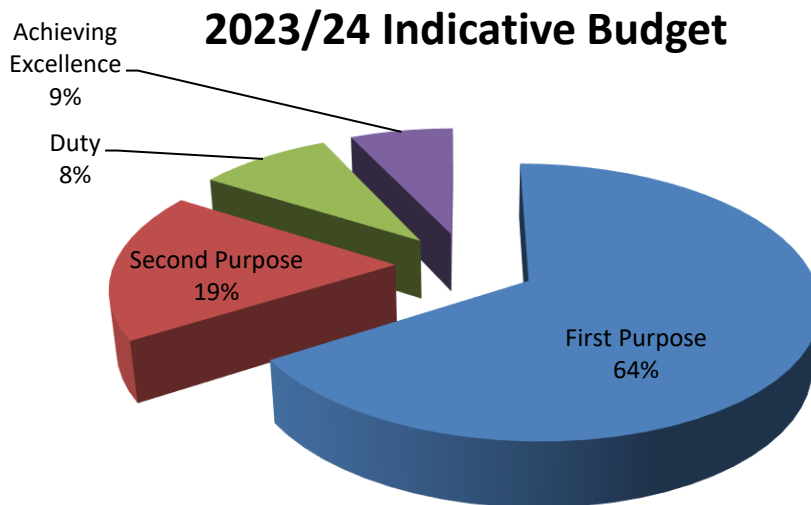
* Figures include significant annual invoices paid in advance (e.g. memberships, licences, business rates, rent, insurance premium).

Annex 2

2023/24 Original Budget (£3.92m – not including partnership projects) shown as ‘Protect, Enjoy, Prosper & Achieving Excellence’

	First Purpose*	Second Purpose	Duty	Achieving Excellence
	£000	£000	£000	£000
Employee Costs (allocated)	1,874	494	220	268
Programme Fund	49	129	22	-
Sustainable Communities Fund (approximation)	6	3	1	-
Strategy & Planning	81	-	-	-
Central Costs (allocated)	509	134	60	73
TOTAL	2,519*	760	303	341

*Includes up to £0.8m of costs directly related to the Planning Service



2023/24 Budget position in Authority's formal reporting format

	Budgeted Net Cost of Services 2023/24		Actual Expenditure April - Dec	Actual Income April - Dec	Net Actual April - Dec
	£000		£000	£000	£000
Conservation of the Natural Environment	281		551	-349	202
Conservation of Cultural Heritage	199		245	-116	129
Recreation Management and Transport	308		344	-120	224
Promoting Understanding	566		430	-20	410
Rangers, Estates and Volunteers	145		149	-46	103
Development Control	907		926	-222	704
Forward Planning and Communities	443		326	0	326
Corporate and Democratic Core	450		365	-28	337
SUBTOTAL	3,299		3,336	-901	2,435
National Park Grant	-3,251			-2,462	
Investment & Interest Income	-70			-90	
Use of Reserves	22			17	
TOTAL	0			-3,436	

Annex 3

Programme Fund 2023/24	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
FIRST PURPOSE - PROTECT*	£000	£000		
Ecology and Catchment Co-ordination	12	12	100%	Work with Freshwater Habitats Trust
Woodland Management Projects (NFLAS)	5	5	100%	Upfront grant payment
Natural Environment Evidence Base (HBIC / WRC)	12	14	117%	
Archaeology Projects and SLAs	10	2	20%	All budget allocated
Green Halo Partnership	5	1	20%	Projects agreed with partners
OTHER (Projects less than £5,000)	5	3	60%	
SUBTOTAL	49	37	76%	
SECOND PURPOSE - ENJOY*	£000	£000		
Access Improvements	9	9	100%	
Health and Wellbeing	5	4	80%	
Education (Travel Grants and Resources)	10	7	70%	
Recreation Management	13	4	31%	
Interpretation & Information	8	6	75%	
New Forest Show	6	10	167%	Promotional/educational materials will also be used at future events
Media and Promotion	23	23	100%	
Publications and Advertising	32	9	28%	
Contact Management System	8	1	13%	Contract agreed
Ranger Projects	5	1	20%	
People and Wildlife Ranger Projects	5	1	20%	
OTHER (Projects less than £5,000)	5	5	100%	
SUBTOTAL	129	80	62%	

	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
DUTY - PROSPER*	£000	£000		
New Forest Marque	4	9	225%	Grant payment – includes one-off salary saving in 2023/24.
Sustainability Projects	3	0	0%	
Sustainable Transport	8	5	63%	
OTHER (Projects less than £5,000)	7	6	86%	
SUBTOTAL	22	20	91%	
TOTAL EXPENDITURE	200	137	69%	

* 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 2023/24

	Authority Contributions	Partner Financial Contributions	Total Project Budget	Total Payments to date	Payments as % of budget	Notes on significant variations
	£000	£000	£000	£000		
New Forest Remembers	0	18	18	0	0%	Remaining legacy funding does not have to be spent this year
Pedall (Lottery)	0	150	150	91	61%	
Youth for Climate & Nature – Lottery	10	220	230	40	17%	Overall scheme is worth £1.4m
Higher Level Stewardship	0	90	90	62	69%	
Paediatric Fellowship Programme	0	36	36	0	0%	£200k of funding over 5 years
Hampshire Greenprint	0	15	15	0	0%	Project budgets agreed
Forest Farming Group	5	20	25	5	20%	Procurement underway
National Grid – Landscape Enhancement Initiative Projects	0	100	100	19	19%	
Farming In Protected Landscapes	0	318	318	68	21%	Funding often allocated but not yet claimed by this point
Land Advice Service	5	70	75	46	61%	
TOTAL	20	1,037	1,057	331	31%	

On average, for every £1 the Authority contributes it generates a further £23 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	831	59	257	0*	0*
Funds Received	0	21	79	0	9
Funds Spent / Released	0	0	(1)	0	(9)
Current Balance	831	80	335	0*	0*

* Funds paid over to the relevant organisations on an annual basis at year-end. Transport contributions over the previous five financial years have totalled £68,000 and Solent Mitigation £72,000.

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	350	0	350
Earmarked Reserves:			
Revenue Support Reserve	41	22	63
Capital / Major Projects Reserve	500	0	500
Planning / Risk Reserve	103	20	123
Other (net)	1,070	(20)	1,050
TOTAL	2,064	22	2,086