

North York Moors National Park Authority Finance, Risk Audit and Standards Committee

12 August 2013

Finance Update

1. Purpose of the Report

- 1.1 To provide Members with an update on the financial performance of the Authority for the three month period from 1 April 2013 to 30 June 2013.
- 1.2 To obtain approval for the virements included in the 2013/14 Revised Estimate (RE).

2. Background

- 2.1 This report provides the quarterly update to Members required by the Authority's Financial Regulations:

“4.4.4. Budget Monitoring Statements, including a forecast for the full financial year shall be submitted to each quarterly meeting of the Authority’s Finance, Risk, Audit and Standards Committee”.

- 2.2 This is the first detailed update on the 2013/14 budget that Members have received since the budget was approved by Authority in March 2013. This report also details changes to the 2013/14 budget which have been identified since the budget was set in March resulting in the revised (RE) budget for approval.

3. Performance

- 3.1 The **Appendix** to this report shows the total spend against the updated budget for 2013/14 to 30 June 2013. The overall position is that expenditure is £362.4k behind profile but income is also £365.4k behind the anticipated level at this stage of the year. The table below summarises the performance against budget for the first quarter of 2013/14. However, a significant amount of the income variance relates to debtors from 2012/13 which are still to be received. The reserves as at 31 March 2013 were £1,623K which had increased to allow for delayed expenditure and to fund ‘one off’ and invest to save projects in 2013/14. Over the past few years the Authority’s reserve position has been increasing as a result of a clear strategy to enable the Authority to prudently manage foreseeable risks which are now crystallising. Therefore, of the 743K planned use of reserves in 2013/14 £565K relates to ‘one off’ expenditure which will not impact on future years.

	CUMULATIVE TO 30 JUNE 2013			
	2013/14 RE BUDGET	BUDGET	ACTUAL	VARIANCE
	£000's	£000's	£000's	£000's
Gross Expenditure	6768.7	1812.7	1450.3	(362.4)
DEFRA Grant	(4,552.9)	(1,138.2)	(1,138.2)	-
Other Income	(1,473.1)	(422.6)	(57.2)	365.4
Transfer from reserves	(742.7)			
Net Expenditure	-	-	254.9	3.0

The **Appendix** to this report provides further detail and explanations for any significant variances.

3.2 The detail in **Column 2** of the **Appendix** summarises the adjustments to the budget that have been made since the start of the year, and the revised budget is shown in **Column 3**.

3.3 The table below details the performance against income targets in year.

Income Type	Cumulative to 30 June 2013			
	2013/14 RE Budget	Budget Year To Date	Actual	Variance
	£000's	£000's	£000's	£000's
Grants (excluding NPG)	(499.3)	(121.8)	164.5	(286.3)
Retail Sales	(175.2)	(43.8)	(52.0)	8.2
Planning Income	(211.7)	(52.9)	(55.7)	2.9
Car Parking	(369.0)	(130.7)	(106.3)	(24.4)
Miscellaneous	(185.5)	(65.3)	(7.7)	(57.6)
Investment Income	(32.4)	(8.1)	0.0	(8.1)
Total Income	(1473.1)	(422.6)	(57.2)	(365.3)

3.4 Grant income is significantly behind profile but this is due to delays in receiving grant income where claims have been submitted in the first quarter of the financial year relating to the 2012/13 financial year. A debtor from the previous year of £55.7k has also significantly reduced the figure for miscellaneous income which, in practice, is nearly on target.

3.3.1 Following the movements from reserves in the first quarter (£472k) at the end of June the projected year end reserve is £885k. This movement in quarter one is summarised below and includes the following:

- £225k from the Planning Reserve to fund the additional cash cost of dealing with the proposed Potash Mine in excess of the application fee and funding under the Planning Performance Agreement which ceased at the point in time that the application was received. In addition to these additional cash costs the application has also demanded a significant amount of officer time which would have been dedicated to alternative projects and has therefore, resulted in a significant loss of opportunity.

Officers have estimated that the cost of dealing with the project since 2011 is approximately £600k of which £165k was covered by income from the company and £210k relates to staff costs which were already in the budget (in effect the 'opportunity cost'). Although, these costs are extraordinarily high compared to the costs of determining an 'average' planning application this needs to be set into the context of the development costs of the proposal ('the value') and in terms of this ratio the cost of application is proportionately significantly cheaper than an average application. Members will note that this budget transfer will mean the resources which can be deployed to process the York Potash planning application are now reduced to a 'normal' level which may be inadequate to deal with the volume of material in a speedy fashion. The Chair of the Authority has written to DEFRA explaining the position.

- £134k to fund projects which had been delayed and the funding had transferred to reserves as at the end of the 2012/13 financial year as approved at the May 2013 meeting of this committee
- £60k from the property reserve to fund further improvements to facilities at the Sutton Bank Centre as approved by Members
- £54k following reconciliation of the staffing budgets to the current establishment

The Authority continually keeps reserves under review and a further update will be provided at the November meeting. The Authority's reserve management strategy was to increase reserves from 2009/10 with the intention of releasing the money to fund expenditure in future years to meet the revised management plan targets. It was intended that some of this expenditure would occur in 2012/13 but in reality money was transferred into reserves at the year end.

4. **Financial and Staffing Implications**

4.1 There are no significant financial and or staffing implications to this report.

5. **Sustainability and Legal Implications**

5.1 There are no sustainability or legal implications arising from this report.

6. **Recommendation**

That Members

6.1 note the content of this report.

6.2 approve the virements detailed in Column 5 of the **Appendix**.

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Background documents to this report

Business Plan 2012-2015

Use of Reserves Report – National Park Authority 28 September 2009

Accounts and Audit (England) Regulations 2011

SI 2011 No 817 – Communities and Local Government Website

File Ref.

FUNCTION	BUDGETARY CHANGES						Col.7 Original Budget	Col.8 Comments
	Col.1 Original Budget 01-Mar-13	Col. 2 Proposed Virements	Col.3 Col 2 + Col 1 Revised Annual Estimate	Col.4 Profile to end June 2013	Col.5 Actual to end June 2013	Col.6= Col.5-Col.4 Variance to end June 2013		
Funded by:								
NPG & LOCAL AUTHORITY	(4,552,900.0)	0.0	(4,552,900.0)	(1,138,225.0)	(1,138,224.0)	1.0	(4,552,900.0)	
From / To Reserves	(269,950.0)	(472,790.0)	(742,740.0)				(269,950.0)	
	(4,822,850.0)	(472,790.0)	(5,295,640.0)	(1,138,225.0)			(4,822,850.0)	
Budget After Grants & Levies	0.0	0.0	0.0	251,885.0		2,952.0	0.0	
General Reserves								
General Reserves	12,680.0	10,070.0	22,750.0					
Planning LDF reserve	276,800.0	(225,000.0)	51,800.0					
Visitor centre Reserve	92,500.0	(82,500.0)	10,000.0					
Building & Property	53,000.0		53,000.0					
Capital spend on vehicles	43,400.0	(10,000.0)	33,400.0					
Emergency Reserve	220,000.0		220,000.0					
Business Plan Allocation 14/15	150,000.0		150,000.0					
Earmarked Reserves								
Conservation Reserve	80,200.0	(38,000.0)	42,200.0					
Tourism Reserve	14,100.0	(14,100.0)	0.0					
Miscellaneous	101,450.0	(49,600.0)	51,850.0					
SDF & Community Initiatives Reserve	281,760.0	(31,760.0)	250,000.0					
Leader Community Access Project	31,900.0	(31,900.0)	0.0					
Total Reserve b/f	1,357,790.0	(472,790.0)	885,000.0	0.0		0.0		