

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

24 November 2014

Finance Update

1. Purpose of the Report

- 1.1 To provide Members with an update on the financial performance of the Authority for the period from 1 April 2014 to 30 September 2014.
- 1.2 To note the virements included in the 2014/15 Revised Estimate (RE).
- 1.3 To note the write off approved by the Treasurer to the Authority.
- 1.4 To review and comment on the new reports it is proposed to present to FRASC in the future.

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 second detailed update on the 2014/15 budget that Members have received since the budget was approved by Authority in March 2014.

3. Performance

- 3.1 **Appendix 1** to this report shows the total spend against the budget for 2014/15 to 30 September 2014. The overall position is that expenditure is £296.9k behind profile with income £56.9k ahead of the anticipated level at this stage of the year. The table below summarises the performance against budget to Period 6 of 2014/15.

	2014/15 OE BUDGET £000's	CUMULATIVE TO 31 DECEMBER 2013		
		BUDGET	ACTUAL	VARIANCE
		£000's	£000's	£000's
Gross Expenditure	5,936.3	2,917.6	2,626.7	(290.9)
DEFRA Grant	(4,165.2)	(2,082.6)	(2,082.6)	0.0
Other Income	(1,525.6)	(820.3)	(877.3)	(56.9)
Transfer from reserves	(245.5)			
Net Expenditure	-	14.7	(333.2)	(347.8)

Appendix 1 to this report provides further detail and explanations for any significant variances.

- 3.2 The predicted level of reserves at the end of the financial year is £892k.

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

Income Type	2014/15 RE Budget £000's	Cumulative to 30 September 2014 Budget Year		
		To Date £000's	Actual £000's	Variance £000's
Grants (excluding NPG)	(576.5)	(202.4)	(129.4)	(73.0)
Retail Sales	(193.4)	(119.4)	(123.2)	3.8
Planning Income	(213.7)	(141.1)	(111.9)	(29.2)
Car Parking	(349.2)	(253.0)	(273.5)	20.5
Miscellaneous	(177.8)	(100.7)	(125.4)	24.7
York Potash PPA	0.0	0.0	(111.3)	111.3
Investment Income	(15.0)	(3.8)	(2.6)	(1.2)
Total Income	(1525.6)	(820.4)	(877.3)	(56.9)

3.4 Grant income is behind profile due to delays in receipt – income due from claims relating to the second quarter of the financial year had not been received by the end of the quarter (Monument Management Scheme and TEL). In addition, the debtor of £39.4k for the Coast Alive project remains outstanding reducing the figure for grants received. Car parking income continues to be slightly ahead of target at this time. Planning income, however, remains behind target although it is anticipated that the target will be met by the end of the year. It should also be noted that although the application fee from York Potash was received on 30 September it was not recorded on our finance system until 1 October and has therefore been allocated to Period 7.

3.5 York Potash submitted their planning application on 30 September together with the application fee of £97,500. In addition to the application fee, sales invoices for a total of £147,606 have been raised to York Potash as part of the Planning Performance Agreement reimbursing the Authority for some of the costs associated with the application this year (14/15). To the end of October direct costs of the application totalled £99,033. NYMNPA staff costs are not included in this total although some of these have been able to be included in the sales invoices raised to York Potash. The planning fee of £97.5k, together with £30k transferred from reserves, has determined the budget for expenditure for costs not recoverable from the PPA - £127.5k.

This budget is now almost entirely allocated and there are areas where it will not be possible to examine this application in as much detail as the previous one due to lack of funds. Obviously officers have allocated funds to priority areas. There is a real concern that delays will further increase costs and Members are reminded of the probability of either an appeal or a legal challenge whatever decision is made on the application. These costs would fall in the next financial year and this consideration is influencing officers' approach to underspend this year and the level of reserves.

3.5.1 Budget virements carried out in Quarter 2 are listed in the report at **Appendix 2**.

3.6 A net total of £9,248 of debts mainly relating to years prior to 2013/14 have been approved for write off by the Treasurer to the Authority in accordance with the Financial Regulations 13.4. (Proposals to write off individual debts shall be agreed with the Treasurer up to a limit of £5,000, or by the Authority in excess of that amount.) It should be noted that these are generally corrections from previous years and they range from £1320 to £3.25. Outstanding amounts on the debtors system were reviewed and a list of aged debts presented to the Treasurer. Many had been paid but not matched against sales invoices although there were also a number of minor debts that were not felt to be worth pursuing. It was agreed with the Treasurer that these transactions could be corrected in the current financial year. This was also discussed with Deloitte as part of the 13/14 Audit. It should be noted that far more robust

procedures are now in place to collect late debts and it is expected that far fewer debts will need to be written off in the future.

- 3.7 The costs of the restructure are largely being met by staff savings as a result of staff taking voluntary redundancy or voluntary resignations. The cost to the Authority of payments associated with redundancy currently stands at £160k while staff savings currently stand at £150.6k.
- 3.8 A number of new style reports have been produced following a meeting with representatives of the committee. These are presented here for review and discussion and if acceptable will be used for future meetings of FRASC rather than the usual Appendix to this paper.

4. **Financial and Staffing Implications**

- 4.1 These are dealt with in the paragraphs above.

5. **Sustainability and Legal Implications**

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

6. **Recommendation**

- 6.1 That Members note the content of this report.
- 6.2 That Members note the virements detailed in the report at **Appendix 2**.
- 6.3 That Members note the write off of minor debts by the Treasurer.
- 6.4 That Members review and comment on the suitability of the new reports presented with this report.

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Background documents to this report

File Ref.

- 1. Business Plan 2012-2015
- 2. Use of Reserves Report – National Park Authority 28 September 2009
- 3. Accounts and Audit (England) Regulations 2011
- 4. SI 2011 No 817 – Communities and Local Government Website

FUNCTION	BUDGETARY CHANGES								Col.7 Original Budget	Col.8 Comments
	Qtr 1 2014/15 Original Estimate	Col. 2. Proposed Virements	Col.3 Col 2 + Col 1 Revised Annual Estimate	Col.4 Profile to end September 2014	Col.5 Actual to end September 2014	Col.6= Col.5-Col.4 Variance to end September 2014	Col. 7 2014/15 Projected Outturn	Col. 8 2014/15 Projected Variance		
Conservation Natural Environment										
Woodlands & Trees	7,000.0		7,000.0	3,500.0	(10,812.0)	(14,312.0)	7,000.0	0.0	7,000.0	£16k creditors Outstanding from 12/13, 2011/12 (Forestry Commission) Discussions in progress with FC regarding this work.
Income	(2,500.0)		(2,500.0)	0.0	0.0	0.0	(2,500.0)	0.0	(2,500.0)	
Net Expenditure	4,500.0	0.0	4,500.0	3,500.0	(10,812.0)	(14,312.0)	4,500.0	0.0	4,500.0	
Moorland	60,430.0	(500.0)	59,930.0	38,270.0	25,326.0	(12,944.0)	59,930.0	0.0	60,430.0	Includes expenditure on Bird Wader Survey - some expenditure remains outstanding for this work.
Income	(41,600.0)		(41,600.0)	(29,100.0)	(29,280.0)	(180.0)	(41,600.0)	0.0	(41,600.0)	Virement 3
Net Expenditure	18,830.0	(500.0)	18,330.0	9,170.0	(3,954.0)	(13,124.0)	18,330.0	0.0	18,830.0	Income from Natural England received for Bird Wader Survey
Wetlands & Water	87,710.0		87,710.0	43,870.0	38,424.0	(5,446.0)	87,710.0	0.0	87,710.0	
Income	(85,700.0)		(85,700.0)	(28,580.0)	0.0	28,580.0	(85,700.0)	0.0	(85,700.0)	WREN claim for River Esk not received
Net Expenditure	2,010.0	0.0	2,010.0	15,290.0	38,424.0	(23,134.0)	2,010.0	0.0	2,010.0	
Farmed Land	269,400.0	(5,000.0)	264,400.0	70,000.0	(37,732.0)	(107,732.0)	239,400.0	25,000.0	255,000.0	Outstanding creditors, £163.3k commitments on the system at present. Virement (2)
Income	0.0		0.0	0.0	(50.0)	(50.0)	0.0	0.0	0.0	
Net Expenditure	269,400.0	(5,000.0)	264,400.0	70,000.0	(37,782.0)	(107,782.0)	239,400.0	(25,000.0)	255,000.0	
Coast	34,680.0		34,680.0	17,340.0	17,525.0	185.0	34,680.0	0.0	34,680.0	
Income	(11,600.0)		(11,600.0)	(11,600.0)	(8,500.0)	3,100.0	(11,600.0)	0.0	(20,700.0)	
Net Expenditure	23,080.0	0.0	23,080.0	5,740.0	9,025.0	3,285.0	23,080.0	0.0	13,980.0	
Biodiversity and Wildlife Conservation	43,000.0	5,000.0	48,000.0	14,200.0	10,807.0	(3,393.0)	48,000.0	0.0	43,000.0	£1.3k outstanding creditors. Virement (2)
Income	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Expenditure	43,000.0	5,000.0	48,000.0	14,200.0	10,807.0	(3,393.0)	48,000.0	0.0	43,000.0	
Conserv Nat Env (Emp)	290,860.0	500.0	291,360.0	157,230.0	162,400.0	5,170.0	291,360.0	0.0	319,070.0	Virement 3
Income	0.0		0.0	0.0	(2,870.0)	(2,870.0)	0.0	0.0	0.0	
Recharges	135,530.0		135,530.0	0.0	0.0	0.0	135,530.0	0.0	135,530.0	
Gross Expenditure	928,610.0	0.0	928,610.0	344,410.0	205,938.0	(138,472.0)	903,610.0	25,000.0	942,420.0	
INCOME	(141,400.0)	0.0	(141,400.0)	(69,280.0)	(40,700.0)	28,580.0	(141,400.0)	0.0	(150,500.0)	
NET TOTAL	787,210.0	0.0	787,210.0	275,130.0	165,238.0	(109,892.0)	762,210.0	(25,000.0)	791,920.0	
Conservation Cultural Heritage										
Buildings	25,400.0		25,400.0	0.0	(31,550.0)	(31,550.0)	25,400.0	0.0	29,170.0	Outstanding expenditure on grants from 13/14
Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Expenditure	25,400.0	0.0	25,400.0	0.0	(31,550.0)	(31,550.0)	25,400.0	0.0	29,170.0	
Archaeology	150,100.0		150,100.0	69,620.0	33,047.0	(36,573.0)	150,100.0	0.0	150,100.0	Expenditure behind profile. Outstanding work will be done towards the end of the financial year
Income	(111,600.0)		(111,600.0)	(11,300.0)	(9,524.0)	1,776.0	(111,600.0)	0.0	(111,600.0)	
Net Expenditure	38,500.0	0.0	38,500.0	58,320.0	23,523.0	(34,797.0)	38,500.0	0.0	38,500.0	
Enhancement Schemes	183,690.0		183,690.0	74,930.0	47,567.0	(27,363.0)	183,690.0	0.0	183,690.0	TEL expenditure behind profile. Slower start than anticipated but a number of orders now placed.
Income	(165,690.0)		(165,690.0)	(64,400.0)	(27,339.0)	37,061.0	(165,690.0)	0.0	(165,690.0)	Q2 grant for TEL claimed but not yet received. Income will be lower than profiled reflecting the lower than anticipated expenditure at this stage.
Net Expenditure	18,000.0	0.0	18,000.0	10,530.0	20,228.0	9,698.0	18,000.0	0.0	18,000.0	
Conservation Areas	15,000.0		15,000.0	0.0	(4,393.0)	(4,393.0)	15,000.0	0.0	11,230.0	creditors from 13/14 for grants not yet claimed from the Authority
Local Culture & Tradition	2,500.0		2,500.0	2,500.0	2,500.0	0.0	2,500.0	0.0	2,500.0	
Conserv Cult Her (Emp)	129,160.0	(15,000.0)	114,160.0	52,630.0	45,115.0	(7,515.0)	114,160.0	0.0	141,160.0	Virement 1
Recharges	65,550.0		65,550.0	0.0	0.0	0.0	65,550.0	0.0	65,550.0	
Gross Expenditure	571,400.0	(15,000.0)	556,400.0	199,680.0	92,286.0	(107,394.0)	556,400.0	0.0	583,400.0	
INCOME	(277,290.0)	0.0	(277,290.0)	(75,700.0)	(36,863.0)	38,837.0	(277,290.0)	0.0	(277,290.0)	
NET TOTAL	294,110.0	(15,000.0)	279,110.0	123,980.0	55,423.0	(68,557.0)	279,110.0	0.0	306,110.0	
Recreation Management										
P.R.O.W.S.	0.0		0.0	0.0	8,048.0	8,048.0	8,048.0	8,048.0	0.0	Expenditure on LSTF project
Income	0.0		0.0	0.0	12,866.0	12,866.0	(26,518.0)	(26,518.0)	0.0	Outstanding debtors - Coast Alive final claim outstanding £39.4k. It is anticipated that this will be received in this financial year. Income of £26k received from NYCC re LSTF work
Net Expenditure	0.0	0.0	0.0	0.0	20,914.0	20,914.0	(18,470.0)	(18,470.0)	0.0	
National Trails	118,140.0		118,140.0	59,050.0	52,597.0	(6,453.0)	118,140.0	0.0	118,140.0	Cleveland Way, Yorkshire Wolds Way
Income	(100,250.0)		(100,250.0)	0.0	(2,323.0)	(2,323.0)	(100,250.0)	0.0	(100,250.0)	
Net Expenditure	17,890.0	0.0	17,890.0	59,050.0	50,274.0	(8,776.0)	17,890.0	0.0	17,890.0	
Access to Open Land	353,000.0		353,000.0	188,455.0	145,056.0	(43,399.0)	353,000.0	0.0	310,770.0	Underspend mainly on Access Routes/works (£33k)
Income	(91,230.0)		(91,230.0)	(75,230.0)	(76,093.0)	(863.0)	(91,230.0)	0.0	(59,000.0)	
Net Expenditure	261,770.0	0.0	261,770.0	113,225.0	68,963.0	(44,262.0)	261,770.0	0.0	251,770.0	
Visitor Mgt & Facilities	52,940.0		52,940.0	22,300.0	15,489.0	(6,811.0)	52,940.0	0.0	52,940.0	
Car Parks	116,660.0		116,660.0	72,630.0	63,694.0	(8,936.0)	116,660.0	0.0	116,660.0	
Income	(355,440.0)		(355,440.0)	(259,200.0)	(278,510.0)	(19,310.0)	(355,440.0)	0.0	(355,440.0)	Includes income from donations (£2.3k) and Concession payments (£2.7k)
Net Expenditure	(238,780.0)	0.0	(238,780.0)	(186,570.0)	(214,816.0)	(28,246.0)	(238,780.0)	0.0	(238,780.0)	
Public Transport	43,560.0		43,560.0	25,830.0	13,162.0	(12,668.0)	25,060.0	(18,500.0)	40,000.0	This includes Targeted Outreach (an Education initiative) and the transport project that replaced Moorsbus.
Income	(7,000.0)		(7,000.0)	(5,200.0)	(2,669.0)	2,531.0	(7,000.0)	0.0	0.0	
Net Expenditure	36,560.0	0.0	36,560.0	20,630.0	10,493.0	(10,137.0)	18,060.0	(18,500.0)	40,000.0	
Recreation (Emp)	167,970.0		167,970.0	88,780.0	87,100.0	(1,680.0)	167,970.0	0.0	169,610.0	
Recharges	248,710.0		248,710.0	0.0	0.0	0.0	248,710.0	0.0	248,710.0	
Gross Expenditure	1,100,980.0	0.0	1,100,980.0	457,045.0	385,146.0	(71,899.0)	1,090,528.0	(10,452.0)	1,056,830.0	
INCOME	(553,920.0)	0.0	(553,920.0)	(339,630.0)	(346,729.0)	(7,099.0)	(580,438.0)	(26,518.0)	(514,690.0)	
NET TOTAL	547,060.0	0.0	547,060.0	117,415.0	38,417.0	(78,998.0)	510,090.0	(36,970.0)	542,140.0	
Promoting Understanding										
Visitor Centres	470,570.0		470,570.0	252,840.0	267,893.0	15,053.0	486,570.0	16,000.0	466,570.0	£16k on new MDU (Mobile Display Unit) to replace stolen MDU. Virement to support additional staffing at Centres
Income	(226,550.0)		(226,550.0)	(135,960.0)	(151,060.0)	(15,100.0)	(241,050.0)	(14,500.0)	(226,550.0)	£14.5k insurance for stolen MDU
Net Expenditure	244,020.0	0.0	244,020.0	116,880.0	116,833.0	(47.0)	245,520.0	1,500.0	240,020.0	
Info & Interp Services	97,400.0		97,400.0	42,370.0	46,444.0	4,074.0	97,400.0	0.0	96,400.0	
Income	(36,600.0)		(36,600.0)	(22,260.0)	(53,321.0)	(31,061.0)	(36,600.0)	0.0	(36,600.0)	Very successful exhibition early in year.
Net Expenditure	60,800.0	0.0	60,800.0	20,110.0	(6,877.0)	(26,987.0)	60,800.0	0.0	59,800.0	
Education Service	76,080.0		76,080.0	38,680.0	37,712.0	(968.0)	76,080.0	0.0	79,640.0	
Income	(17,100.0)		(17,100.0)	(8,550.0)	(12,265.0)	(3,715.0)	(17,100.0)	0.0	(17,100.0)	
Net Expenditure	58,980.0	0.0	58,980.0	30,130.0	25,447.0	(4,683.0)	58,980.0	0.0	62,540.0	
Info Interp Educ (Emp)	210,380.0		210,380.0	111,750.0	111,921.0	171.0	210,380.0	0.0	236,610.0	
Income	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Recharges	256,450.0		256,450.0	0.0	0.0	0.0	256,450.0	0.0	256,450.0	
Gross Expenditure	1,110,880.0	0.0	1,110,880.0	445,640.0	463,970.0	18,330.0	1,126,880.0	16,000.0	1,135,670.0	
INCOME	(280,250.0)	0.0	(280,250.0)	(166,770.0)	(216,646.0)	(49,876.0)	(294,750.0)	14,500.0	(280,250.0)	
NET TOTAL	830,630.0	0.0	830,630.0	278,870.0	247,324.0	(31,546.0)	832,130.0	1,500.0	855,420.0	
Rangers & Volunteers										
Ranger Services	257,150.0	(6,385.0)	250,765.0	129,350.0	122,130.0	(7,220.0)	250,765.0	0.0	257,150.0	Virement (1)
Estate Teams	220,540.0	(6,840.0)	213,700.0	117,000.0	116,296.0	(704.0)	213,700.0	0.0	233,050.0	Virement (1)
Volunteers	193,820.0		193,820.0	87,190.0	69,091.0	(18,099.0)	193,820.0	0.0	193,820.0	£12.5 profiled for Village Caretakers only £0.75 expenditure so far.
Income	(8,940.0)		(8,940.0)	(6,970.0)	(4,710.0)	2,260.0	(8,940.0)	0.0	(8,940.0)	Income from Yorkshire Water for Cod Beck Ranger not yet received
Net Expenditure	184,880.0	0.0	184,880.0	80,220.0	64,381.0	(15,839.0)	184,880.0	0.0	184,880.0	
Rangers & Estates (Emp)	189,400.0		189,400.0	0.0	0.0	0.0	189,400.0	0.0	189,400.0	
Recharges	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Gross Expenditure	860,910.0	(13,225.0)	847,685.0	333,540.0	307,517.0					

FUNCTION	BUDGETARY CHANGES								Col.7 Original Budget	Col.8 Comments
	Qtr 1 2014/15 Original Estimate	Col. 2. Proposed Virements	Col.3 Col 2 + Col 1 Revised Annual Estimate	Col.4 Profile to end September 2014	Col.5 Actual to end September 2014	Col.6= Col.5-Col.4 Variance to end September 2014	Col. 7 2014/15 Projected Outturn	Col. 8 2014/15 Projected Variance		
From / To Reserves	(245,398.0)	0.0	(245,398.0)				(245,398.0)	0.0	(245,398.0)	
	(4,410,630.0)	0.0	(4,410,630.0)	(2,082,616.0)	(2,082,616.0)	0.0	(4,410,630.0)	0.0	(4,410,630.0)	
Budget After Grants & Levies		0.0	0.0	14,645.0	(333,217.0)	(347,862.0)	(60,470.0)	-60,470	(62,400.0)	
General Reserves										
General Reserves	410,000.0		410,000.0							
Emergency Reserve	220,000.0		220,000.0							
Earmarked Reserves										
TEL	232,000.0		232,000.0	As agreed at Authority meeting in March 14						
Provision	30,000.0		30,000.0	As agreed at Authority meeting in March 14						
Total Reserve b/f	892,000.0	0.0	892,000.0	0.0		0.0				

VIREMENT REPORT								
Virement Reference	Budget Transfer From				Budget Transfer To			Reason
	Department	Income £	Expenditure £		Department	Income £	Expenditure £	
(1)	Rangers		-6385.00		Restructuring Costs		6385.00	Further staff savings as a result of additional voluntary redundancy transferred over to meet the cost of redundancies/early retirement.
(1)	Field Services		-6810.00		Restructuring Costs		6810.00	Further staff savings as a result of resignation prior to the year end
(1)	Conservation Cultural Heritage		-15000.00		Restructuring Costs		15000.00	Staff savings - vacancy until Dec 14 for EFO post
(2)	Connectivity		-5000.00		Conservation Agreements		5000.00	Administrative exercise to vire cost of annual payment commitments set up under Connectivity Land Management Agreements to Conservation Agreements in order to keep all multi-annual agreements together
(3)	Moorland		-500.00		Conservation Natural Environment Employees		500.00	To allocate budgets for training and equipment