

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

2 February 2015

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 31 December 2014.
- 1.2 To note the virements included in the 2014/15 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 third 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 31 December 2014. The overall position is that expenditure is £293k behind profile with income £181k ahead of the anticipated level at this stage of the year. The table below summarises the performance against budget to Period 9 of 2014/15.

	2014/15 OE BUDGET £000's	CUMULATIVE TO 31 DECEMBER 2014		
		BUDGET £000's	ACTUAL £000's	VARIANCE £000's
Gross Expenditure	5,936.3	4,435.2	4,141.9	(293.3)
DEFRA Grant	(4,165.2)	(3,123.9)	(3,123.9)	0.0
Other Income	(1,525.6)	(1,184.3)	(1,365.5)	(181.2)
Transfer from reserves	(245.5)			
Net Expenditure	-	127.0	(347.5)	(474.5)

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

- 3.2 Column 7 of **Appendix 1** shows the 2014/15 projected outturn. It is currently predicted that net expenditure will be £4,264,436 resulting in an underspend against budget of £99,393. Details of the significant variances that contribute to this are listed below.

Function	Overspend (plus, +) Underspend (minus, -)	Reason
Moorland	-£11,680	Mainly due to costs being less than anticipated(e.g. Wader Survey)
Farmed Land	-£44,550	PAWS – in year underspend of £3.5 plus £10.7k of creditors from 13/14 that will not now be paid. Connectivity – Underspend of £38K due to lack of staff time in allocating this budget due to other priorities. (e.g.TEL). A contribution from the Environment Agency income of £6.1k increased the underspend further. Traditional Boundary Scheme – overspend of £12.8k. Grant scheme over subscribed
Biodiversity and Wildlife Conservation	-£18,000	Conservation Agreements – Fewer Land Management Agreements negotiated than anticipated.
Access to Open Land	-£6,900k	Northern Apprentice team started later in the year than planned.
Car Parks	-£13,560	It is expected that the income target will be exceeded by £14.5k. Additional expenditure will reduce this to £13.5
Public Transport	-£13,000k	Expenditure will be £13k less than anticipated due to difficulties in finding suitable groups to work with. It is expected that expenditure and income for the Targeted Transport for Schools will be as budget.
Visitor Centres	+£9,130	Overspend mainly due to additional expenditure on maintenance and repairs plus new signs at Sutton Bank.
Information and Interpretation Services	-£22,100	Income from exhibitions exceeded target by £16k. Advertising income from the 2015 'Out and About Guide' is included in the current year. In the past invoices have been raised at the beginning of the new financial year. There are therefore 2 sets of advertising income in 2014/15 (an additional £6.3k)
Support Supplies and Services	+£9,200	The income figure is below the budget as debts written off, mainly relating to previous years, have been charged here.

- 3.3 It is clear from the analysis above that the Authority's drive to increase income generation has been successful and about half of the £99k projected outturn can be attributed to overachievement of income targets, most notably in Car Parks and Exhibition Income. The significant areas of expenditure underspend are due partially to a shifting staff focus onto securing future funding from external sources which has meant that less time has been spent on finalising agreements and arranging contracts funded from the Authority's own resources. This should also be put into the context of the Authority having undertaken and implemented an organisational review during the year which inevitably has an impact on the operational focus.
- 3.4 The predicted level of reserves at the end of the financial year is £1038.2k.
- 3.5 The table below details the performance against income targets in year.

Income Type	2014/15 RE Budget £000's	Cumulative to 31 December 2014		
		Budget Year To Date £000's	Actual £000's	Variance £000's
Grants (excluding NPG)	576.5	397.1	243.0	-154.1
Retail Sales	193.4	167.6	170.5	2.9
Planning Income	213.7	177.5	168.3	-9.2
Car Parking	349.2	305.2	333.5	28.3
Miscellaneous	177.8	129.4	190.2	60.8
York Potash PPA/Application Fee	0.0	0.0	254.6	254.6
Investment Income	15.0	7.5	5.4	-2.1
Total Income	1525.6	1184.3	1365.5	181.2

- 3.6 Grant income is behind profile at present. This is due to a delay in the receipt of Quarter 3 claims (TEL, MMS), plus a slow start to TEL resulting in less expenditure, and therefore smaller grant claims than had been originally anticipated at this point in the project. In addition, the claim for the Esk Pearl Mussel work will now be submitted in February, later than had originally been planned. Overall, however, income is ahead of target by £181.2k. This is largely due to the income received as part of the York Potash PPA (£157k). In addition, an insurance claim for £14.5k for the stolen MDU, a successful exhibition at the Moors Centre Gallery early in the year together with Car Parking income remaining ahead of target have all contributed to the income total at this time. It should be noted that two debtors from previous year (the final claim for the Coast Alive project plus legal costs awarded in 2013/14) amounting to just over £56k have been removed from the above table to give a more accurate picture of income relating to this year. Notification has been received that the Coast Alive claim will be received shortly.
- 3.7 Consultancy services in relation to the application by York Potash Ltd are being provided by AMEC. To date costs associated with this service in the current year total £133,293. The work carried out prior to the submission of the application has been funded through the PPA (a total of £120,440). An amount of £60k was allocated for the services of AMEC from the original non-PPA budget of £127.5k (£97.5k planning application fee and £30k budget allocated from Reserves). The Authority has now requested that AMEC carry out additional work to assess the economic impact of the project. This is in addition to the original £60k and is anticipated to cost a further £15k.

3.8 **Appendix 2** details the budget virements in Quarter 3. Budget virement (1) relates to the £45k transferred from Reserves in Quarter 1 to fund the redundancy and retirement costs associated with the staff restructure. A number of voluntary resignations have led to additional in year savings reducing the required amount from Reserves to £13.2k. £31.8k is therefore being transferred back to Reserves.

3.9 Budget virement (2). The £30k budget allocated to the York Potash budget will not now be required until the beginning of 2015/16. This will therefore be vired back to Reserves for use in the next financial year. However, additional expenditure of £15k will be necessary this year to cover new costs associated with the potash application. (See para 3.6) An additional virement of £15k will therefore be transferred from Reserves to the Potash budget to meet these anticipated costs. Members agreed at the FRASC meeting on 24th November that resources required to effectively assess the potash application should be identified.

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**

6.1 That Members note the content of this report.

6.2 That Members note the virements detailed in the report at **Appendix 2**.

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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
	Col.1 2014/15 Revised Annual Estimate	Col.2 Proposed Virements	Col.3 Col 2 + Col 1 Revised Annual Estimate	Col.4 Profile to end December 2014	Col.5 Actual to end December 2014	Col.6= Col.5-Col.4 Variance to end December 2014	Col.7 2014/15 Projected Outturn	Col.8 2014/15 Projected Variance		
Conservation Natural Environment										
Woodlands & Trees	7,000.0		7,000.0	5,250.0	(10,445.0)	(15,695.0)	4,800.0	2,200.0	7,000.0	
Income	(2,500.0)		(2,500.0)	0.0	0.0	0.0	0.0	2,500.0	(2,500.0)	
Net Expenditure	4,500.0	0.0	4,500.0	5,250.0	(10,445.0)	(15,695.0)	4,800.0	300.0	4,500.0	
Moorland	59,930.0		59,930.0	44,100.0	26,835.0	(17,265.0)	48,080.0	11,850.0	60,430.0	
Income	(41,600.0)		(41,600.0)	(29,100.0)	(29,280.0)	(180.0)	(41,430.0)	170.0	(41,600.0)	
Net Expenditure	18,330.0	0.0	18,330.0	15,000.0	(2,445.0)	(17,445.0)	6,650.0	(11,680.0)	18,830.0	
Wetlands & Water	87,710.0		87,710.0	65,800.0	64,218.0	(1,582.0)	87,710.0	0.0	87,710.0	
Income	(85,700.0)		(85,700.0)	(57,140.0)	0.0	57,140.0	(85,700.0)	0.0	(85,700.0)	
Net Expenditure	2,010.0	0.0	2,010.0	8,660.0	64,218.0	55,558.0	2,010.0	0.0	2,010.0	
Farmed Land	264,400.0		264,400.0	130,000.0	18,924.0	(111,076.0)	226,000.0	38,400.0	255,000.0	PAWS - in year underspend of £3.5k and £10.7k creditors from 13/14 that will not be paid. Connectivity - Underspend of £38k including £1.5k creditors from 13/14 now not needed. Overspend on the Traditional Boundary Scheme by £12.8k
Income	0.0		0.0	0.0	(50.0)	(50.0)	(6,150.0)	6,150.0	0.0	EA income to fund part of a Connectivity project offered during the year.
Net Expenditure	264,400.0	0.0	264,400.0	130,000.0	18,874.0	(111,126.0)	219,850.0	(44,550.0)	255,000.0	
Coast	34,680.0		34,680.0	26,010.0	26,355.0	345.0	34,680.0	0.0	34,680.0	
Income	(11,600.0)		(11,600.0)	(11,914.0)	(11,600.0)	(4.0)	(11,600.0)	0.0	(20,700.0)	
Net Expenditure	23,080.0	0.0	23,080.0	14,114.0	14,755.0	341.0	23,080.0	0.0	13,980.0	
Biodiversity and Wildlife Conservation	48,000.0		48,000.0	34,500.0	16,939.0	(17,561.0)	30,000.0	18,000.0	43,000.0	Fewer Land Management Agreements negotiated than anticipated
Income	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Expenditure	48,000.0	0.0	48,000.0	34,500.0	16,939.0	(17,561.0)	30,000.0	(18,000.0)	43,000.0	
Conserv Nat Env (Emp)	291,360.0		291,360.0	224,350.0	221,380.0	(2,970.0)	294,760.0	3,400.0	319,070.0	
Income	0.0		0.0	0.0	(4,224.6)	(4,224.6)	(4,224.6)	(4,224.6)	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	530,010.0	364,206.0	(165,804.0)	861,560.0	67,050.0	942,420.0	
INCOME	(141,400.0)	0.0	(141,400.0)	(97,836.0)	(45,154.6)	52,681.4	(149,104.6)	(7,704.6)	(150,500.0)	
NET TOTAL	787,210.0	0.0	787,210.0	432,174.0	319,051.4	(113,122.6)	712,455.4	(74,754.6)	791,920.0	
Conservation Cultural Heritage										
Buildings	25,400.0		25,400.0	10,810.0	(10,034.0)	(20,844.0)	26,400.0	1,000.0	29,170.0	
Income	0.0	0.0	0.0	0.0	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)	0.0	
Net Expenditure	25,400.0	0.0	25,400.0	10,810.0	(11,034.0)	(21,844.0)	25,400.0	0.0	29,170.0	
Archaeology	150,100.0		150,100.0	116,390.0	83,732.0	(32,658.0)	144,782.0	(5,318.0)	150,100.0	MMS project
Income	(111,600.0)		(111,600.0)	(52,500.0)	(23,475.0)	29,025.0	(105,600.0)	6,000.0	(111,600.0)	
Net Expenditure	38,500.0	0.0	38,500.0	63,890.0	60,257.0	(3,633.0)	39,182.0	682.0	38,500.0	
Enhancement Schemes	183,690.0		183,690.0	150,160.0	100,516.0	(49,644.0)	147,300.0	(36,390.0)	183,690.0	Expenditure on TEL project less than originally planned due to a slower than anticipated start.
Income	(165,690.0)		(165,690.0)	(134,400.0)	(40,627.0)	93,770.0	(129,300.0)	36,390.0	(165,690.0)	Income less for TEL due to lower than anticipated expenditure
Net Expenditure	18,000.0	0.0	18,000.0	15,760.0	59,889.0	44,129.0	18,000.0	0.0	18,000.0	
Conservation Areas	15,000.0		15,000.0	9,390.0	2,258.0	(7,132.0)	15,000.0	0.0	11,230.0	
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)	114,160.0		114,160.0	78,895.0	67,375.0	(11,520.0)	103,000.0	(11,160.0)	141,160.0	
Recharges	65,550.0		65,550.0	0.0	0.0	0.0	65,550.0	0.0	65,550.0	
Gross Expenditure	556,400.0	0.0	556,400.0	368,145.0	246,347.0	(121,798.0)	504,532.0	(51,868.0)	583,400.0	
INCOME	(277,290.0)	0.0	(277,290.0)	(185,900.0)	(65,102.0)	121,798.0	(235,900.0)	41,390.0	(277,290.0)	
NET TOTAL	279,110.0	0.0	279,110.0	181,245.0	181,245.0	0.0	268,632.0	(10,478.0)	306,110.0	
Recreation Management										
P.R.O.W.S.	0.0		0.0	0.0	27,469.0	27,469.0	27,469.0	27,469.0	0.0	
Income	0.0		0.0	0.0	(26,518.0)	(26,518.0)	(26,518.0)	(26,518.0)	0.0	
Net Expenditure	0.0	0.0	0.0	0.0	951.0	951.0	951.0	951.0	0.0	
National Trails	118,140.0		118,140.0	88,540.0	78,441.0	(10,099.0)	118,140.0	0.0	118,140.0	
Income	(100,250.0)		(100,250.0)	(50,125.0)	(49,331.0)	794.0	(100,250.0)	0.0	(100,250.0)	
Net Expenditure	17,890.0	0.0	17,890.0	38,415.0	29,110.0	(9,305.0)	17,890.0	0.0	17,890.0	
Access to Open Land	353,000.0		353,000.0	275,485.0	214,504.0	(60,981.0)	347,600.0	(5,400.0)	310,770.0	Northern Apprentices started later than anticipated plus vacancies during the year
Income	(91,230.0)		(91,230.0)	(81,730.0)	(82,758.0)	(1,028.0)	(92,758.0)	(1,528.0)	(59,000.0)	
Net Expenditure	261,770.0	0.0	261,770.0	193,755.0	131,746.0	(62,009.0)	254,842.0	(6,928.0)	251,770.0	
Visitor Mgt & Facilities	52,940.0		52,940.0	38,650.0	28,374.0	(10,276.0)	52,940.0	0.0	52,940.0	
Car Parks	116,660.0		116,660.0	96,610.0	90,443.0	(6,167.0)	117,660.0	1,000.0	116,660.0	
Income	(355,440.0)		(355,440.0)	(311,440.0)	(338,630.0)	(27,190.0)	(370,000.0)	(14,560.0)	(355,440.0)	Income target expected to be exceeded at this point
Net Expenditure	(238,780.0)	0.0	(238,780.0)	(214,830.0)	(248,187.0)	(33,357.0)	(252,340.0)	(13,560.0)	(238,780.0)	
Public Transport	43,560.0		43,560.0	37,200.0	19,777.0	(17,423.0)	30,560.0	(13,000.0)	40,000.0	Transport project underspent due to difficulty in finding suitable groups to work with on this project.
Income	(7,000.0)		(7,000.0)	(7,000.0)	(5,775.0)	1,225.0	(7,000.0)	0.0	0.0	
Net Expenditure	36,560.0	0.0	36,560.0	30,200.0	14,002.0	(16,198.0)	23,560.0	(13,000.0)	40,000.0	
Recreation (Emp)	167,970.0		167,970.0	133,200.0	128,099.0	(5,101.0)	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	669,685.0	587,107.0	(82,578.0)	1,111,049.0	10,069.0	1,056,830.0	
INCOME	(553,920.0)	0.0	(553,920.0)	(450,295.0)	(503,012.0)	(52,717.0)	(596,526.0)	(42,606.0)	(514,690.0)	
NET TOTAL	547,060.0	0.0	547,060.0	219,390.0	84,095.0	(135,295.0)	514,523.0	(32,537.0)	542,140.0	
Promoting Understanding										
Visitor Centres	470,570.0		470,570.0	363,630.0	394,683.0	31,053.0	494,000.0	23,430.0	466,570.0	This includes £16.8k for a new MDU which was mainly funded from the insurance claim (£14k) Tha additional income relates to £14k received as the insurance claim for the stolen MDU.
Income	(226,550.0)		(226,550.0)	(192,500.0)	(216,377.0)	(23,877.0)	(240,850.0)	(14,300.0)	(226,550.0)	
Net Expenditure	244,020.0	0.0	244,020.0	171,130.0	178,306.0	7,176.0	253,150.0	9,130.0	240,020.0	
Info & Interp Services	97,400.0		97,400.0	63,820.0	61,384.0	(2,436.0)	110,200.0	12,800.0	96,400.0	Additional expenditure associated with Connections North Project. However, this is offset by the grant received to fund this project. (See below) Additional income associated with Connections North Project and over-achievement of income target on Exhibitions due to successful exhibition at the beginning of the year.
Income	(36,600.0)		(36,600.0)	(30,960.0)	(66,697.0)	(35,737.0)	(71,500.0)	(34,900.0)	(36,600.0)	
Net Expenditure	60,800.0	0.0	60,800.0	32,860.0	(5,313.0)	(38,173.0)	38,700.0	(22,100.0)	59,800.0	
Education Service	76,080.0		76,080.0	57,370.0	56,997.0	(373.0)	76,080.0	0.0	79,640.0	
Income	(17,100.0)		(17,100.0)	(12,820.0)	(15,729.0)	(2,909.0)	(17,100.0)	0.0	(17,100.0)	
Net Expenditure	58,980.0	0.0	58,980.0	44,550.0	41,268.0	(3,282.0)	58,980.0	0.0	62,540.0	
Info Interp Educ (Emp)	210,380.0		210,380.0	161,040.0	162,633.0	1,593.0	213,000.0	2,620.0	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	645,860.0	675,697.0	29,837.0	1,149,730.0	38,850.0	1,135,670.0	
INCOME	(280,250.0)	0.0	(280,250.0)	(236,280.0)	(298,803.0)	(62,523.0)	(329,450.0)	49,200.0	(280,250.0)	
NET TOTAL	830,630.0	0.0	830,630.0	409,580.0	376,894.0	(32,686.0)	820,280.0	(10,350.0)	855,420.0	
Rangers & Volunteers										
Ranger Services	250,765.0		250,765.0	194,040.0	192,885.0	(1,155.0)	254,000.0	3,235.0	257,150.0	
Estate Teams	213,700.0		213,700.0	169,555.0	165,504.0	(4,051.0)	213,700.0	0.0	233,050.0	
Volunteers	193,820.0		193,820.0	138,500.0	130,199.0	(8,301.0)	193,820.0	0.0	193,820.0	
Income	(8,940.0)		(8,940.0)	(6,970.0)	(6,997.0)	(27.0)	(8,650.0)	290.0	(8,940.0)	
Net Expenditure	184,880.0	0.0	184,880.0	131,530.0	123,202.0	(8,328.0)	185,170.0	3,525.0	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	847,685.0	0.0	847,685.0	502,095.0	488,588.0	(13,507.0)	850,920.0	3,235.0	873,420.0	
Income	(8,940.0)	0.0	(8,940.0)	(6,970.0)	(

FUNCTION	BUDGETARY CHANGES								Col.7 Original Budget	Col.8 Comments
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Budget After Grants & Levies	0.0	0.0	0.0	126,910.0	(347,588.6)	(474,498.6)	(99,393.6)	-99,394	(62,400.0)	
General Reserves										
General Reserves	410,000.0	46,800.0	456,800.0							
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	46,800.0	938,800.0	0.0		0.0				

VIREMENT REPORT								
Virement Reference	Budget Transfer From				Budget Transfer To			Reason
	Department	Income £	Expenditure £		Department	Income £	Expenditure £	
(1)	Restructuring Costs		-31800.00		Reserves		31800.00	Staff savings as a result of a number of voluntary resignations have increased the budget available to fund the redundancies reducing the amount needed from Reserves.
(2)	Development Control		-30000.00		Reserves		30000.00	The £30k budget agreed as additional funding for York Potash will not now be required until the start of 2015/16. It is requested that this £30k can be carried forward to 2105/16 to be utilised at this time.
(2)	Reserves		-15000.00		Development Control		15000.00	Additional work will need to be undertaken by AMEC assessing the economic impact of the project. It is likely that a further £15k will be needed to fund this work.