

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

5 September 2016

2016/2017 Budget Update

1. Purpose of the Report

- 1.1 To provide Members with a budget and reserve update for the financial year 2016/17.

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 update for the 2016/17 budget; there are no virements which required approval in this quarter and it is too early in the year to attempt to forecast the year end. Since the pattern of spend is similar to previous years, officers are being active this year in identifying likely underspending projects and transferring resources to other important work.

3. Performance

- 3.1 In previous years there has been a trend of expenditure being below profile and income being above profile at this time of year, and this year is no different. The main variances are highlighted in Section 5 of this report and budget review meetings for some of the main projects such as TEL, CCF and BIFFA are planned in August. Additional projects are currently being considered in conjunction with the Business Plan.
- 3.2 With the exception of planning, most areas of income appear to be exceeding expectations. Car parking income is 7% higher, and the Moors Centre income is 12% higher than this time last year. On balance this suggests to Officers that income figures are likely to be exceeded and discussions have commenced as to what extra valuable work could take place this year. An income and expenditure summary is shown in **Appendix 1** and a breakdown by income type in **Appendix 2**.

2016/17 Budget Summary as at 31st July 2016			
2016/2017 Income and Expenditure	2016/17 Original Budget	2016/17 Current Budget	2016/17 Change in Budget
	£000	£000	£000
Gross Expenditure	6,404	6,489	85
Gross Income	6,388	6,579	191
Net Movement to/from Reserves	16	90	106

3.3 In year changes to the 2016/17 Budget

In year changes to the 2016/17 Budget	
	£'000
In year budgets agreed at Officer Level	
Expenditure	
Specialist Planning Consultants and Planning Statutory Press advertisements	10
Archaeological Budget	4
Staithes Bank Area	10
Purchase of new trailer	10
Internal Audit Budget not in original budget	6
Earmarked Carry forward Budgets funded from Reserves	45
Sub Total Expenditure	85
Income	
Lottery Funding TEL	191
In year changes to the 2016/17 Budget	106

4. Reserves

4.1 It should be noted that the original 2016/17 Budget was not fully committed and it was planned to move £234k into reserves pending Members decisions on priorities in the Business Plan. As a result of the budget changes shown above, there would now be a transfer to general reserves of £164K a reduction of £70k. This is made up of £40k new budget allocations and £30k additional budget requirement identified as part of the re-profiling of the TEL Budget. Excluding any underspends or additional income throughout the year, the balance of reserves would increase from £1,912k, to £2,001k at the end of 2016/17. Members had agreed to a planned increase in reserves in 2016/17 to provide greater flexibility in the allocation of resources to new projects and capital expenditure in the Business Plan. Further information is included at Item xX and discussed at the Members Evening Seminar on 24 August.

4.2 The table below shows the movement in reserves for 2016/17.

Reserve Summary 2016/17	2016/17 Opening Position	2016/17 Planned Movement	2016/17 Planned Closing Position	2016/17 Actual Movement in Reserves	2016/17 Estimated Closing Position
	NPA March 17	NPA March 17	NPA March 17	As at 31/7/2016	As at 31/7/2016
	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves					
Contingency Reserve	320		320	0	320
TEL Match Funding	250	250	0	29	221
Earmarked Section 106 Reserve (Developer Contribution for compliance with s106 and planning conditions)	148		148	0	148
Earmarked Section 106 Reserve (Developer Contribution for environmental mitigation on the coast)	25		25	25	0
Earmarked Revenue Reserve	20		20	20	0
Earmarked Capital Reserve	250		250	0	250
Non Earmarked Reserves			0		0
General Reserve	899	234	1,133	164	1,062
Closing Reserve Balance	1,912	16	1,896	90	2,001

4.3 Members will note that at this stage, following a reprofile of the budget it is estimated that only £29k of the This Exploited Land (TEL) Reserve Allocation will be used in the 2016/2017 financial year. The remaining £221k will be drawn down over a number of financial years to match fund the various funding streams. Confirmation of the David Ross Foundation funding of £300k over 5 years has now been received. In addition HLF grant which will match expenditure incurred in the current financial year had been allocated to 2017/18 when the cash will be received. The budget has now been adjusted to account for this on an accruals basis. The budget for 2016/2017 will continue to be adjusted within the year to account for changes in expenditure and funding.

4.4 So far in 2016/17 there has been very little expenditure against the £148k Earmarked Section 106 Reserve (Developer Contribution for compliance with s106 and planning conditions). As soon as work starts the budget will be brought into 2016/17 and the reserve statement will be amended.

4.5 It is expected that Members will discuss the allocation and utilisation of the General Reserve as part of the Business Planning process.

5. Areas of the 2016/17 Budget where the Variance to Profile Requires Explanation and Possible Further Work to Realign Budgets

5.1 Natural Environment

Expenditure to the end of July is £4k lower than the profiled budget and income is £11k lower than profiled income. Members should be aware that one of the high risk areas for underspending based on previous years is within the area of natural environment grants. None of this year's budget has been spent at this point in time but due to the profiling of this expenditure in the later quarters this does not materialise as a variance in the reported figures and this presents a significant risk of underspend.

The Finance team will work closely with the budget holders in this area to assess a likely outturn and required action between now and the meeting in November.

These variances are mainly in relation to the BIFFA Project and a budget review will be undertaken to re-profile the budget before the next meeting.

5.2 Cultural Heritage

Expenditure to the end of July is £12k lower than the profiled budget and income is £40k higher than profiled income.

This is mainly due to variances on the Monument Management Scheme. Grant commitments have been made from the Scheme in 2016/17 but will be paid later in the year. Grant funding was received in advance in 2015/16 and carried forward into 2015/16. This budget will be re-profiled prior to the next meeting.

5.3 Recreation Management

Expenditure to the end of July is £43k lower than the profiled budget and income is £16k higher than profiled income.

This variance has been highlighted to the Budget Manager for further investigation and possible re-profiling of the budgets, The largest area of expenditure variance is £24k and is in relation to access routes which also underspent in 2015/16 so is a particular area of concern, although the current budget holder is making this an area of focus and is confident that this area will be fully spent by the end of the Financial Year. There are also smaller variances in: apprentices, volunteers and toilets which amount to a further £19k. These areas of expenditure will be reviewed before the next meeting. The additional income relates to car parking income which continues to exceed expectations, it should also be noted that the income includes a donation of £8k which was received for work to the Lyke Wake Walk.

5.4 Promoting Understanding

Expenditure to the end of July is £28k lower than the profiled budget and income is £51k higher than profiled income.

The variance in expenditure is mainly due to the Coastal Communities Fund Project (CCF) where The Whitby TIC project £30k is not now going ahead due to decisions beyond this Authority's control. CCF has been contacted and there is now agreement to reallocate this underspend to other projects.

The income variance is due to increased income and exhibition fees at the Moors Centre which is excellent. The increase in income has been discussed with the Exhibition and Events Coordinator and a meeting arranged after the summer holiday period to review this budget area.

Officers are aware of an additional £18k of expenditure which will be incurred to fund repairs to the roof and ventilation at The Moors Centre. There is a limited opportunity to get the work complete in the autumn with minimal disruption to the service. The budget has not yet been allocated due to the timing of the costing information but this will be adjusted for the next meeting.

5.5 Development Management

Expenditure to the end of July is £13k lower than the profiled budget and income is £46k lower than profiled income.

The expenditure variance is mostly due to lower costs on planning legal fees, a significant planning appeal was expected in the first part of 2017 but has now been withdrawn. This budget will be reviewed prior to the next meeting.

This income variance has been highlighted to the budget manager and it is believed that a large planning application in September /October should bring the income back in line with the budget.

5.6 **Corporate Services**

Expenditure to the end of July is £25k lower than the profiled budget and income is £3k lower than profiled income.

This variance is mainly due to invoices and income for bought in service not yet received. These invoices have been chased and should be paid in August.

6. **Financial, Legal and Staffing Implications**

6.1 The implications are described in the report.

<h2>7. Recommendation</h2>

<p>7.1 That Members note the content of this report.</p>
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Appendix 1

Please note that in the table below green font indicates an underspend or additional income and red font indicates an overspend or income shortfall.

2016/17 Income and Expenditure Summary as at 31st July 2016				
2016/2017 Income and Expenditure	2016/17 Current Budget	2016/17 Profile at	2016/17 Actual at	% against Profile
		31/07/16	31/07/2016	31/07/2016
Expenditure	£	£	£	£
Natural Environment	881,900	151,460	147,111	97%
Cultural Heritage	846,680	80,670	68,256	85%
Recreation Management	1,122,940	275,020	231,659	84%
Promoting Understanding	1,337,870	387,490	359,436	93%
Rangers and Volunteers	757,540	197,680	188,370	95%
Development Management	791,630	174,250	161,037	92%
Forward Planning	313,760	52,780	49,303	93%
Corporate and Democratic Core	436,710	597,090	572,037	96%
Total Expenditure	6,489,030	1,916,440	1,777,209	
Income	£	£	£	£
Natural Environment	149,550	37,390	26,480	71%
Cultural Heritage	587,570	11,240	52,100	464%
Recreation Management	608,760	188,490	204,652	109%
Promoting Understanding	473,950	166,600	218,131	131%
Rangers and Volunteers	21,980	11,000	9,992	91%
Development Management	384,750	119,650	73,182	61%
Forward Planning	15,360	0	0	0%
Corporate and Democratic Core	173,780	15,000	11,689	78%
DEFRA Grant	4,163,190	2,081,595	2,081,595	100%
Total Income	6,578,890	2,630,965	2,677,821	
NET SURPLUS	89,860	714,525	900,612	
NET TRANSFER TO RESERVES	89,860			

Appendix 2

Please note that in the table below green font indicates an underspend or additional income and red font indicates an overspend or income shortfall.

2016/2017 Breakdown by Income Type			
	2016/17 Current Budget	2016/17 Profile Budget	2016/17 Actual to 31/07/16
	£000	£000	£000
Income Type			
Grants (Excluding DEFRA)	979	108	116
Retail Sales	198	77	96
Planning Income	274	119	73
Car Park Income	396	171	191
Other Income	401	69	103
Donations	3	0	12
Investment Income	20	5	4
Capital Receipts	35	0	0
Section 106 Income	110	0	0
DEFRA GRANT	4,163	2,082	2,082
Total	6,579	2,631	2,677