

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

5 June 2017

Draft Financial Outturn

1. Purpose of the Report

- 1.1 To provide Members with the draft financial outturn for the financial year ended 31 March 2017.

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 final detailed update for the 2016/17 budget; there are no virements which required approval in this quarter.
- 2.3 The figures in this report will be used in the 2016/17 Statement of Final Accounts which will be subject to audit by KPMG LLP (UK) as the Audit Commission appointed auditors. The figures will remain in draft form and may be subject to change until the final figures are agreed by 30 September 2017 at the latest.

3. Performance

- 3.1 Performance in the financial year has been particularly strong with budget managers continuing to focus on increasing income and ensuring that expenditure is defrayed within year. This compares to the situation over the past few years where significant underspends on expenditure have been accepted due to reductions in funding. Expenditure has increased by £590k (10%) and the transfer to core earmarked and general reserves at the end of the financial year has decreased. In summary, total income to year end, excluding NPG was £2,526k against a budget figure of £2,426k, £100k more than planned. Total expenditure was £6,406k against a proposed budget of £6,457k concluding in an under spend against budget of £51k. The £51k figure is the result in delays in project spend (mainly TELI) offset by significant approved increases in core spend.
- 3.2 The revised budget in February showed a £132k budgeted transfer to reserves. Income of £190k for Section 106 from Sirius Minerals Ltd and £46k for S106 Black Swan Development in Helmsley, were received early and had not been budgeted for leading to a net year end excess of income over expenditure of £283k. Without these two items, which are in any event ring-fenced, the transfer to reserves is just £47k reflecting the increased emphasis on achieving spend. A summary of the reserves position can be found in section 4 below.

- 3.3 The figures are summarised in a table below but are still subject to external audit, which will take place in June. Income is higher than budget and expenditure is below budget. The main variances are detailed in **Section 5** together with a function income and expenditure summary shown in **Appendix 1** and a breakdown by income type in **Appendix 2**.
- 3.4 With the exception of planning, most areas of *earned* income have exceeded expectations. Car parking income is 6% higher, and the Visitor Centres income is 1% higher than this time last year.
- 3.5 In terms of expenditure, the majority of the under spend is mainly due to slippage on externally funded conservation projects which is offset by a corresponding reduction in grant income. A more detailed explanation of expenditure variances is included in section 5.

2016/17 Income and Expenditure Summary as at 31st March 2017

2016/2017 Income and Expenditure	2016/17 Current Budget	2016/17 Outturn as at 31/3/2017	2016/17 Year End Variance to budget
	£	£	£
Gross Expenditure	6,457,720	6,406,320	51,400
Gross Income	6,589,360	6,689,746	100,386
Net Movement to/from Reserves	131,640	283,426	

4. Reserves

- 4.1 The expected level of reserves (subject to completion of the audit) at the end of the financial year is £2,195k, this compares to a projected balance of £2,087k as reported to this Committee in February. The table below details the opening and closing position of the Authority's Reserves.

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

Reserve Summary 2016/17	2016/17 Opening Position	2016/17 Actual Movement in Reserves	2016/17 Closing Position
	NPA March 16	As at 31/03/2017	As at 31/03/2017
Earmarked Reserves	£'000	£'000	£'000
Emergency Reserve	320	0	320
This Exploited Land of Iron (TELI) Match Funding	250	-22	228
Earmarked S106 Reserve (Developer Contribution(York Potash) for compliance with S106 and planning conditions)	148	35	183
Earmarked S106 Reserve (Developer Contribution for environmental mitigation on the coast)	25	-25	0
Earmarked S106 Reserve (Developer Contribution(Black Swan) for compliance with S106 and planning conditions)	0	46	46
Earmarked S106 Reserve (Developer Contribution(Police Polyhalite) for compliance with S106 and planning conditions)	0	155	155
Earmarked Revenue Reserve	20	-1	19
Earmarked Capital Reserve	250	0	250
Non Earmarked Reserves			0
Capital and Other Specific Reserves agreed in the Business Plan	899	95	994
Closing Reserve Balance	1,912	283	2,195

- 4.3 Members will recall that the anticipated outturn, reported to the February meeting, included a £223k transfer to Business Plan Reserves. These actual outturn figures show that this has been substantially reduced to £95k.
- 4.4 The This Exploited Land of Iron (TELI) earmarked reserve will be drawn down over a number of financial years as and when it is required. The 2017/18 and future years budgets will be adjusted within year to take account of this.
- 4.5 In terms of the Earmarked S106 reserves, any unspent or new contributions not spent at the end of 2017/18 will either be transferred back into reserves or repaid to the developer depending upon the terms of the agreement.
- 4.6 The Earmarked Revenue reserve (£19k) relates to the items previously agreed by this committee for Health & Access expenditure and Monument Management Scheme (MMS) reserve.
- 4.7 Members will recall that the Business Planning process concluded with the allocation of the General Reserve to essential and priority projects (see page 7 of that Plan) with effect from 1 April 2017. A draft reconciliation of the 16/17 actual position to the 17/18 revised allocations will be provided at the meeting.
- 4.8 The S151 Officer has a duty to advise the Authority on the level of reserves required to meet estimated future expenditure and to safeguard authorities from over-committing themselves financially. Earmarked reserves are necessary to manage expenditure between years, match funding for grants, fund large infrequent and necessary items of expenditure, such as replacement of equipment and refurbishment of buildings, and to fund known financial risk items. In addition it is advisable to maintain an 'emergency reserve', to cover unexpected expenditure which should be replenished back to an agreed level if it is used. This Authority has set this at £320K.
- 5. Areas of the 2016/17 Budget where the Variance to Actual Outturn Requires Explanation**
- 5.1 Natural Environment**
- 5.1.1 Officers have monitored these budgets very closely and the expenditure budgets have exceeded the anticipated under spend of £24k and have overall come in on target.
- 5.1.2 As previously reported, the majority of spend on these budgets is incurred during the last few months of the financial year. The process of overcommitting the grants budget has worked well and any delays or 'drop offs' have been managed and have not resulted in underspends. However, it must be noted that the over commitments are in relation to the Traditional Boundary Scheme whereas the PAWS budget was underspent.
- 5.1.3 The under achievement of income (£12k) relates to the BIFFA external funded project which has slipped slightly and is expected to spend more in 2017/18.

5.2 Cultural Heritage

5.2.1 The expenditure underspend of £190k relates to project slippage on TELI (£191k) and MMS (£20k) grant funded budgets and an under spend on the historic buildings budget (£22k). This under spend of £232k was partially offset by an over spend of £43k on the joint LIDAR project with Durham University.

5.2.2 The underachievement of income is due to the slippage of the TELI project and the MMS project detailed above. Both of these will be made up by increased budget spend in 2017/18 or subsequent years with re-profiling being undertaken to account for this.

5.3 Recreation Management

5.3.1 The expenditure over spend of £57k is due to National Trail external funded project (£27k) receiving an additional grant, purchase of three new car park ticket machines (£16k) and work on bridleways (£13k).

5.3.2 The over achievement of income of £82k is mainly due to the high income received from car park charges (£74k). An additional National Trails Grant of £26k has also been received, together with additional income of £15k from NYCC for Access Routes. This overachievement is offset by £33k underachievement of income for apprentices due to a reduction in funding from Prior Purseglove College.

5.4 Promoting Understanding

5.4.1 The over spend on expenditure of £123k relates to one off expenditure for the following projects as approved during the year:

- roof repairs and general maintenance at the Moor Centre (£48k),
- Riverside Trails at the Moors Centre (£15k),
- Crow Wood (£11k)
- Maintenance at Sutton Bank, Sutton Bank Cycling (£17k) and
- Additional spend for Exhibitions.

5.4.2 The additional income of £50k is for additional sales at the visitor centres (£23k), increased exhibitions fees (10k) and additional Coastal Communities Fund grant (£17k).

5.5 Rangers and Volunteers

5.5.1 The overspend on expenditure relates to additional spend on vehicles including a Ford Ranger (£25k), Volunteer Service Van (£19k), three mini diggers (£9k) and a trailer (£3k). All of which were approved during the year and are one off capital purchases.

5.6 Development Management

5.6.1 The under spend on expenditure of £49k relates to York Potash S106 (£33k) and Planning applications (£12k) The York Potash underspend is offset by the income amount transferred to reserves.

5.6.2 The additional income of £12k relates to £46k income received late March from the Black Swan developer for S106 planning conditions. This has not been reported to committee as the income was not expected until 2017/18. This money has been transferred to an ear marked reserve. As previously reported, the income from planning application fees has under achieved by £40k due to the nil increase of planning fees.

5.7 Forward Planning

- 5.7.1 As previously reported, the under spend on expenditure refers to the Local Plan budget due to a lower than anticipated consultancy costs on the landscape character assessment.
- 5.7.2 The additional income of £196k is for income received late March for S106 Police Polyhalite (£155k) from York Potash which has been ring fenced and transferred to ear marked reserves for spend in 2017/18.
- 5.7.3 Additional income was also unexpectedly received in March from DCLG, for Self-Build and Custom Housebuilding Grant and for a Brownfield Sites Register. This funding relates to “extra burdens” resources provided to local authorities to undertake additional planning work.

5.8 Corporate and Development Core

- 5.8.1 The under spend on expenditure of £24k relates to an overspend of £52k on computer hardware, some of which relates to replacements planned in the 17/18 financial year and others relate to assisting the delivery of other priorities in the Business Plan, e.g. the electronic whiteboards used by the Education Service have been replaced .A decision was also approved to purchase of an additional pool car to meet increased demands at a cost of £9k. The total overspend is partially reduced by a planned underspend on restructuring and invest to save projects of £38k.
- 5.8.2 The under achievement of income of £67k is due to the planned new rental income at the Old Vicarage of £20k not being achieved, a non-realisation of capital receipts for the sale of the old pool cars (£12k) which will now be included in 2017/18 and an under attainment of income of £34k, for corporate sponsorship.

6. Financial, Legal and Staffing Implications

- 6.1 The implications are described in the report.

7. Recommendation

- 7.1 That Members note the content of this report, and
- 7.2 Approve the reserves detailed in paragraph 4.

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Appendix 1

2016/17 Income and Expenditure Summary as at 31st March 2017			
2016/2017 Income and Expenditure	2016/17 Current Budget	2016/17 Outturn as at 31/03/2017	2016/17 Year End Variance
Expenditure	£	£	
Natural Environment	865,410	863,782	1,628
Cultural Heritage	807,030	616,489	190,541
Recreation Management	1,137,770	1,194,712	56,942
Promoting Understanding	1,337,870	1,460,660	122,790
Rangers and Volunteers	757,540	815,979	58,439
Development Management	801,630	752,260	49,370
Forward Planning	313,760	289,929	23,831
Corporate and Democratic Core	436,710	412,510	24,200
Total Expenditure	6,457,720	6,406,320	51,400
Income	£	£	
Natural Environment	147,050	134,746	12,304
Cultural Heritage	572,320	409,738	162,582
Recreation Management	633,360	715,527	82,167
Promoting Understanding	473,950	524,068	50,118
Rangers and Volunteers	25,600	26,220	620
Development Management	384,750	397,581	12,831
Forward Planning	15,360	211,572	196,212
Corporate and Democratic Core	173,780	107,106	66,674
DEFRA Grant	4,163,190	4,163,188	2
Total Income	6,589,360	6,689,746	100,386
NET SURPLUS	131,640	283,426	151,786
NET TRANSFER TO RESERVES	131,640	283,426	

Please note that in the table above green font indicates an under spend or additional income and red font indicates an over spend or income shortfall.

This table includes £606k creditors and £489k debtors.

Appendix 2

2016/2017 Breakdown by Income Type			
	£	£	£
Income Type			
Grants (Excluding DEFRA)	986	791	195
Retail Sales	198	211	13
Planning Income	274	244	30
Car Park Income	396	467	71
Other Income & Donations	407	461	54
Investment Income	20	18	2
Capital Receipts	35	25	10
Section 106 Income	110	309	199
DEFRA GRANT	4,163	4,163	0
Total	6,589	6,689	100

Please note that in the table above green font indicates an under spend or additional income and red font indicates an over spend or income shortfall.