

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

20 November 2017

2017/2018 Finance Update

1. Purpose of the Report

- 1.1 To provide Members with a budget and reserve update for the financial year 2017/18, and report the actual income and expenditure as at 30 September 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 report details the position of income and expenditure to 30 September 2017 compared with the budget. As this is half way through the financial year, a forecast outturn has also been included.
- 2.3 Since the last committee meeting, a small number of adjustments have been made to the income and expenditure budgets for re-profiling of budgets and new grant funded projects. This has not affected the net budget and the amount required from reserves to balance the budget.

3. Performance

- 3.1 Total income received to 30 September 2017, excluding NPG was £4,027k against a profiled budget figure of £4,059k, £32k less than planned. Total expenditure was £2,620k against a profiled budget of £2,734k, an under spend against the profiled budget of £114k.
- 3.2 Members should note that the above figures include income received of £930k and expenditure of £275k relating to Sirius Minerals and the Woodsmith Mine development, as this has been allocated over the relevant function headings.
- 3.3 Details of the main variances are show in **section 5** together with an Income and Expenditure summary shown in **Appendix 1** and a subjective breakdown of income and expenditure type in **Appendix 2**.
- 3.4 With the exception of planning, most areas of *earned* income appear to be exceeding expectations. Car parking income is 8% higher than this time last year, and Visitor Centre income is 5% higher. This is illustrated in the table below which shows the income position over the past three years

	Actual income 30/09/2015 £	Actual income 30/09/2016 £	Actual income 30/09/2017 £
Car Parks	301,697	316,064	342,224
Visitor Centres	161,120	160,723	168,218
TOTAL	462,817	476,787	510,442

- 3.5 In-year adjustments have reduced the amount of general reserves required to fund the Authority's budget from £219k to £59k, a decrease of £160k from the original budget approved by NPA in March 2017:

2017/18 Budget Summary as at 30th September 2017			
2017/2018 Income and Expenditure	2017/18 Original Budget	2017/18 Current Budget	2017/18 Change in Budget
	£000	£000	£000
Gross Expenditure	8,331	8,121	210
Gross Income	8,112	8,062	50
Net Movement to/from Reserves	219	59	160

3.6 In Year Changes to the 2017/18 Budget

A breakdown of the in-year changes shows

In year changes to the 2017/18 Budget			
	Increase in Expenditure or Decrease in Income	Decrease in Expenditure or Increase in Income	Total
	£'000	£'000	£'000
Expenditure			
Previously reported changes	386	724	
S106 Polyhalite adjustment		5	
Turtle Dove Grant adjustment	11		
Destination Moors & Dales EAFRD Grant	86		
Re profile Income & Expenditure for collaboration agreement	36		
Sub Total Expenditure	519	729	210
Income			
Previously reported changes	495	317	
S106 Polyhalite adjustment	5		
Turtle Dove Grant adjustment		11	
Destination Moors & Dales EAFRD Grant		86	
Re profile Income & Expenditure for collaboration agreement		36	
Sub Total Income	500	450	50
In year changes to the 2017/18 Budget			160

3.7 This quarter the majority of new movement is due to the input of two new externally grant funded schemes – Turtle Doves and Destination Moors and Dales.

4. Reserves

4.1 The table below shows the anticipated movement in reserves for 2017/18. The movement in ear marked reserves are as reported in the Authority's Business Plan. The estimated closing balance is currently £2,136k.

Reserve Summary 2017/18	2017/18 Opening Position	2017/18 Planned Movement	2017/18 Planned Closing Position	2017/18 Actual Movement in Reserves	2017/18 Estimated Closing Position
	NPA March 17	NPA March 18	NPA March 18	As at 30/9/2017	As at 30/9/2017
Earmarked Reserves	£'000	£'000	£'000	£'000	£'000
Emergency Reserve	320		320	0	320
Inflation/ Contingency		139	139		139
Misc projects match funding		100	100		100
TELI Match Funding	228		228		228
NYMR Match Funding		30	30		30
Earmarked Section 106 Reserve (Sirius Minerals and Black Swan Development)	384		384	0	384
Earmarked Revenue Reserve	19		19	0	19
Earmarked Capital Reserve	250	610	860	0	860
OtherReserves					
Reserves held to support specified future spending	994	-879	115	-59	56
Closing Reserve Balance	2,195	0	2,195	-59	2,136

4.2 Members should note that that the table above includes a sum of £384k for s106 reserve Any money which is not spent during 2017/18, from this reserve, or any other underspend s106 money received during the year, will be transferred to this reserve and shown separately from the Authority's own reserves.

4.3 A separate report on the allocation of reserves is included in **item X** of this agenda

5. **Areas of the 2016/17 Budget where the Variance to Profile Requires Explanation**

5.1 **Natural Environment**

Expenditure to the end of September is £70k lower than the profiled budget and income is £24k higher than the profiled income.

The expenditure variance mainly relates to Connectivity, PAWS Conservation Agreements and BIFFA.

Members will recall that BIFFA is an externally funded project. This budget is behind profile and it is not expected that the total budget of £100k will be spent this financial year; a small amount is likely to be carried forward in to 2018/19. Any underspend in 2017/18 would be offset by a corresponding carry forward of grant income.

The PAWS budget is also behind profile and is projected to under spend. This is detailed in section 6 of this report

Connectivity is also behind profile and is not anticipated to be fully spent by the end of the year. Much of this was due to delays in recruiting the second LLMA and Head of Natural Environment (These staff are now appointed or in post). Members approval is requested to vire £50,000 from this budget to the Traditional Boundary Scheme budget as experience has shown that there is sufficient demand to justify re prioritising this budget. The TBS budget is fully committed due to an early grant application window. A second application window closed on the 31 October 2017 and further applicants have applied which will result in the need for additional budget. As much of this work is dependent upon external risk factors such as contractor availability and the weather, officers will continue to monitor the situation closely.

The income variance is due to the receipt of the Turtle Dove Grant is one instalment instead of the profiled three.

5.2 **Cultural Heritage**

Expenditure to the end of September is £51k lower than the profiled budget and income is £5k higher than profiled income.

The expenditure variance is due to slippage on TELI projects as a result of delays on all aspects of the programme in getting projects through detailed development into delivery. The main areas involved include land management interpretation, Community Grants and website development. This has been caused by a combination of project complications, staff sickness and over estimating the team capacity when completing the originals profiles

5.3 **Recreation Management**

Expenditure to the end of September is £3k lower than the profiled budget and income is £15k lower than profiled income.

The expenditure variance correlates to a below profile spend on toilets (£10k) and Apprentices (£9k) which is offset by a higher profile spend on Access to Open Land (£16k).

The income variance relates to £12k additional car parking income which continues to exceed expectations.

A delay in payment of the external income for the Silton LEI project of £30k, accounts for the remaining balance. Following discussions with the Forestry Commission this scheme is now expected to be delayed until 2018/19.

5.4 **Promoting Understanding**

Expenditure to the end of September is £51k higher than the profiled budget and income is £31k higher than profiled income.

The variance in expenditure is mainly due to spend relating to the creation of extra car park space at Sutton Bank Visitor Centre, which has occurred ahead of profile

Another variance relates to Information and Interpretation and Education Services which are currently ahead of profile by £27k.

The income variance is due to additional sales income at the Visitor Centres £23k, and exhibitions fees at the Moor Centre £8k which continue to be excellent.

5.5 **Rangers and Volunteers**

Expenditure to the end of September is £55k lower than the profiled budget

The variance in expenditure relates to the Volunteer Services and Estate Service which are below profile by £38k. This mainly relates to volunteer travel claims and staff training costs rather than a drop in outputs. These areas of expenditure will be reviewed before the next meeting.

The Ranger service is also under profile due to an underspend on staff costs.

5.6. **Development Management**

Expenditure to the end of September is £66k higher than the profiled budget and income is £51k lower than profiled income.

The expenditure variance is due to S106 payments relating to the Black Swan development together with costs relating to the monitoring of the Sirius s106 construction. Both of these areas will be funded from earmarked reserves.

The income variance relates to planning application fees. The budget manager is confident that this will be rectified later in the year as a large building development planning application is expected to be received shortly.

5.7 **Forward Planning**

Expenditure to the end of September is £70k lower than the profiled budget. The majority of this relates to the Local Plan budget which is under profile. The budget manager has reviewed this budget, and is confident that this should be resolved within the year. A further update will be provided to members in February.

5.8 **Corporate Services**

Expenditure to the end of September is £18k higher than the profiled budget and income is £25k lower than profiled income.

The expenditure variance is due relates to a higher than profile spend on maintenance at the Old Vicarage and Beaconsfield.

The income variance links to the invest to save budget which is below profile.

6. Anticipated Outturn

Following consultations with the budget managers the current projected outturn for expenditure is £298k under spend which is counter balanced by under achievement of income of £252k resulting in the overall net projected outturn of £46k surplus. Further details are included below.

The total predicted spend for 2017/18 is £ 7,823k compared with the actual spend for 2016/17 of £6,406k which is an increase of 22%

6.1 Natural Environment

This expenditure budget is projected to under spend by £198k and is due to a differing year end for S106 Sirius Minerals following the commencement of development on 4th May 2017. This has resulted in each year to running from May to April ; however this is matched by carrying forward income received in advance from Sirius Minerals for payments due in April 2018. Reduced income will also be received from external grant sources for BIFFA and TELI

The major areas of under spend are PAWS and TELI

6.2 Cultural Heritage

This budget is anticipated to over spend by £20k due to employee costs.

6.3 Recreation Management

This expenditure budget is expected to under spend by £121k. The greatest part of this (£70k) is due to the delay increasing the car park spaces at Sutton Bank . This underspend will be transferred in to reserves and carried forward in to 2018/19.

Another major under spend (£32k) is connected to Siltan LEI bridleway improvements. This project is behind schedule due to complications with the Forestry Commission and is now expected to commence in 2018/19. As this project is external funded, the income will also be deferred.

The remaining underspend (£19k) is associated with apprentices pay. Problems with recruiting have led to longer vacancy periods.

The income budget is estimated to under achieve by £5k. This is broken down as follows: - £32k reduction in income for Siltan LEI, £12k additional Car Park income and £15k additional apprentice income funded by TELI

6.4 Promoting Understanding

This budget is predicted to under spend by £42k however this is matched by carrying forward £42k income received in advance from Sirius Minerals for payments in April 2018, due to year one running from May to April.

Additional sales income of £20k is expected to be generated at the Visitor Centres.

6.5 Development Management

This area is projecting an expenditure over spend of £46k for S106 payments relating to the Black Swan development. As previously mentioned, these will be funded from the developer's contribution held in an ear marked reserve.

The income budget for future S106 developments is expected to under achieve by £20k

6.6 **Forward Planning**

This section is expected to underspend on the National Park Plan (£3k), the Sustainable Development Fund (£5k) and employee costs (£16k)

6.7 **Corporate Services**

This budget is expected to over spend by £20k on updating the current laptops

7 **Financial, Legal and Staffing Implications**

7.1 The implications are described in the report.

8. **Recommendation**

8.1 Members approval to vire £50,000 from the Connectivity Budget to the Traditional Boundary Scheme Budget.

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Appendix 1

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

2017/18 Income and Expenditure Summary as at 30th Sept 2017					
	2017/18 Current Budget	2017/18 Profile at 30/09/2017	2017/18 Actual at 30/09/2017	% against Profile 30/09/2017	Anticipated Outturn 31/03/2018
Expenditure	£	£	£		
Natural Environment	1,282,860	355,960	285,503	80%	1,085,270
Cultural Heritage	1,081,950	357,080	305,751	86%	1,101,950
Recreation Management	1,227,900	430,450	427,291	99%	1,106,900
Promoting Understanding	2,059,270	626,365	677,768	108%	2,017,510
Rangers and Volunteers	855,720	333,230	278,206	83%	855,720
Development Management	805,160	302,950	369,329	122%	851,160
Forward Planning	376,920	158,220	87,992	56%	352,920
Corporate and Democratic Core	431,870	169,600	187,712	111%	451,870
Total Expenditure	8,121,650	2,733,855	2,619,552		7,823,300
Income	£	£	£		
Natural Environment	612,380	203,340	227,117	112%	430,790
Cultural Heritage	766,790	148,130	152,824	103%	766,790
Recreation Management	681,740	418,630	403,954	96%	676,740
Promoting Understanding	1,139,760	817,300	848,337	104%	1,118,000
Rangers and Volunteers	4,480	2,230	0	0%	4,480
Development Management	403,150	285,590	234,913	82%	383,150
Forward Planning	60,330	0	0	0%	60,330
Corporate and Democratic Core	158,880	66,880	42,310	63%	158,880
DEFRA Grant	4,234,800	2,117,400	2,117,398	100%	4,234,800
Total Income	8,062,310	4,059,500	4,026,853		7,833,960
NET SURPLUS	-59,340	1,325,645	1,407,301	0	10,660
NET TRANSFER TO RESERVES	-59,340				46,000

Appendix 2

2017/2018 Breakdown by Income & Expenditure Type				
	2017/18 Current Budget	2017/18 Profile Budget 30/09/2017	2017/18 Actual at 30/09/2017	2017/18 Anticipated Outturn 31/03/2018
	£000	£000	£000	£000
Expenditure Type				
Employees	3,641	1,774	1,764	3,626
Premises	358	173	157	358
Transport	197	95	70	197
Supplies and Services	2,745	900	752	2,523
Third Party Payments	376	117	128	376
Section 106 Expenditure	805	162	235	743
Total Expenditure	8,122	3,221	3,106	7,823
Income Type				
Grants (Excluding DEFRA)	1,345	212	160	1,208
Retail Sales	203	126	137	203
Planning Income	270	168	123	270
Car Park Income	456	329	340	468
Other Income	393	137	186	399
Donations	18	9	12	18
Investment Income	20	10	4	20
Capital Receipts	25	10	11	25
Section 106 Income	1,097	943	935	988
DEFRA GRANT	4,235	2,117	2,117	4,235
Total Income	8,062	4,061	4,025	7,834