

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

3 September 2018

2018/2019 Finance Update

1. Purpose of the Report

- 1.1 To provide Members with a budget and reserve update for the financial year 2018/19, report the actual income and expenditure as at 31st July 2018 and to provide an initial forecast outturn for 2018/19.

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 31 July 2018 compared with the budget. A forecast outturn has also been included.

3. Budget Changes

- 3.1 The table below shows the current budget summary which includes adjustments to increase both income and expenditure by £1,197k. These relate to confirmation of final figures for S106 Compensation and Mitigation £1,165k, and Discover England National Park partnership scheme £32k, which were not finalised when the budget was approved by NPA in March 2018. Members are asked to approve these in-year budget adjustments.

2018/19 Budget Summary as at 31st July 2018			
	2018/19 Original Budget	2018/19 Current Budget	2018/19 Change in Budget
	£000	£000	£000
Gross Expenditure	7,826	9,023	1,197
Gross Income	7,733	8,930	-1,197
Net Movement from Reserves	93	93	0

4. Performance Summary

- 4.1 The table over the page summarises the current position as at 31st July 2018 and presents the latest forecast for the full year:

	Profile Budget	Actual	Variance against budget profile	Full Year Current Budget	Full Year Forecast Outturn	Forecast Outturn Variance against full year budget
	31/07/2018	31/07/2018	31/07/2018	31/03/2019	31/03/2019	31/03/2019
Expenditure						
Core Expenditure	2,236	2,021	-215	7,679	7,426	-253
S106 Compensation & Mitigation	689	597	-92	1,344	1,344	0
Total Expenditure	2,925	2,618	-307	9,023	8,770	-253
Income						
Earned & External Income	895	639	256	3,278	3,054	224
NPG Grant Income	2,154	2,154	0	4,308	4,308	0
S106 Compensation & Mitigation	875	1,172	-297	1,344	1,344	0
Total Income	3,924	3,965	-41	8,930	8,706	224
Net Surplus/Deficit Transferred to/from Reserves (-/+)			-348	93	64	-29

- 4.2 Members will see that the year to date core expenditure budget is under profile by £215k and core income is under profile by £256k. The main reasons for these variances are expenditure slippage on the grant/external funded budgets and late receipt of grant income. The S106 Compensation & Mitigation expenditure variance is below profile due to the late start of Landscape & Ecology project. The income is over profile as this relates to income carried forward to 2018/19 from 2017/18 due to difference in financial year ends between Sirius Minerals and the Authority.
- 4.4 Further details of the main year to date variances are show in **section 6** together with an Income and Expenditure summary shown in **Appendix 1** and a breakdown by subjective type in **Appendix 2**.
- 4.5 The full year outturn shows the expected net deficit for the year to reduce by £29k (from £93k to £64k). It is worth noting however that £76k of this is due to slippage in the TELL project which will be spent in the next financial year. Therefore there is an underlying net overspend of £48k. There are a number of forecasted variances in income and expenditure but the most significant are:
- Lower than expected planning fees due to no large applications being identified in year.
 - HMRC requirement to back pay members expenses.

- No longer being able to charge for enforcement and pay back of prior charges.
- Lower invest to save and corporate sponsorship income.
- Increase in legal fees.

Overall forecasted adverse variances total £356k (£344k excluding TELI). These have been mostly mitigated by underspends in other budget areas, plus some areas where Directors have made conscious decisions to not spend. Further details are set out in **section 7** of the report and **Appendix 3 and 4**.

4.6 Of the adverse variances noted above, approximately £60k of these will be recurring next year and as such need to be considered as part of the MTFS refresh and the budget for 2019/20.

4.7 The table below shows the current position for the major earned income headings:

	Actual income 31/07/2016	Actual income 31/07/2017	Profiled budget 31/07/2018	Actual income 31/07/2018
	£000	£000	£000	£000
Car Parks	199	213	212	206
Visitor Centres	78	79	74	74
Planning Fees	65	88	67	87
TOTAL	342	380	353	367

4.8 Currently earned income is on target or over profile with the exception of car parking which is only slightly short of profile. Planning fees are not expected to continue this trend. Expectations of a large planning application are unlikely to be met given current development plans across the park.

4.9 Car Park income and Visitor Centre Sales have broadly recovered from the impacts of the exceptionally cold and wet Easter, largely due to the excellent summer weather to date.

5. Areas of 2018/19 Budget where the Variance to Profile Requires Explanation

5.1 Natural Environment

Expenditure to the end of July is £25k lower than the profiled budget and income is £15k lower than the profiled income.

The expenditure variance relates to an over spend on employee pay costs of £14k due to cover for two staff posts. This is compensated by Ryevitalise and Turtle Dove projects expenditure which is currently lower than originally profiled.

Income is below profile and relates to Levisham Rents which is due to a change in tenancies.

5.2 Cultural Heritage

Expenditure to the end of July is £87k lower than the profiled budget and income is £253k lower than profiled income.

The expenditure variance is mainly due to delay in spend on the TELI project due to a delay with contractors. This will result in some spend slipping into 2019/20.

5.3 **Recreation Management**

Expenditure to the end of July is £62k lower than the profiled budget and income is £9k higher than profiled income.

One area of the expenditure variance relates to National Trails £35k and is due to the late payment of the final 2017/18 from Natural England. This has resulted in a delay in paying partner organisations their share of the grant. All income has now been received and payments will be made in August.

The majority of the remaining expenditure variance relates to Access Works (£13k) and Toilets (£10k) which are currently below profile. Both areas are expecting to be fully spent by the end of the year.

The income variance relates to National Trails income and relates to additional grant income has been received from Natural England for 2017/18

5.4 **Promoting Understanding**

Expenditure to the end of July is £14k lower than the profiled budget and income is £45k higher than profiled income.

The variance in expenditure is mainly due to Coastal Communities Fund and ERDF projects which are slightly behind profile.

The income variance is due to additional income from exhibitions fees at the Moors Centre and grant income carried forward from 2017/18 for Coastal Communities Fund.

5.5 **Rangers and Volunteers**

Expenditure to the end of July is £6k lower than the profiled budget and income is £7k higher than profiled income.

The variance in expenditure relates to lower Volunteer Services travel claims.

The income variance is due to an insurance claim for a stolen trailer.

5.6 **Development Management**

Expenditure to the end of July is £2k higher than the profiled budget and income is £10k lower than profiled income.

The income variance relates to increased planning application fees (£10k) offset by reimbursements for enforcement fees (£20k) following the decision of the Ombudsman and consequent change in policy.

5.7 **Forward Planning**

Expenditure to the end of July is £12k lower than the profiled budget. This relates to the Local Plan budget which is under profile.

5.8 Corporate Services

Expenditure to the end of July is £13k lower than the profiled budget and income is £40k lower than profiled income

The income variance is due to staff recharges budget where we charge staff time out to external bodies. This is unlikely to generate the budgeted income.

6. Forecast Outturn Variances

6.1 As summarised in section 4 above, the total forecasted variance for 2018/19 is £29k – made up of a £76k underspend on the TEL project (which will slip into 2019/20) and a net overspend of £48k. There is a likely underachievement of planning income, some one-off unplanned expenditure and some permanent increases which are putting pressure on this year's budget. These can be largely mitigated by underspends and savings but further work to bring the budget back on track is required.

6.2 It is anticipated that approximately £60k of the lower income / increased spend this year will continue into next year's budget. This will put further pressure on the budget setting process, which is already looking to address the challenge resulting from the pay award and inflation remaining higher than the assumed 1.72% increase in the core DEFRA grant.

A summary of these adjustments is included at appendix 3, however further details are included below.

6.3 Natural Environment

Large volumes of work are being expended by core staff to secure the Rye bid. This is limiting time to work on other areas (which should in turn benefit from the bid if successful). Officers are recommending the following virements to/from core budgets totalling a net £86k:

- Additional net salary costs of £30k
- Saving on PAWS budget of £40k
- Saving on Connectivity budget of £40k
- Saving on Future of Farming budget £10k
- Saving on Moorland & Biodiversity £6k
- Saving on Salary budget of £20k due to planned vacancy

The income budget is expected to underachieve by £6k due to the change in tenancies at Levisham.

6.4 Cultural Heritage

The expenditure budget is anticipated to under spend by £118k. £88k of this relates to the reprofiling of the TELI budget for work which will now be completed in 2019/20. The remaining £30k is due to staff vacancies leading to a reduction in spend on building conservation grants.

The income budget for grants is predicted to under achieve by £12k due to reduced spend on TELL, however this is anticipated to be compensated in part by an additional £5k income from Natural England for Archaeology work.

6.5 **Recreation Management**

The expenditure budget is expected to over spend by £12k due to the replacement of two car park machines which were damaged. A saving of £5k on the timing of the recruitment of apprentice posts is expected to reduce this to £7k.

6.6 **Promoting Understanding**

The expenditure budget is anticipated to overspend by £20k broken down as follows:-

- Health & Wellbeing impact additional commitment of £10k.
- Moors Centre Riverside walk additional commitment of £13k. This work was required or the walk would have been closed. This would have had a knock on effect to income at the site.
- Communication strategy saving of £3k

6.7 **Development Management**

The expenditure budget is predicted to overspend by £20k due an injunction and legal fees that were not expected.

Income is expected to under achieve by £138k analysed below

- Reduction in planning application fees due to the irregular arrival of large scale applications £120k
- Reduction in S106 income £10k
- Reduction due to payback of enforcement charges £28k.
- Increase in Pre application fees £15k
- Increase in staff time recharges £5k

6.8 **Forward Planning**

The expenditure budget is expected to underspend by £22k due to a saving of £25k on Tourism community grants which will be vired to help mitigate the overspend. This is offset by an additional £3k spend required to analyse the National Park Review.

6.9 **Corporate Services**

Income is expected to under achieve by £73k

- Donations & Sponsorship £35k (largely NPPL)
- Staff recharges £38k

This will be mitigated by the following savings:

- Invest to Save budget saving £42k. This is spend allocated to spend to save projects.
- IT £22k savings generated in year through printing contracts and underspend on the budget.
- General Corporate savings £13k. One off savings to be made this year.
- Insurance £8.5k savings. This is a one off insurance rebate.

- HMRC members expenses additional commitment £12k. This is a provision for the amount that may need to be paid back regarding this issue raised by HMRC earlier in the year.

7. Reserves

7.1 Based on the content of this report, the table below shows the anticipated movement in reserves for 2018/19. The anticipated balance as at 31st March based on known committed spend is £2,005k.

Reserve Summary 2018/19	2018/19 Opening Position	Committed Movement in Reserves	Anticipated Closing Balance
	NPA Mar 18		As at 31/03/2019
	£000	£000	£000
Emergency Reserve	320		320
TELI Match Funding	228	-25	203
NYMNR Match Funding	30		30
Section 106 Reserve	287		287
Restricted and Committed Reserves	865	-25	840
Capital : Sutton Bank Visitor Centre	388	-44	344
Capital : Vehicle and IT Replacements	100		100
Capital : Office Building Works	400		400
Projects : Grosmont Car Park	110	-110	0
Projects : Ryevitalise Match Funding	153		153
Committee Approved Reserves	1151	-154	997
General Unallocated Reserve	123	46	169
Reserve Balance	2,139	-133	2,006

7.2 Movements in year are a reduction in the TELI match funding requirement of £25k, £44k spend at Sutton Bank and the £110k approved by the committee for the purchase of Grosmont car park which is no longer going ahead. The £46k transferred back into the general reserves is broken down as follows:-

- £110k no longer required for Grosmont Car Park
- -£64k transfer from general reserve to balance 2018/19 budget. This figure was £93k but has been reduced by £28k as per in section 4.

7.3 Members should note that that the table above includes a sum of £287k for S106 reserve which shows no change within the year. In reality, there will be some movement within this reserve and this will be monitored throughout the year. Any money which is not spent during 2018/19, 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.

8. Ryevitalise

- 8.1 The Ryevitalise project is hopefully moving into its second phase with an application due in later this year. The project is one of the business plan priorities and is to be funded by a combination of grant, external funding, revenue and reserves. A summary of the latest predicted revenue funding required from the Authority against the business plan assumptions is presented below:-

Revenue Requirement - Ryevitalise	
Per the latest paper	£556,800
Per the business plan	£559,250
Variance	£2,450

- 8.2 As illustrated above, the current revenue requirement from the budget in future years is close overall to the original business plan estimate, but without further external funding getting the overall expanded NPA budget to balance will take some work (see MTFS paper). The figure above reflects the worst case scenario in the latest paper, assuming only secured external funding. The MTFS assumes that a further £200k of external funding will be raised over the four years of the project.
- 8.3 The MTFS indicates an ongoing shortfall in the budgets of approximately £100k p.a. over the ten years of the Ryevitalise project. This is based on the assumption that the project will cost the Authority £356.8k over the four years of delivery and £69.5k per year for the subsequent six years. Work continues to try to source additional external funding, which would reduce the requirement for revenue funding but a shortfall of this magnitude may require funds to be diverted from other priorities. Members should also be mindful of the considerable strain that the worst case scenario would place on the Authority's budget given the current and forecast financial position.

A full assessment of the financial position and proposal for the project is in the Ryevitalise paper on this agenda whilst the detail of the MTFS position is also on the agenda.

9. Land of Iron Legacy

- 9.1 As the land of Iron project progresses, work is ongoing to understand the commitment required in the long term to maintain the capital work undertaken through the delivery phase. A legacy workshop is being held in October to consider the maintenance requirements and the options for the partnership to fund these in the future. A detailed paper will be presented to NPA in December.

10. Sutton Bank

- 10.1 As members may be aware, the modification to the Rural Development Programme for England that we have been waiting for (to allow the support of non-commercial heritage and environment tourism infrastructure projects at a 100% intervention rate) has now been approved by Brussels. In addition, a second expression of interest submitted to the Tourism Infrastructure Grant for additional car parking, cycle and other access routes, dark skies/birdhide building has been approved by the regional panel and a full application invited. Officers are led to believe that the deadlines for the grant

scheme (contracting, completion of works and final grant claims) have all been extended by up to a year and a formal statement to this effect is expected soon.

- 10.2 Whilst this is all positive and welcome news, Officers have been concerned about the risk attached to an EU funding bid as Brexit approaches. However, the Treasury has made a statement providing a guarantee for all EU grant schemes with an extended deadline to December 2020. The statement is in appendix 5 for consideration. .
- 10.3 Officers have been working with Align Property Partners for some time on proposals to extend the east car park by 85 spaces to cope with current peak demands and have planning permission for this. As part of the Sutton Bank development proposals, a further 56 spaces in Cliff Wood are planned which would be available for extra seasonal demand created by the items in the funding bid. It has been made clear by Rural Payment Agency Officers that the grant would not fund all the car parking proposed, but only that which would deal with the additional seasonal demand. It is therefore anticipated, that to meet current demand and create the 85 or so spaces that the Authority has publicly committed to, it would have to fund construction from reserves regardless of whether the funding bid is put forward and successful. However, if the funding bid should prove successful, then there could be the possibility of varying the balance of spaces between Cliff Wood and the east car park to create a more cost effective solution and maintaining the public commitment to build around 85 new spaces.
- 10.4 Members should be aware that professional fees needed to develop a funding bid; including work to design, draw up full specifications and tenders is not eligible for grant. In order to submit a grant application it is anticipated that a further £29,000 will be needed from reserves to take the dark skies / bird hide and 56 space car parking through to tender, which is necessary to submit a funding bid. To develop the 85 spaces proposal to tender a further £30,700 would be needed from the allocated reserve. Project management for construction of eligible items will be grant aided if funding is approved.

11. **Update on the North York Moors National Park Trust and proposal for future operation**

- 11.1 The North York Moors National Park Trust (registered as a Charity on 25 November 2016) was initiated as an independent organisation by the Authority to which it has close ties. The Trust has been supported by the Authority to date with staff time and a formal offer of £25,000 (NPA 5 June 2017) split evenly between cash and staff. The latter has been spent on a contract for the External Fundraising Officer to work for the Trust on 1 dpw which has resulted in much of the initial set up work and achievements noted below;

- A formal launch by the Lord Lieutenant on 3 November
- A website with a donations facility
- First edition of a newsletter compiled
- Production of a legacy leaflet
- Conducting a 'Young Ranger Award' which will be a biennial event
- Developing an 'Art Award' for 2019 which was launched on 11 August 2018 and will lead to a month long exhibition of new work in the Inspired by ... Gallery at Danby

- Facilitation of the Goathland Centenary Trail – a community project funded by the Trust and the HLF and opened on 7 July by the Bishop of Whitby
 - A grant for research equipment given to the Butterfly Conservation Trust
 - Donations from the visitor centres have been gifted by the Authority to the Trust which helps with additional publicity
 - Further project work is being developed
 - A significant legacy has been gifted to the Trust of a property which has been sold (subject to contract).
- 11.2 Trustees have decided that when realised, the majority of the legacy will be invested to provide a long term income for the Trust, but up to 8% (£28,800) is to be spent on increasing staffing in the first year in order to further the ambitions of both the Trust and the Authority.
- 11.3 The Trust proposes to finance 1dpw of fundraising skills and 1dpw of administration skills for up to 3 years from its own funds.
- 11.4 The Trust requests that the Authority continues to fund the 1dpw contract (which currently expires September 2018) of the External Fundraising Officer's time. This would cost the Authority £8840 (inclusive of all on-costs etc) and contribute to further establishing the Trust, generating funds for projects in the North York Moors and developing initiatives that will benefit both organisations' objectives/aims.
- 11.5 The administration post, whilst funded by the Trust could be found by creating internal capacity within existing staff to carry out this function. This would then provide the Trust with a total of 3dpw of staffing plus support from other Officers when needed (as already approved) which will give the Trust the impetus it needs to increase its profile, generate funds and secure its long term future for the benefit of the North York Moors.

12. **Recommendations**

- 12.1 Members are asked to approved the amended budget detailed in section 3.1
- 12.2 Members are asked to note the transfer of budgets as detailed in section 6, appendix 3 and appendix 4
- 12.3 That Members approve developing proposals for Sutton Bank as outlined in 10.3 &10.4.
- 12.4 That Members approve the request from the NYMNP Trust outlined in 11.4 & 11.5.

Contact Officers

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Appendix 1

2018/19 Income and Expenditure Summary as at 31st July 2018					
	2018/19 Current Budget	2018/19 Profile at 31/07/2018	2018/19 Actual at 31/07/2018	% against Profile 31/07/2018	Anticipated Outturn 31/03/2019
Expenditure	£	£	£		
Natural Environment	1,108,720	244,540	219,410	90%	1,022,720
Cultural Heritage	1,672,590	322,909	236,008	73%	1,554,590
Recreation Management	1,223,000	293,510	231,666	79%	1,230,000
Promoting Understanding	1,630,120	406,740	392,717	97%	1,650,120
Rangers and Volunteers	830,630	212,480	206,210	97%	830,630
Development Management	727,170	172,570	177,526	103%	747,170
Forward Planning	369,370	78,020	65,977	85%	347,370
Corporate and Democratic Core	116,740	505,125	491,728	97%	43,240
Total Function Expenditure	7,678,340	2,235,894	2,021,242		7,425,840
S106 Compensation & Mitigation	1,344,290	688,550	597,428	87%	1,344,290
Total Expenditure	9,022,630	2,924,444	2,618,670		8,770,130
Income	£	£	£		
Natural Environment	271,500	88,460	73,461	83%	265,500
Cultural Heritage	1,163,220	277,160	23,841	9%	1,156,220
Recreation Management	697,480	232,130	241,472	104%	697,480
Promoting Understanding	563,070	154,680	199,494	129%	563,070
Rangers and Volunteers	4,480	1,500	8,859	591%	4,480
Development Management	403,750	89,170	79,618	89%	265,750
Forward Planning	60,360	0	0	0%	60,360
Corporate and Democratic Core	114,000	52,000	12,295	24%	41,000
DEFRA Grant	4,307,640	2,153,820	2,153,816	100%	4,307,640
Total Function Income	7,585,500	3,048,920	2,792,856		7,361,500
S106 Compensation & Mitigation	1,344,290	874,610	1,172,156	134%	1,344,290
Total Income	8,929,790	3,923,530	3,965,012		8,705,790
NET DEFICIT	92,840				64,340
NET TRANSFER FROM RESERVES	-92,840				-64,340

Appendix 2

2018/2019 Breakdown by Income & Expenditure Type				
	2018/19	2018/19	2018/19	2018/19
	Current Budget	Profile Budget	Actual at	Anticipated Outturn
		31/07/2019	31/07/2019	31/03/2019
	£000	£000	£000	£000
Expenditure Type				
Employees	3,899	1,302	1,331	3,916
Premises	332	106	122	332
Transport	194	64	63	194
Supplies and Services	3,180	746	578	2,961
Third Party Payments	346	91	72	296
Section 106 Expenditure	1,072	615	453	1,072
Total Expenditure	9,023	2,924	2,619	8,771
Income Type				
Grants (Excluding DEFRA)	1,745	357	96	1,733
Retail Sales	209	78	77	209
Planning Income	374	79	78	241
Car Park Income	491	212	206	491
Other Income	379	146	172	310
Donations	15	8	4	15
Investment Income	20	5	5	20
Capital Receipts	15	0	1	15
Section 106 Income	1,374	885	1,172	1,364
DEFRA GRANT	4,308	2,154	2,154	4,308
Total Income	8,930	3,924	3,965	8,706

Appendix 3

	Additional Budget or Underacheived Income	Savings or Additional Income	Total
Expenditure	£	£	£
Natural Environment	30,000	-116,000	-86,000
Cultural Heritage		-118,000	-118,000
Recreation Management	12,000	-5,000	7,000
Promoting Understanding	23,000	-3,000	20,000
Rangers and Volunteers			0
Development Management	20,000		20,000
Forward Planning	3,000	-25,000	-22,000
Corporate and Democratic Core	12,000	-85,500	-73,500
Total Function Expenditure	100,000	-352,500	-252,500
Income			
Natural Environment	6,000		6,000
Cultural Heritage	12,000	-5,000	7,000
Recreation Management			0
Promoting Understanding			0
Rangers and Volunteers			0
Development Management	158,000	-20,000	138,000
Forward Planning			0
Corporate and Democratic Core	80,000	-7,000	73,000
DEFRA Grant			
Total Function Income	256,000	-32,000	224,000
	356,000	-384,500	-28,500
ADDITIONAL AMOUNT TRANSFERRED TO RESERVES			-28,500
NPG BUDGET AMOUNT REQUIRED FROM RESERVES			92,840
TOTAL AMOUNT REQUIRED FROM RESERVES			64,340

Appendix 4

Description	£
Additional Legal Fees	20,000
Car Park Machines	12,000
Current year Enforcement income charges Policy change	10,000
Payback of prior enforcement charges	18,000
Measure of Health & Well-being Impact	10,000
Potential HMRC Members Expenses	12,000
Moors Centre outside works	13,000
Planning S106 Income reduction	10,000
External Sponsorship shortfall	20,000
National Park Review	3,000
Staff Cover for Conservation Department	30,000
Staff time charges	45,000
Invest to Save Income	15,000
Levisham Rent	6,000
Large Planning Application income reduction	120,000
TELI Grant income reduction	12,000
Overspends/shortfall in income	356,000
Increase in Income from Natural England	-5,000
Invest to Save expenditure underspend	-42,000
PAWS underspend	-40,000
Conservation vacancy not currently required	-20,000
Insurance underspend	-8,500
IT underspend	-22,000
Supplies & Services underspend	-3,000
Preapp fee increase	-15,000
Comms Strategy underspend	-3,000
Apprentice underspend	-5,000
Moorland budget underspend	-4,000
Biodiversity action plan budget underspend	-2,000
Farming underspend	-10,000
staff recharge additional income	-5,000
TELI Slippage	-88,000
Underspends/additional income	-272,500
Corporate general saving	-17,000
Tourism grants saving	-25,000
Connectivity saving	-40,000
Building conservation grants saving	-30,000
Savings to Mitigate Overspend	-112,000

Appendix 5 – Treasury Statement on External Funding

Businesses, universities and local organisations were assured today (24 July 2018) that any funding they secure through EU programmes, from now until the end of 2020, will be guaranteed by the UK government even in a no deal scenario.

The implementation period agreed in March would see the UK continue to participate in all EU programmes until the end of 2020 – providing certainty for British organisations and their European counterparts.

The guarantee announced today (24 July 2018) will reflect this by underwriting the UK's full allocation for structural and investment fund projects, such as funding secured through the European Regional Development Fund, until the end of 2020.

In addition, the Treasury will also guarantee funding for UK organisations which successfully bid directly to the European Commission - through projects like Horizon 2020 - until the end of this EU budget period if no deal is agreed.

This will give potential applicants continued confidence to bid for funding whatever the outcome of the negotiations, and ensure that UK organisations continue to benefit from funding post-Exit.

The Chancellor of the Exchequer, Philip Hammond said:

We continue to make positive steps towards getting the best possible deal with the EU – one that works for the whole of the UK. The guarantee we are making today however means that, even in the unlikely event of a no-deal, our businesses, universities and local authorities can be confident that they will continue to receive the funding they successfully bid for from any EU programme.

In 2016 the government [committed to protect projects that were successful in securing EU funding before exit day](#). This new guarantee means that successful bids for EU funding until the end of 2020 will receive their full financial allocation and will continue to receive funding over a project's lifetime.